East Sussex County Council

CABINET

TUESDAY, 12 DECEMBER 2017

10.00 AM COUNCIL CHAMBER, COUNTY HALL, LEWES

MEMBERSHIP - Councillor Keith Glazier (Chair)
Councillors Nick Bennett, Bill Bentley, David Elkin (Vice Chair), Carl Maynard, Rupert Simmons, Bob Standley and Sylvia Tidy

A G E N D A

1 Minutes of the meeting held on 10 October 2017 *(Pages 3 - 4)*

2 Apologies for absence

3 Disclosures of interests

Disclosures by all members present of personal interests in matters on the agenda, the nature of any interest and whether the member regards the interest as prejudicial under the terms of the Code of Conduct.

4 Urgent items

Notification of items which the Chair considers to be urgent and proposes to take at the appropriate part of the agenda. Any members who wish to raise urgent items are asked, wherever possible, to notify the Chair before the start of the meeting. In so doing, they must state the special circumstances which they consider justify the matter being considered urgent.

5 Council Monitoring: Quarter 2 2017/18 *(Pages 5 - 42)*
Report by Chief Executive

6 Annual Progress report for Looked After Children's Services *(Pages 43 - 118)*
Report by Director of Children's Services

7 Treasury Management - Stewardship Report 2016/17 *(Pages 119 - 138)*
Report by Chief Operating Officer

8 Annual Audit Letter and fee update 2016/17 *(Pages 139 - 146)*
Report by Chief Operating Officer

9 Any other items considered urgent by the Chair

10 To agree which items are to be reported to the County Council

PHILIP BAKER
Assistant Chief Executive
County Hall, St Anne's Crescent
LEWES BN7 1UE

4 December 2017

Contact Andy Cottell, 01273 481955,
Email: andy.cottell@eastsussex.gov.uk

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www.eastsussex.gov.uk/yourcouncil/webcasts/default.htm

CABINET

MINUTES of a meeting of the Cabinet held on 10 October 2017 at Council Chamber, County Hall, Lewes

PRESENT Councillors Keith Glazier (Chair)
Councillors Nick Bennett, Bill Bentley, David Elkin (Vice Chair), Carl Maynard, Bob Standley and Sylvia Tidy

Members spoke on the items indicated

Councillor Godfrey Daniel - item 5 (minute 32)
Councillor Philip Daniel - item 5 (minute 32)
Councillor Elkin - item 5 (minute 32)
Councillor Ensor – item 5 (minute 32)
Councillor Field – item 5 (minute 32)
Councillor Galley – item 5 (minute 32)
Councillor Osborne - item 5 (minute 32)
Councillor Shuttleworth – item 5 (minute 32)
Councillor Standley – item 5 (minute 32)
Councillor Tidy - item 5 (minute 32)
Councillor Tutt - item 5 (minute 32)
Councillor Ungar – item 5 (minute 32)
Councillor Webb – item 5 (minute 32)
Councillor Whetstone - item 5 (minute 32)

29 MINUTES OF THE MEETING HELD ON 19 SEPTEMBER 2017

29.1 The minutes of the Cabinet meeting held on 19 September 2017 were agreed as a correct record.

30 APOLOGIES FOR ABSENCE

30.1 An apology for absence was received from Councillor Simmons

31 REPORTS

31.1 Copies of the reports referred to below are included in the minute book

32 RECONCILING POLICY, PERFORMANCE AND RESOURCES

32.1 The Cabinet considered a report by the Chief Executive

32.2 It was RESOLVED to:

1) note progress on activity, spending and savings plans for 2018/19 and agree to their further development for consideration by Cabinet in January 2018;

2) agree the areas of search for savings in 2019/20 and 2020/21 as set out in paragraph 8.3 of the report and note that specific proposals for activity, spending and saving in these years will be brought forward when there is greater certainty about future funding; and

3) agree not to pursue a bid for a Business Rate Pilot and to note work with the Borough and District Councils towards reinstating the East Sussex Business Rate Pool in 2018/19;

4) agree to delegate authority to the Chief Executive, in consultation with the Chief Finance Officer, to decide whether to enter into the East Sussex Business Rate Pool from 2018 onwards and to agree the terms of, and enter into, any agreements necessary to facilitate participation in the pool; and

5) agree that the Chief Finance Officer shall review the Council's membership of the Pool on an annual basis.

Reason

32.3 The report has set out a stark vision by 2020/21 in which the County Council is only able to meet the needs of the most vulnerable and provide the most basic of statutory services. If that is all that resources will allow, the Council will seek to mitigate the impact by:

- continuing to be relentless in our pursuit of our priority outcomes and value for money;
- seeking alternative sources of funding; and
- being bold and creative in the extent of our partnership working across and beyond East Sussex.

32.4 We are not, however, prepared to accept that minimum position as inevitable. The case for investment in East Sussex and for the role of Local Government to help our residents, communities and business fulfil their potential is strong and undiminished by austerity. We will work with others to make this case in the strongest terms and, through all our efforts, will ensure that local services are in the strongest state possible in 2020/21.

33 FOREST ROW RECREATION GROUND

33.1 The Cabinet considered a report by the Chief Operating Officer

33.2 It was RESOLVED to:

1) agree to enter into a long lease of 21 years for the Forest Row Recreation Ground with Forest Row Parish Council at a peppercorn rent as Trustee to the Ashdown Forest Trust; and

2) delegate authority to the Chief Operating Officer to negotiate and agree the terms of the lease

Reason

33.3 The Cabinet agreed that the County Council, as Trustee to the Ashdown Forest Trust, grants a long lease of 21 years of the Forest Row recreation ground to Forest Row Parish Council.

34 ITEMS TO BE REPORTED TO THE COUNTY COUNCIL

34.1 The Cabinet agreed that no items should be reported to the County Council.

Report to:	**Cabinet**
Date:	**12 December 2017**
Report by:	**Chief Executive**
Title:	**Council Monitoring Report – Q2 2017/18**
Purpose:	**To report Council Plan and Finance monitoring for quarter 2 2017/18**

RECOMMENDATIONS

Cabinet is recommended to:

1) note the latest monitoring position for the Council; and

2) to approve the proposed amendments to the performance measures and targets set out in paragraph 2.1

1. Introduction

1.1 This report sets out the Council's position and year-end projections for the Council Plan targets, Revenue Budget, Capital Programme, Savings Plan, together with Risks for quarter 2 (July – September) 2017.

1.2 Broad progress against the Council's four strategic priority outcomes is summarised below and an overview of finance and performance data is provided in the Corporate Summary at Appendix 1. Strategic risks are reported at Appendix 7.

2. Overview of 2017/18 Council Plan

2.1 More detail of progress against each of our priority outcomes for 2017/18 is set out in paragraph three below. Seven measures are proposed for amendment:

- Number of hospital bed days lost due to delayed transfers from hospital care (Appendix 2, ref i).
- Number of hospital bed days lost due to delayed transfers from hospital care due to Council social services (Appendix 2, see ref ii).
- Number of hospital bed days lost due to delayed transfers from hospital care due to local NHS (Appendix 2, ref iii).

The change to the targets for delayed transfers reflects the national requirement to report on the new Better Care Fund targets based on the daily, rather than monthly (as the target was previously), average;

- Health and Social Care Connect (Appendix 2, ref iv) – the new target better reflects the purpose of the service.
- Proportion of working age adults and older people receiving direct payments (Appendix 2, ref v) – the change to the direct payments target will keep our performance above average but realistically reflects the choices that those receiving a service are making.
- Exit from the specialist domestic abuse and sexual violence service – % of those affected by domestic violence and abuse (Appendix 2, ref vii).
- Exit from the specialist domestic abuse and sexual violence service – % of those affected by rape, sexual violence and abuse (Appendix 2, ref viii).

The new measures in relation to the domestic and sexual violence service are intended to place less of a burden on service users whilst ensuring that services are having a positive impact.

2.2 At quarter 2, the projected year-end overspend within service departments is £2.4m, this compares to a £3.0m overspend at quarter 1. This is the result of strategies and actions that services have been working on to reduce or mitigate this overspend. The main areas of overspend remaining are:-

- £1.9m (£2.2m in quarter 1) in Children's Services mainly due to the continued pressure for Looked After Children expenditure and in particular from expensive placements for children with more complex needs who are difficult to place. At quarter 2 these pressures have been in part offset by some underspending where the Inclusion Special Educational Needs & Disabilities (ISEND) service has been successful to date in driving down Special Educational Needs (SEN) Agency placements and SEN High Needs top up costs.
- £1.1m (£1.1m in quarter 1) in Adult Social Care. Directly Provided Services and Assessment & Care Management are showing an overspend mainly due to slippage in savings plus pressure from increasing demand for the Integrated Community Equipment Service (ICES). The independent sector budget is now showing a forecast underspend; whilst there is continued pressure on services, in-year mitigation of these pressures has partly come from the new Improved Better Care Fund (IBCF). Members will be aware that the CCGs are reporting a significant overspend on acute services within the health economy and that further work is being undertaken to address the challenge in 2017/18, which will be reported back to the Scrutiny Board and Strategic Commissioning Boards at their next meetings. The risk to ESCC with respect to the aligned ESBT budgets is, however, limited to the £916k support planned for ASC from the ESBT CCGs, which can be contained within the ESCC 2017/18 budget.

2.3 There are budget pressures across all departments. Within Communities, Economy and Transport; Business Services; and Governance; these are being successfully contained and there is a small underspend of £0.6m (£0.3m at quarter 1) being reported across these services.

2.4 Within centrally held budgets it is likely that there will be a reduced charge to revenue for treasury management. This is the result of reduced Minimum Revenue Provision due to delayed capital expenditure in 2016/17 and no additional interest charges on new borrowing. Normal practice is to use this to reduce the borrowing requirement for the capital programme, but wider risks need to be considered as part of the RPPR process. Whilst work is ongoing to reduce or mitigate service pressures further, the general contingency provision of £3.4m is available to reduce any projected overspend. Should the position remain unchanged there would be an in-year general fund surplus of £1.0m, noting the significant risk and uncertainty outlined in 2.2 above in relation to current service projections.

2.5 The forecast capital programme expenditure for the year is projected at £91.2m against a current budget of £104.9m, a variation of £13.7m (£4.3m at Q1). The additional movement at quarter 2 of £9.4m comprises £9.1m slippage and £0.7m reduction in overspend offset by spend in advance of £0.4m. As part of RPPR the current capital programme will be adjusted to reflect the updated forecasts at quarter 2 including any further approved variations.

2.6 The additional slippage comprises:-

- £5.4m on Broadband where phase 3 procurement continues, with the consequence that the spend profile has been revised to slip expenditure into 2018/19.
- £1.5m on Hailsham/Polegate/Eastbourne Movement and Access Corridor due to design complexities.
- £0.9m in CET a combination of: lower than anticipated demand for Catalysing Stalled Site (£0.2m) and Upgrading Empty Commercial Properties (£0.2m); and a re-profiling of Libraries (£0.3m on Hastings Library and £0.1m Library Refurbishment) and Real Time Passenger Information (£0.1m) as a result of unforeseen contractor delays.
- £0.8m on Hastings and Bexhill Movement and Access Package as a result of delays in business case submission and design work.
- £0.7m on Capital Building Improvements due to planning issues which have come to light since quarter 1.
- £0.2m reduction in SALIX slippage following an increase in planned works for 2017/18.

Offset by the additional spend in advance which comprises:-

- £0.3m in CET as the result of projects progressing ahead of plan.
- £0.1m on LD Service Opportunities due to re-profiling of costs.

And reduction in overspend of:-

- £0.7m on Hastings Library following the re-profiling of the overspend into future years.

2.7 The Strategic Risk Register, Appendix 7, has been reviewed and updated to reflect the Council's risk profile. Risk 12 (Cyber-attack) has been updated and also has updated risk control responses. Risk 4 (Health), Risk 5 (Reconciling Policy, Performance & Resources), Risk 6 (Local Economic Growth), Risk 7 (Schools) and Risk 9 (Workforce) all have updated risk control responses. No new risks have been proposed and all risk ratings remain unchanged following this review.

2.8 One Risk 'Apprenticeship levy' (formally Risk 11) has been deleted from the Strategic Risk Register. CMT are satisfied that this risk is now appropriately controlled with an action plan in place and therefore it has been de-escalated from the Strategic Risk Register.

3. Progress against Council Priorities

Driving economic growth

3.1 Almost 4,800 additional premises were able to be connected to superfast broadband at the end of quarter 2 as part of our second contract of works. Take up of superfast services under contract 1 is 46.3%, while the contract 2 take up is 31.7% (Appendix 5).

3.2 86 road improvement schemes have been delivered in quarter 2 investing almost £3.1m to maintain and improve the condition of the county's roads (Appendix 5).

3.3 There were 70 online training courses completed in our libraries in quarter 2, offering people help with topics such as IT, maths, English, and help to get online and use the internet (Appendix 5).

3.4 10 applications for grants or loans, allocated from East Sussex Invest 5 funding, were approved in quarter 2, investing almost £500,000 to support businesses in the county. The funding is expected to create or protect 44.5 jobs (Appendix 5).

3.5 £1m of funding has been secured from Arts Council England, the South East Local Enterprise Partnership and Visit England, for Culture Coasting. The funding will be used to deliver a new arts trail using geocaching technology and we will launch a European marketing campaign to promote the trail and increase tourism (Appendix 5).

3.6 One contract was awarded in quarter 2 which was within the criteria of the Social Value Measurement Charter. Over £45,000 worth of social and economic benefits were secured as part of the contract, including the contractor using local suppliers to buy all project equipment and using local sub-contractors for works, and a local person being offered an apprenticeship (Appendix 3).

Keeping vulnerable people safe

3.7 The rate of Looked After Children, per 10,000, is 54.9 (579 children), within the target rate of 57.2 (606 children) and below the Income Deprivation Affecting Children Index expected rate, however, this has risen from 51.1 (573 children) in quarter 1 (Appendix 4).

3.8 Adult Social Care Outcome Framework data for 2016/17 was published in October 2017, benchmarking adult social care departments across 26 measures. We are in the upper quartile for 58% (15) of the measures, and upper or upper middle quartiles for 77% (20) of the 26 measures (Appendix 2).

3.9 Two key resources have been developed, with East Sussex Better Together and Connecting 4 You, to support schools address mental health and emotional wellbeing. A Top Ten Tips booklet and poster advising schools how to support pupils has been produced; and Boing Boing have been commissioned to produce detailed guidance and resources (Appendix 4).

Helping people help themselves

3.10 Extensive efforts to increase referral rates to local Memory Assessment Services have resulted in a diagnosis rate of 66.1% in quarter 2 (Appendix 2).

3.11 A Telescreen pilot, to test the use of the PRISMA 7 assessment system, has been launched with 100 Telecare clients. The pilot will test the system's ability to spot frailty related decline over the phone and measure the effectiveness of putting in place low cost solutions early to prevent further escalations in need (Appendix 2).

3.12 Quarter 2 has seen improvements against the key metrics outlined in the Improved Better Care Fund with: Delayed Transfers of Care from hospital and admissions to residential/nursing care reducing; and the number of people who are still at home 91 days after discharge from hospital into reablement/rehabilitation services increasing (Appendix 2).

Making best use of resources

3.13 Quarter 2 has seen a 5.4% reduction in carbon emissions compared to the same quarter in 2016/17. Schools are showing a 4.2% reduction, while non-schools are showing a 6.7% reduction. The Energy Team are working on a number of measures to reduce gas consumption in schools which should have a beneficial effect on the numbers (Appendix 3).

3.14 Orbis Public Law (OPL) has completed the implementation of the digital case management system in all OPL offices during quarter 2. The system facilitates the sharing of work between the different organisations and has allowed staff across OPL to begin working for other authorities within the partnership (Appendix 6).

3.15 The Council website has won two awards from the local government IT trade body SOCITM (Appendix 6). The ESBT Alliance and its partner projects have also been shortlisted for four national Health Service Journal awards (Appendix 2). The Council's Children's Services Department were runners up in the Social Worker of the Year Awards 2017, in the category of Best Social Work Employer (Appendix 4).

Becky Shaw, Chief Executive

How to read this report

This report integrates monitoring for finance, performance and risk. The contents of the report are as follows:

- Cover report
- Appendix 1 Corporate Summary
- Appendix 2 Adult Social Care and Health
- Appendix 3 Business Services
- Appendix 4 Children's Services
- Appendix 5 Communities, Economy and Transport
- Appendix 6 Governance
- Appendix 7 Strategic Risk Register

Cover report, Appendix 1

The cover report and Appendix 1 provide a concise corporate summary of progress against our Council Plan Targets, Revenue Budget, Savings Targets, and Capital Programme.

The cover report highlights a selection of key topics from the departmental appendices, for the four Council priorities:

- driving economic growth;
- keeping vulnerable people safe;
- helping people help themselves; and
- making best use of resources.

More information on each of these topics is provided in the relevant departmental appendix referenced in brackets, e.g. (Appendix 2). More detailed performance and finance data is also available in the departmental appendices.

Departmental Appendices 2 - 6

The departmental appendices provide a single commentary covering issues and progress against key topics for the department (including all those mentioned in the cover report). This is followed by data tables showing progress against Council Plan Targets, Savings Targets, Revenue Budget, and Capital Programme for the department.

For each topic, the commentary references supporting data in the tables at the end of the appendix, e.g. **(ref i)**. The tables include this reference in the 'note ref' column on the right hand side. Where the commentary refers to the Revenue Budget or Capital Programme, it may refer to all or part of the amount that is referenced in the table, or it may refer to several amounts added together.

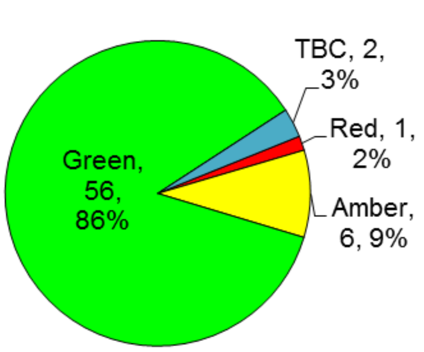
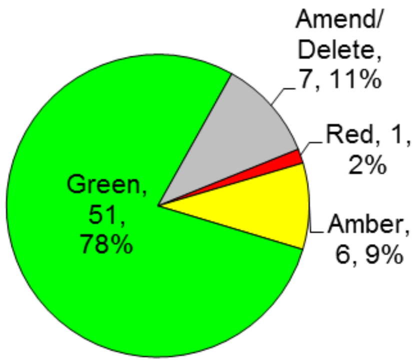
Strategic Risk Registers Appendix 7

Appendix 7 contains commentary explaining mitigating actions for all Strategic Risks.

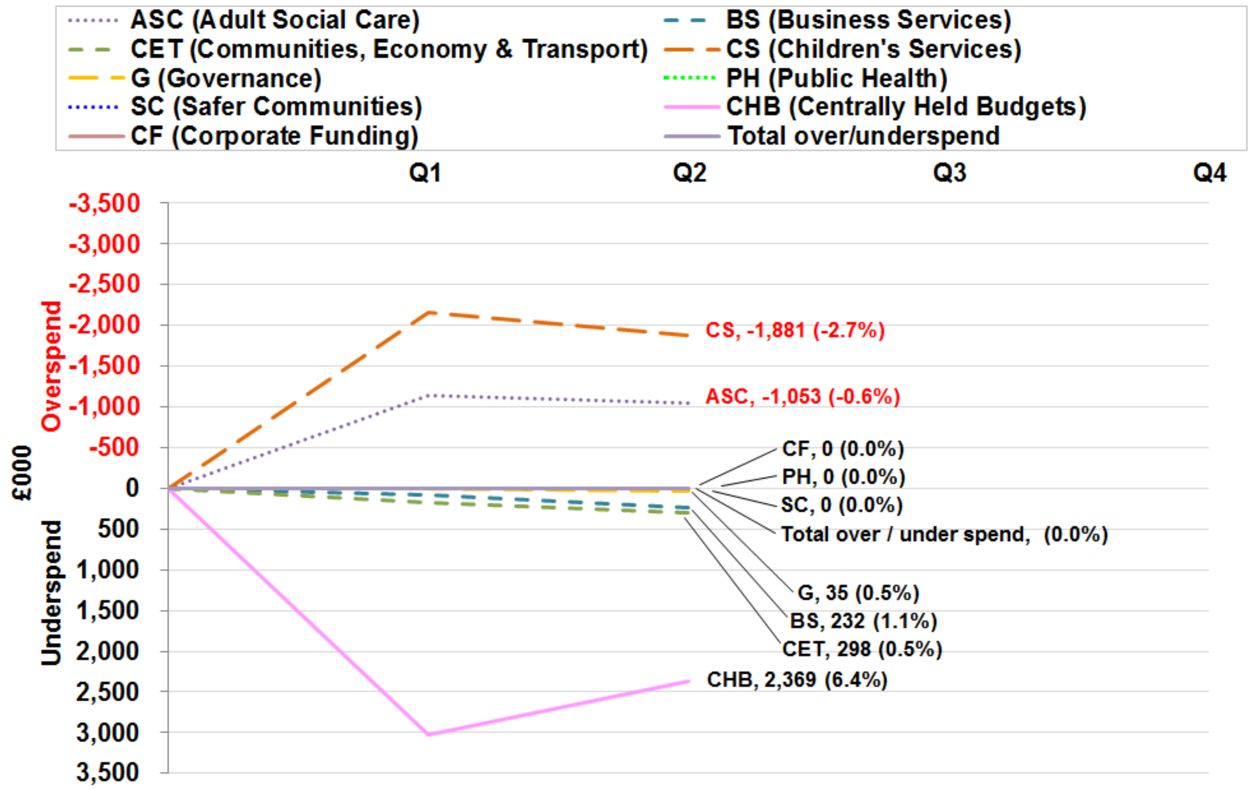
Council Monitoring Corporate Summary – Q2 2017/18

Council Plan performance targets

Priority	Red	Amber	Green	Amend / Delete (AD)
Driving economic growth	0	4	25	0
Keeping vulnerable people safe	1	0	7	3
Helping people help themselves	0	0	18	4
Making best use of resources	0	2	1	0
Total	**1**	**6**	**51**	**7**

Q2 2017/18	Q1 2017/18	Q2 2017/18
There are 65 individual measures in the Council Plan. • Appendix 2 ASC – 7 amend / delete • Appendix 3 BSD – 2 amber • Appendix 4 CSD – 1 red, 4 amber	 	

Revenue budget outturn (net £000)



APPENDIX 1

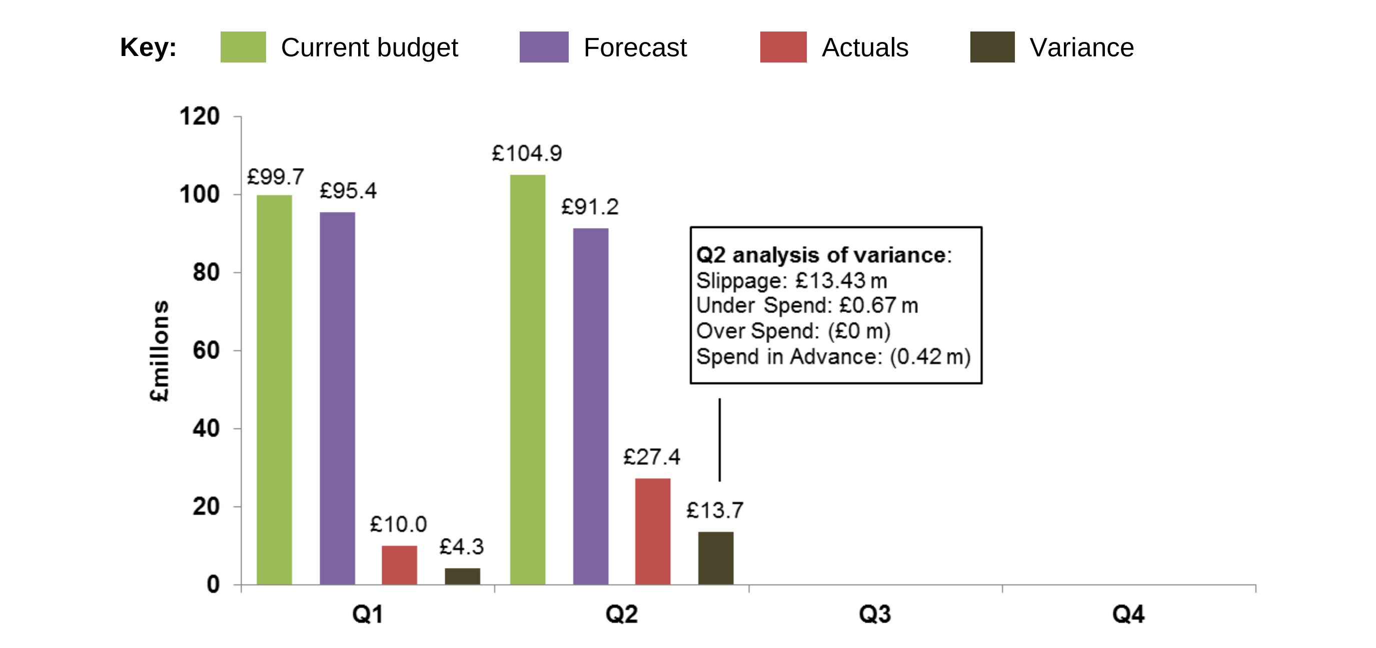
Revenue budget summary (£000)									
	Planned (£000)			Q2 2017/18 (£000)					
				End of year outturn			(Over) / under spend		
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net
Service Expenditure									
Adult Social Care	251,833	(83,610)	168,223	255,311	(86,035)	169,276	(3,478)	2,425	(1,053)
Safer Communities	801	(416)	385	834	(449)	385	(33)	33	-
Public Health	33,807	(33,807)	-	34,573	(34,573)	-	(766)	766	-
Business Services	47,424	(26,337)	21,087	48,728	(27,873)	20,855	(1,304)	1,536	232
Children's Services	323,416	(254,659)	68,757	326,869	(256,231)	70,638	(3,453)	1,572	(1,881)
Communities, Economy & Transport	114,214	(52,280)	61,934	114,961	(53,325)	61,636	(747)	1,045	298
Governance Services	8,679	(1,399)	7,280	8,576	(1,331)	7,245	103	(68)	35
Total Service Spend	**780,174**	**(452,508)**	**327,666**	**789,852**	**(459,817)**	**330,035**	**(9,678)**	**7,309**	**(2,369)**
Centrally Held Budgets									
Treasury Management	22,436	(1,500)	20,936	22,436	(1,500)	20,936	-	-	-
Funding Cap. Prog.	7,700	-	7,700	7,700	-	7,700	-	-	-
General Contingency	3,440	-	3,440	1,063	-	1,063	2,377	-	2,377
Contrib to Reserves	781	(3,882)	(3,101)	781	(3,882)	(3,101)	-	-	-
Pensions	6,456	-	6,456	6,532	-	6,532	(76)	-	(76)
Apprenticeship Levy	600	-	600	557	-	557	43	-	43
Levies	574	-	574	573	-	573	1	-	1
Corporate Grants	-	(58)	(58)	-	(71)	(71)	-	13	13
Other	305	-	305	311	(17)	294	(6)	17	11
Total Centrally Held	**42,292**	**(5,440)**	**36,852**	**39,953**	**(5,470)**	**34,483**	**2,339**	**30**	**2,369**
Corporate Funding									
Business Rates	-	(71,401)	(71,401)	-	(71,401)	(71,401)	-	-	-
Revenue Support Grant	-	(26,727)	(26,727)	-	(26,727)	(26,727)	-	-	-
Council Tax	-	(261,448)	(261,448)	-	(261,448)	(261,448)	-	-	-
Transition Grant	-	(2,696)	(2,696)	-	(2,696)	(2,696)	-	-	-
New Homes Bonus	-	(2,246)	(2,246)	-	(2,246)	(2,246)	-	-	-
Total Corporate Funding	**0**	**(364,518)**	**(364,518)**	**0**	**(364,518)**	**(364,518)**	**0**	**0**	**0**
Total	**822,466**	**(822,466)**	**0**	**829,805**	**(829,805)**	**0**	**(7,339)**	**7,339**	**0**

APPENDIX 1

Revenue Savings Summary 2017/18					
Service description	2017/18 (£'000) - Q2 Forecast				
	Original Target	Target including items c/f from previous year(s)	Achieved	Slipped	Unachieved
Savings					
ASC	771	4,895	3,723	1,172	-
ESBT	36	36	36	-	-
BSD / Orbis	1,472	1,472	1,472	-	-
CS	3,440	3,700	2,819	93	788
CET	1,136	1,136	1,136	-	-
GS	270	270	245	25	-
Centrally Held	2,000	2,000	2,000	-	-
Total Savings	**9,125**	**13,509**	**11,431**	**1,290**	**788**
Variations to Planned Savings					
Permanent Variations	-	-	-	-	-
Total Permanent Savings & Variations	**9,125**	**13,509**	**11,431**	**1,290**	**788**
Temporary Variations	-	-	144	(144)	-
Total Savings with Variations	**9,125**	**13,509**	**11,575**	**1,146**	**788**

Savings RAGs	
Achieved / Green	on track to deliver in the year
Slipped / Amber	on track to deliver but not in the year, and there may be an offset variation
Unachieved / Red	will not be delivered but there may be an offset variation

Capital programme (gross £ millions) – approved projects



*This includes current budget for all finite current projects plus 5 years of rolling programmes.

Capital programme summary (£000)

Approved project	Total project – all years*		2017/18 (£000)						
			In year monitor Q2				Analysis of variation		
	Budget	Projected	Budget	Actual to date	Projected 2017/18	Variation (over) / under budget	(Over) / under spend	Slippage to future year	Spend in advance
ASC	17,327	17,310	1,842	969	1,295	547	17	608	(78)
BSD	311,771	311,696	25,107	6,539	23,936	1,171	75	1,096	0
CS	14,924	14,924	1,423	494	1,257	166	0	166	0
CET	613,771	613,916	76,532	19,364	64,742	11,790	576	11,559	(345)
GS	0	0	0	0	0	0	0	0	0
Total	**957,793**	**957,846**	**104,904**	**27,366**	**91,230**	**13,674**	**668**	**13,429**	**(423)**
Scheme Specific Income			31,144	5,481	30,228	916			
Capital Reserves			0	0	0	0			
Non Specific Grants			32,491	14,769	32,491	0			
Capital Receipts			2,000	2,000	2,000	0			
Revenue Contributions			7,292	5,116	7,280	12			
Borrowing			31,977	0	19,231	12,746			
Total			**104,904**	**27,366**	**91,230**	**13,674**			

Centrally held budgets

The Treasury Management (TM) Strategy, which provides the framework for managing the Council's borrowing requirement, continues to reflect a policy of ensuring minimum risk whilst aiming to deliver secure realistic investment income on the Council's cash balances. Investment rates available in the market have been stable during the quarter and have continued at historically low levels as a result of the low Bank Rate (0.25%). The average level of Council funds available for investment purposes during the quarter was £262m. These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the Capital Programme. The total amount received in short term interest for the quarter to 30 September 2017 was £0.305m at an average rate of 0.45%.

At 30 September 2017, the majority of the Council's external debt was held as long term loans (£271m), and no cost effective opportunities have arisen during Quarter 2 to restructure the existing debt portfolio. No borrowing was undertaken in the quarter. Within centrally held budgets it is likely that there will be a reduced charge to revenue for treasury management. This is the result of reduced Minimum Revenue Provision due to delayed capital expenditure in 2016/17 and no additional interest charges on new borrowing. Normal practice is to use this to reduce the borrowing requirement for the capital programme, but wider risks need to be considered as part of the RPPR process.

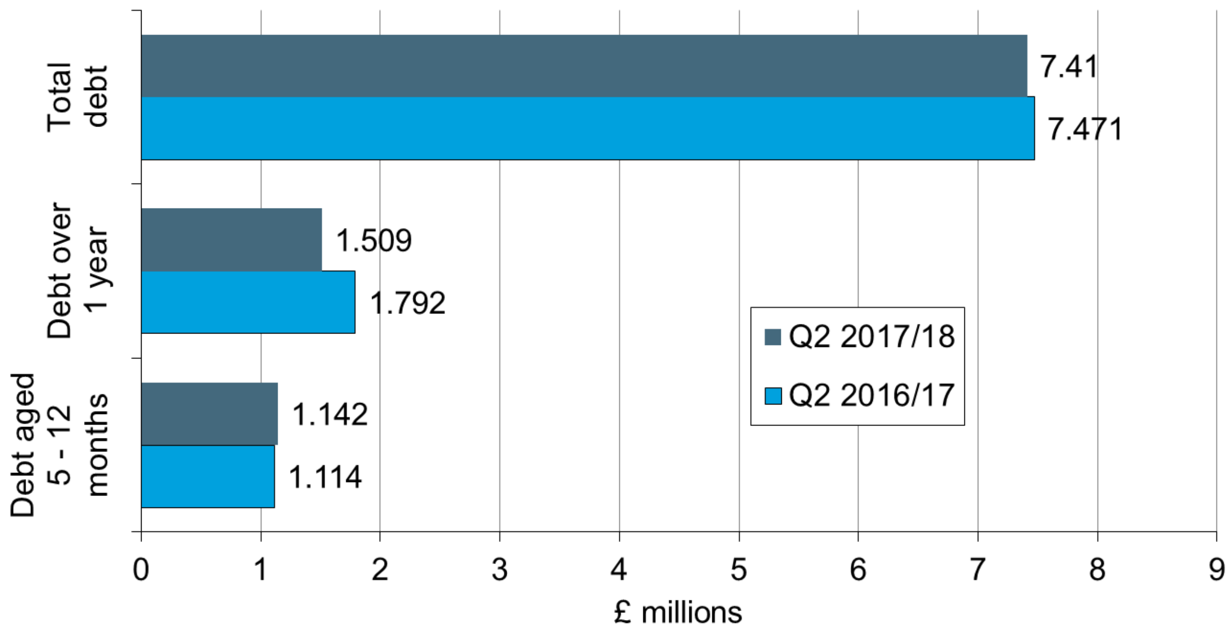
Centrally Held budgets include a general contingency of £3.4m, current forecasts indicate £2.4m of the general contingency will be used to reduce the projected service overspend.

General balances

The General Fund balance was £10.0m as at 31 March 2017. General balances allow the Council to manage unforeseen financial circumstances without the need to make immediate savings.

The Schools balances as at 31 March 2017 were £10.5m.

Outstanding debt analysis (£ millions)



The value of debt over 5 months at Quarter 2 has increased slightly to £2.651m when compared to the 2016/17 year end outturn of £2.276m. Aged Debt continues to be a high priority focus area with a continuous improvement approach to continually re-engineer systems and processes. Regular ASC debt case review meetings ensure that the most appropriate steps are taken to recover debt promptly in consideration of the residents' circumstances and in accordance with the Care Act.

Adult Social Care and Health – Q2 2017/18

Summary of progress on Council Priorities, issues arising, and achievements

Adult Social Care

Health and Social Care Integration – Our shared ambition is that by 2018 there will be a fully integrated health and social care system in East Sussex that will ensure every patient or service user enjoys proactive, joined up care that supports them to live as healthily and independently as possible and achieve the best possible outcomes. Alongside this, our vision is to create a sustainable system that promotes health and wellbeing whilst addressing quality and safety issues, to prevent ill health and deliver an improved experience and outcomes for our population.

We have already established 'Locality Networks' as a way to bring together local people, organisations and communities to share knowledge, insight and experience about their locality and the support provided within it. Our next step is to establish 'Locality Planning and Delivery Groups' across our East Sussex Better Together (ESBT) localities to enable planning and clinically led decisions at a local level. These groups will bring together GPs, community health and social care, mental health, children's services, community pharmacy, the voluntary sector and others.

In October 2016, the Joint Community Rehabilitation team (JCR), run by East Sussex Healthcare NHS Trust (ESHT) and the Council, launched a programme of strength and balance exercise classes to support those who are at risk of falls. The programme is funded by ESBT. The group classes give people the independence they need to manage their own health and wellbeing and help to keep them active in the community, whilst also helping to combat social isolation.

The ESBT Alliance and its partner projects have been shortlisted for prestigious national Health Service Journal awards, which recognise innovations and successes in healthcare. Those shortlisted are:

1. The ESBT Alliance – shortlisted for the Improved Partnerships between Health and Local Government Award.
2. ESHT's Project SEARCH, an NHS Learning Disability Employment Programme, is designed to give young people with learning difficulties or disabilities the skills to gain competitive paid employment. This has been shortlisted for the Improved Partnerships between Health and Local Government Award.
3. ESHT's Doctors' Assistants programme for developing non-registered staff to work alongside doctors has been shortlisted for the Workforce Award.
4. Sussex Partnership Foundation Trust (SPFT) i-Rock project in Hastings has been nominated for the Innovation in Mental Health Award. i-Rock is a drop-in centre for young people aged 14-25, where they are able to come and seek support for a number of things including mental health, wellbeing, housing, employment and education.

Better Care Fund (BCF) – To support this vision the Improved Better Care Fund (iBCF) for 2017/18 has been allocated along with Adult Social Care (ASC) core budgets to ensure that there is funding for social care for all the placements required; with £3.239m made available to support pathway and service investments to ensure systems sustainability.

Q2 has seen an improvement against the key metrics as outlined in the iBCF:

- Delayed transfers of Care (delayed days) from hospital per 100,000 population (aged 18+) has improved from 24.4 in April 2017 to 17.9 in August 2017.
- Performance in relation to permanent admissions to residential/nursing care for April to September is 256.8 per 100,000 population (aged 65+). Current forecasted performance is 513.5, an improvement from 554.4 in Q1.
- Performance in relation to proportion of older people (aged 65+) who are still at home 91 days after discharge from hospital into reablement/rehabilitation services for April to June is 92.6%. This has improved from 90.5% in 2016/17 (October to December as per the national outcome measure definition).

Key challenges continue to be the capacity of the social care market and wider workforce risks.

Delayed Transfers of Care – Targets based on the daily average (as opposed to monthly average) of bed days lost have now been set as part of the Better Care Fund, therefore proposed amendments to targets and measures are:

1. Proposed amendment to target and measure: Number of hospital bed days lost due to delayed transfers from hospital care (daily average), target 50 **(ref i)**.
2. Proposed amendment to target and measure: Number of hospital bed days lost due to delayed transfers from hospital care due to Council social services (daily average), target 13 **(ref ii)**.
3. Proposed amendment to target and measure: Number of hospital bed days lost due to delayed transfers from hospital care due to local NHS (daily average), target 34 **(ref iii)**.

We will implement a number of actions to reduce Delayed Transfers of Care within the County, including:

- implementation of the Ambulatory Care/Acute Medical (including Frailty) Assessment Model at both Eastbourne District General and Conquest Hospitals;
- implementation of Discharge to Assess pathway 1 (community home first principle) to support long stay admission avoidance and to reduce unnecessary assessment in hospital and tackle stranded patients;

- rapid improvement in Continuing Health Care (CHC) assessments undertaken out of hospital;
- further improvements to the home care market to reduce packages of care delays; and
- improved use of Sussex Community Trust beds to support improved acute patient flow.

Joint work with independent sector representatives has identified scope for further roll out of the Care Home Plus Scheme to support hospital discharge. A revised specification and approach is intended to provide the opportunity to ensure that the service will meet appropriate standards.

There are currently 47 Integrated Support Workers in post, trained and working across the county to support hospital admission avoidance and timely hospital discharge. Recruitment continues for the remaining 21 posts.

New pathways for Technology Enabled Care Services (TECS) to Proactive Care (to reduce decline), and TECS to Crisis Response (to prevent admissions) have been agreed by ESHT, South East Coast ambulance service (SECAMB), and the Council, and signed off at the Integrated Community Operational Management Team (iCOMT).

A Telescreen pilot has been launched with 100 Telecare clients, to test the use of PRISMA 7, a high level checklist normally used in clinical settings to spot evidence of frailty. The pilot will assess its ability to spot frailty related decline over the phone and screen the effectiveness of putting low cost solutions in place before escalations.

Health and Social Care Connect – We would like to propose to amend this measure to improve clarity around what is being monitored. The expectation is that health professionals should only be contacting Health and Social Care Connect when there is a requirement for adult community health or social care support. Contacts that are dealt with solely at initial contact are therefore considered inappropriate. The proposed measure is “Percentage of Health and Social Care Connect contacts that are appropriate and effective (i.e. lead to the provision of necessary additional services)”. The target would then be “98%” **(ref iv)**.

Direct Payments – As at 30 September 2017, 31.7% of adults and older people (1,499 people) were receiving Direct Payments. Direct Payment Core support has been moved in-house and the impact of this will be reviewed in December 2017. This early support to clients should reduce the number of Direct Payments failing in the early stages.

The Direct Payment process has been updated and the new team will offer additional support to practitioners should they need advice in putting through a Direct Payment. Training also been updated and continues to be offered to new and existing practitioners ensuring knowledge is up to date and Direct Payments are offered to all possible clients.

Sustainability of performance in relation to Direct Payments appears to be an issue experienced by many local authorities. 78 out of 152 authorities saw a drop in their Direct Payment performance between 2015/16 and 2016/17. East Sussex’s performance for 2016/17 was in the upper quartile. In East Sussex the previous high performance was driven by the significant number of adults who moved to Direct Payments in 2015/16, but subsequently many chose to have a commissioned service instead, therefore ending their Direct Payment arrangement. This has continued to affect our ability to improve performance around this measure.

Despite seeing a drop in performance to 31.7% in the first half of 2017/18, based on 2016/17 thresholds, East Sussex’s performance would be within the upper middle quartile. Due to the challenges set out above, in particular in response to the wishes of adult clients who choose to receive a commissioned service instead of a direct payment, it is proposed to amend the target to 30%. Based on current benchmarking, meeting this target would place us in the upper middle quartile nationally **(ref v)**.

Percentage of referrals starting intervention within required timescales as per their priority level following discharge (ESBT) – Between April and August an average of 64% of interventions by JCR started within their required timescales; and an average of 92% of interventions for the Nursing Service **(ref vi)**. During Q2, the JCR teams changed their criteria (making six weeks the default target rather than two weeks), which is likely to have had a positive impact on the response times.

Dementia – Capacity to enable achievement and maintenance of the National dementia diagnostic target has been commissioned. Extensive efforts to increase referral rates to local Memory Assessment Services has resulted in a diagnosis rate of 66.1% in Q2, we are confident of attaining the 2017/18 target of 67% by year end.

2016/17 Adult Social Care benchmarking – Adult Social Care Outcome Framework data for 2016/17 was published in October 2017 (see table below). This data compares adult social care departments across 26 measures. We are in the upper quartile for 58% (15) of the measures, and upper or upper middle quartiles for 77% (20) of the 26 measures. We have also seen quartile improvements for eight of 26 measures and our performance in relation to direct payments remains in the upper quartile.

Of the four in the lower quartile:

- two relate to delayed transfers of care and recent work has seen a marked improvement in performance;
- one relates to the level of re-ablement we offer and we are investigating this as the overall number of people we support is comparable to elsewhere whilst performance is low – this is likely therefore to relate to how the measure is recorded; and
- one relates to people with a learning disability with their own tenancies or accommodation. A major change to how

we provide low cost residential care at this time, to supported tenancies, will lead to a significant resource challenge and disruption to clients lives without a marked improvement in outcomes.

Safer Communities

Vulnerable Victims of Fraud & Scams – By the end of Q2, 52 organisations had joined the East Sussex Against Scams Partnership (ESASP) Charter. In July, partners participated in a number of activities to promote key messages during Scams Awareness Month, the national campaign run by Citizens Advice. Activities included display stands at various venues around the county, literature promotion at fetes and festivals, giving talks, running Friends Against Scams awareness sessions, and via social media.

Cyber Crime, Cyber bullying and online safety – During Q2, we have been developing a directory of Community Safety Education for East Sussex. This will offer a programme of prevention and awareness to schools and other organisations, combining a variety of programmes and workshops which are currently being offered by a range of agencies and organisations. This will focus on different strands of community safety and personal safety such as cyberbullying and preventing extremism. We will be encouraging educational establishments to take up these sessions through the Personal, social, health and economic (PSHE) hubs and via Partnership activity.

Specialist domestic abuse and sexual violence service – Following the 2016/17 round of monitoring a number of issues were identified in the way the measures are being reported. The main reason for this is because the people who access these services are in particularly vulnerable and sensitive positions. Because of this there are very few people who complete both the intake and exit forms which are both required to inform these measures.

A number of actions have been undertaken to improve the collection of these measures however, acknowledging that the best interests of the people accessing the services must come first, we are proposing to remove the two current measures and replace them with two new measures that place less burden on the service users whilst still ensuring that the services are having a positive impact.

The new proposed measures are:

1. “The % of those affected by domestic violence and abuse who feel safe upon leaving the service” **(ref vii)**

2. “The % affected by rape, sexual violence and abuse who report, after at least 12 weeks of engagement with the service, that they are more in control of their lives and/or more optimistic about the future” **(ref viii)**

The targets for both of these measures will be 80%.

Public Health

Illegal Tobacco campaign roadshows ran in Hastings and Eastbourne in August resulting in 87 intelligence reports about illegal sales, raids on 13 shops, seizure of 1,420 cigarettes and 1.25 kg of rolling tobacco and 16 referrals to local stop smoking services. There were 13 pieces of related media coverage which spanned TV, radio, print and online. The estimated readership is over 1.8 million people. This does not include social media through which we received 12 to 15 reports of illegal tobacco sales.

One You East Sussex, our new Integrated Lifestyle Service, successfully launched in August. One You East Sussex provides a range of support to help people to make changes to their lifestyle such as stopping smoking and achieving a healthy weight. The new programme includes an innovative football based weight management initiative Man v Fat targeted at overweight men. The approach has received national recognition from organisations such as the National Obesity Forum, Weight Concern and the British Dietetic Association. The first East Sussex course, delivered in partnership with Eastbourne Borough Football Club, started in September and attracted 80 registrants. One You East Sussex is now in the process of organising future courses with other football clubs across the county.

Revenue Budget Summary

ASC – The forecast outturn is a £1.053m overspend **(ref xi)**, comprising a £369,000 underspend in the Independent Sector **(ref ix)** and a £1.422m overspend within Directly Provided Services and Assessment and Care Management **(ref x)**.

The net budget of £168.223m includes savings of £4.895m, including £4.124m slippage from 2016/17. £3.723m is forecast to be permanently achieved in 2017/18, with £1.172m slipping to 2018/19 as a consequence of delays in delivering service changes. In year cost reductions of £119,000 increase the achieved savings in 2017/18 only.

Independent Sector: there is continued pressure on services in 2017/18. The number of client approvals and the cost of packages increased by at least 5% compared to last year, on a like for like basis. In year mitigation of these pressures has partly come from the new Improved Better Care Fund (IBCF). The Council has been allocated £11.313m IBCF funding for 2017/18, which is being pooled into the Better Care Fund.

Directly Provided Services and Assessment and Care Management: Pressures reflect the slippage of £1.172m of service savings to 2018/19, made up of £771,000 within Management and Support and £401,000 of additional savings. There is also pressure from increasing demand for equipment for clients, resulting in a £400,000 overspend on the Integrated Community Equipment Service (ICES) pooled budget.

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The ESBT Strategic Investment Plan (SIP) will be refreshed for 2018/19. The SIP identifies a range of schemes which will help to mitigate increasing demands on services. Work continues to align our plans with the Connecting 4 You programme in the High Weald Lewes Havens area into a SIP for 2018/19.

Public Health – Public Health are forecasting £29.257m expenditure on core services. The increased forecast since Q1 is for Transformation of Healthcare Setting projects which will be funded from general reserves. One-off projects worth £5.316m will be funded from reserves.

PH Reserves: PH reserves are projected at year end to be £4.415m. This includes £590,000 general reserve and £3.825m project reserves.

Capital Programme Summary – Forecast expenditure is £1.295m against the £1.842m budget. There is slippage of £532,000 on House Adaptations **(ref xv)**, where demand is lower than expected. There is also slippage of £76,000 on OP Service Improvements **(ref xii)** due to delays in implementing plans. LD Service Opportunities **(ref xiv)** is forecast to spend £78,000 in advance due to increases in costs. The Social Care Information Scheme **(ref xiii)** is now complete and has underspent by £17,000

Performance exceptions (Q2 – Red and Amber RAG rated targets, and amendments)								
Performance measure	**Outturn 16/17**	**Target 17/18**	**17/18 RAG**				**Q2 17/18 outturn**	**Note ref**
			Q1	**Q2**	**Q3**	**Q4**		
Priority - Helping people help themselves								
Amendment requested from: ~~Number of hospital bed days lost due to delayed transfers from hospital care (monthly average)~~ **To:** Number of hospital bed days lost due to delayed transfers from hospital care (daily average)	3,136	**Amendment requested from:** ~~To be set pending national targets~~ **To:** 50	G	AD			.	i
Amendment requested from: ~~Number of hospital bed days lost due to delayed transfers from hospital care due to Council social services (monthly average)~~ **To:** Number of hospital bed days lost due to delayed transfers from hospital care due to Council social services (daily average)	1,064	**Amendment requested from:** ~~To be set pending national targets~~ **To:** 13	G	AD				ii
Amendment requested from: ~~Number of hospital bed days lost due to delayed transfers from hospital care due to local NHS (monthly average)~~ **To:** Number of hospital bed days lost due to delayed transfers from hospital care due to local NHS (daily average)	2,022	**Amendment requested from:** ~~To be set pending national targets~~ **To:** 34	G	AD				iii
Amendment requested from: ~~Health and Social Care Connect - % of contacts resolved at initial contact~~ **To**: Health and Social Care Connect - % of Health and Social Care Connect contacts that are appropriate and effective (i.e. lead to the provision of necessary additional services)	'Go live' date for referral system postponed	**Amendment requested from:** ~~HSCC Access contacts >70%~~ ~~HSCC Health contacts <2%~~ **To:** 98%	G	AD				iv

Performance exceptions (Q2 – Red and Amber RAG rated targets, and amendments)								
Performance measure	Outturn 16/17	Target 17/18	17/18 RAG				Q2 17/18 outturn	Note ref
			Q1	Q2	Q3	Q4		
Proportion of working age adults and older people receiving direct payments	33.3%	**Amendment requested from:** ~~34%~~ **To:** 30%	A	AD			31.7%	v
The percentage of referrals starting intervention within required timescales as per their priority level following discharge (ESBT)	i) 63.2% (JCR) ii) 87.9% Nursing Service	i) 65% (JCR) ii) 88% Nursing Service	A	G			i) 64% (JCR) ii) 92% Nursing Service	vi
Priority – Keeping vulnerable people safe								
Amendment requested from: ~~At exit from the specialist domestic abuse and sexual violence service (Portal), the % of those affected by domestic violence and abuse who are better able to cope and / or have improved self-esteem~~ **To:** The % of those affected by domestic violence and abuse who feel safe upon leaving the service	77%	80%		AD				vii
Amendment requested from: ~~At exit from the specialist domestic abuse and sexual violence service (Portal), the % of those affected by rape, sexual violence and abuse who are more in control of their lives and / or more optimistic about the future~~ **To:** The % affected by rape, sexual violence and abuse who report, after at least 12 weeks of engagement with the service, that they are more in control of their lives and/or more optimistic about the future	78%	80%		AD				viii

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Key	Upper quartile	Upper middle quartile	Lower middle quartile	Lower quartile

National Adult Social Care Outcome Framework (ASCOF)	2016/17 Outturn	2015/16 Outturn
1A - Social care-related quality of life	19.9	19.5
1B - Proportion of people who use services who have control over their daily life	83.6	79.6
1C(1A) - Proportion of people using social care who receive self-directed support	100%	100%
1C(1B) - Proportion of carers receiving self-directed support	100%	100%
1C(2A) - Proportion of people using social care who receive direct payments	33.3	35.6
1C(2B) - Proportion of carers receiving direct payments for support direct to carer	100%	100%
1D - Carer reported quality of life	7.8	7.9 (2014/15)
1E - Proportion of adults with learning disabilities in paid employment	6.8	7.0
1G - Proportion of adults with learning disabilities who live in their own home or with their family	69.7	68.1
1I(1) - Proportion of people who use services who reported that they had as much social contact as they would like	51.3	42.6
1I(2) - Proportion of carers who reported that they had as much social contact as they would like	35.3	37.5 (2014/15)
1J - Adjusted Social care-related quality of life – impact of Adult Social Care services	0.44	N/A
2A(1) - Permanent admissions of younger adults (aged 18 to 64) to residential and nursing care homes, per 100,000 population	12.8	12.9
2A(2) - Permanent admissions of older people (aged 65 and over) to residential and nursing care homes, per 100,000 population	521.5	542.6
2B(1) - Proportion of older people (65 and over) still at home 91 days after discharge from hospital into reablement/rehabilitation services (effectiveness of the service)	90.5	91.7
2B(2) - Proportion of older people (65 and over) who were still at home 91 days after discharge from hospital into reablement/rehabilitation services (offered the service)	1.6	1.5
2C(1) - Delayed transfers of care from hospital per 100,000 population	21.5	14.1
2C(2) - Delayed transfers of care from hospital which are attributable to adult social care per 100,000 population	7.9	4.2
2D - The outcome of short-term services: sequel to service	97.6	90.5
3A - Overall satisfaction of people who use services with their care and support	69.9	66.7
3B - Overall satisfaction of carers with social services	41.8	40.7 (2014/15)
3C - Proportion of carers who report they have been included or consulted in discussion about the person they care for	74.0	71.0 (2014/15)
3D(1) - Proportion of people who use services who find it easy to find information about services	79.4	76.2
3D(2) - Proportion of carers who find it easy to find information about services	68.5	68.1 (2014/15)
4A - Proportion of people who use services who feel safe	77.4	70.9
4B - Proportion of people who use services who say that those services have made them feel safe and secure	83.6	86.9

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Savings exceptions (Projected - Red = will not be delivered but may be mitigated; Amber = on track to deliver but not in the year (& may be mitigated); Green = on track to deliver in the year)					
Service description	**2017/18 (£'000) – Q2 Forecast**				**Note ref**
	Target	**Achieved**	**Slipped**	**Unachieved**	
Savings					
Community Based Services: Review and focus on services to meet personal care needs, in line with personal budgets	3,000	3,000	-	-	
Commissioning Grants Prospectus	160	160	-	-	
Supporting People	509	163	346	-	
All Other Savings	1,226	400	826	-	
Total Savings	**4,895**	**3,723**	**1,172**	**0**	
Variations to Planned Savings					
None	-	-	-	-	
Permanent Variations	**0**	**0**	**0**	**0**	
Total Permanent Savings & Variations	**4,895**	**3,723**	**1,172**	**0**	
In year mitigation from temporary spend reductions	-	119	(119)	-	
Temporary Variations	**0**	**119**	**(119)**	**0**	
Total Savings with Variations	**4,895**	**3,842**	**1,053**	**0**	

Revenue budget										
Divisions	Planned (£000)			Q2 2017/18 (£000)						Note ref
				Projected outturn			(Over) / under spend			
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net	
Adult Social Care:										
Physical Support, Sensory Support and Support for Memory & Cognition	99,690	(39,874)	59,816	99,330	(40,173)	59,157	360	299	659	
Learning Disability Support	48,728	(4,081)	44,647	48,935	(3,974)	44,961	(207)	(107)	(314)	
Mental Health Support	7,576	(1,285)	6,291	7,474	(1,207)	6,267	102	(78)	24	
Subtotal Independent Sector	**155,994**	**(45,240)**	**110,754**	**155,739**	**(45,354)**	**110,385**	**255**	**114**	**369**	**ix**
Physical Support, Sensory Support and Support for Memory & Cognition	17,755	(5,235)	12,520	17,626	(5,171)	12,455	129	(64)	65	
Learning Disability Support	8,783	(1,226)	7,557	8,807	(1,242)	7,565	(24)	16	(8)	
Mental Health Support	2,271	(2,257)	14	2,629	(2,535)	94	(358)	278	(80)	
Substance Misuse Support	609	(153)	456	609	(153)	456	-	-	-	
Equipment & Assistive Technology	6,294	(3,409)	2,885	6,489	(3,174)	3,315	(195)	(235)	(430)	
Other	4,059	(1,858)	2,201	4,051	(1,912)	2,139	8	54	62	
Supporting People	9,144	(1,051)	8,093	9,395	(1,051)	8,344	(251)	-	(251)	
Assessment and Care Management	26,643	(2,339)	24,304	28,095	(2,932)	25,163	(1,452)	593	(859)	
Management and Support	19,751	(20,842)	(1,091)	20,692	(21,860)	(1,168)	(941)	1,018	77	
Service Strategy	530	-	530	1,179	(651)	528	(649)	651	2	
Subtotal Directly Provided Services and Assessment and Care Management	**95,839**	**(38,370)**	**57,469**	**99,572**	**(40,681)**	**58,891**	**(3,733)**	**2,311**	**(1,422)**	**x**
Total Adult Social Care	**251,833**	**(83,610)**	**168,223**	**255,311**	**(86,035)**	**169,276**	**(3,478)**	**2,425**	**(1,053)**	**xi**
Safer Communities	801	(416)	385	834	(449)	385	(33)	33	-	
Public Health:										
Health Improvement Services	5,386	-	5,386	5,384	-	5,384	2	-	2	
Drug and Alcohol Services	6,101	-	6,101	6,101	-	6,101	-	-	-	
Sexual Health Services	4,160	-	4,160	4,160	-	4,160	-	-	-	
Health Visiting and School Nursing	8,769	-	8,769	8,769	-	8,769	-	-	-	
NHS Health Checks	816	-	816	816	-	816	-	-	-	
Management Support and Public Health Programmes	3,259	-	3,259	4,027	-	4,027	(768)	-	(768)	
Public Health Grant	-	(27,990)	(27,990)	-	(27,990)	(27,990)	-	-	-	
Public Health CCG and Other Income	-	(501)	(501)	-	(501)	(501)	-	-	-	
Draw from General Reserves	-	-	-	-	(766)	(766)	-	766	766	
Sub Total for Core Services	**28,491**	**(28,491)**	**0**	**29,257**	**(29,257)**	**0**	**(766)**	**766**	**0**	
One Off Projects Funded from Project Reserve	5,316	(5,316)	-	5,316	(5,316)	-	-	-	-	
Total Public Health	**33,807**	**(33,807)**	**0**	**34,573**	**(34,573)**	**0**	**(766)**	**766**	**0**	

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Capital programme										
Approved project	Total project – all years (£000)		2017/18 (£000)							Note ref
			In year monitor Q2 (£000)				Analysis of variation (£000)			
	Budget	Projected	Budget	Actual to date	Projected 2017/18	Variation (over) / under budget	(Over) / under spend	Slippage to future year	Spend in advance	
OP Service Improvements	536	536	76	-	-	76	-	76	-	xii
Social Care Information Systems	4,257	4,240	17	-	-	17	17	-	-	xiii
LD Service Opportunities	5,092	5,092	1,201	969	1,279	(78)	-	-	(78)	xiv
Greenacres	2,350	2,350	-	-	-	-	-	-	-	
Continuing Programme:										
House Adaptations for People with Disabilities	2,719	2,719	532	-	-	532	-	532	-	xv
Refurbishment – Registration standards	2,373	2,373	16	-	16	-	-	-	-	
Total ASC Gross	**17,327**	**17,310**	**1,842**	**969**	**1,295**	**547**	**17**	**608**	**(78)**	

Business Services – Q2 2017/18

Summary of progress on Council Priorities, issues arising, and achievements

Summary of successes and achievements – Orbis has continued to progress well in 2017 with Brighton and Hove City Council (BHCC) joining the partnership as a final founding partner. The plan remains for the budgets to be fully integrated from April 2018. Expanding the partnership will continue to help drive further efficiencies, share skills and expertise across organisations and invest in technology that would otherwise be prohibitively expensive for one council on their own. We will make the best use of our assets, sharing property, ICT and staff with partners so we work as efficiently as possible, removing duplication and increasing flexibility.

Orbis has hosted three visits from other Local Authorities and central Government organisations interested in the Orbis shared services model and benefits being delivered. Orbis presented at the Shared Services Conference and Society of County Treasures autumn seminar.

The new Governance arrangements for the Orbis Joint Committee have now started with each of the three partners being represented by two members of the committee.

We have assessed how well developed Orbis is against the key criteria for shared services and are developing a list of actions which will feed into the new three year business plan for 2018/19 – 2020/21

We have implemented the new East Sussex Pensions Self Service system which allows people to access their annual pension's benefits statements online. The introduction of this new system will save around £87,000 per year in postage and printing.

Property operations – There is forecast to be a 20% reduction in the Council Estate's rateable value when compared to 2016/17 figures. Further reductions were achieved by not renewing the lease on Unit 3, a Corporate Store in Lewes, having cleared the store by making better use of existing space within other Agiled buildings. However there have been modest increases in the cost of Property's principal facilities contract and some necessary maintenance spend at St Mary's which risk exceeding the achieved efficiencies and may impact our ability to meet the target of a 2% reduction on last year's cost of occupancy per sq. metre.

Strategic Property Asset Collaboration in East Sussex (SPACES) – Three projects have been delivered in the first two quarters of this year: Fulfilling Lives have moved into St Mary's House in Eastbourne; Kent, Sussex and Surrey Community Rehabilitation Company have moved in with 3VA in Eastbourne; and South Coast Ambulance Service have moved to a site owned by Sussex Partnership Foundation Trust.

The focus on One Public Estate continues and phase 5, into the feasibility of the seven projects previously identified, has progressed with a further £75,000 being provided, making the total £175,000. A route to market for procurement of professional services has been identified and is being progressed. Phase 6 projects are being developed ready for a proposal to be submitted in November; including projects for the Land Release Fund, which will provide funding for the release of surplus land for housing provision.

The first phase of the Collaborative Workspace project went live in early August with 18 Shared Spaces; which are locations which could host hot desks, meeting spaces or both; and 50 users. Early indications from users are positive despite some early teething issues. Procurement of the booking system is expected to commence in Q3. A bid has been submitted to the Economic and Social Research Council (ESRC) Business and Local Government Data Research Centre for a university academic to provide support for the business case development through Data Analytics Innovation Vouchers, which would fund £2,000 worth of academic expertise.

Asset Investment Strategy – Following discussion at the 14 July meeting of the Audit Best Value and Community Services Scrutiny Committee, further discussions have been held with key internal stakeholders. A draft strategy will be produced in February 2018 to encapsulate the proposed investment strategy and mechanisms for the delivery of such a strategy.

Reduction in CO2 emissions – Q2 has seen a 5.4% reduction in carbon emissions compared to the same period in 2016/17 (schools 4.2%; non-schools 6.7%).

A milder spring and summer saw a decrease in the number of oil deliveries received by schools, which contributed to the reduction. Schools' electricity consumption has also decreased as the lighting improvement programme continues. However gas consumption in schools has increased by 3.5% compared to Q2 last year. The Energy Team are progressing with a number of measures to try to address this: seasonally appropriate communications on controlling heating systems are being sent regularly to schools; heating control training has been arranged; an approach to improve the heating systems in schools is in development; and a fourth cluster of energy efficiency workshops for schools started in September.

Previous improvements at County Hall continue to make a significant contribution to the reduction in CO2 emissions, and reductions in gas consumption across a number of libraries is also having an effect. The Energy Team are continuing to engage with libraries to further improve their energy management practices and are looking to extend this approach to other sites.

Solar PV installations at three non-school sites are in development, and £450,000 of street lighting improvements are on track to be completed by the end of March 2018.

Apprenticeships – Clear pathways for all Council staff to obtain information on apprenticeships available and the next steps in accessing the training have been created via digital avenues, such as Yammer and the Intranet, and also through direct marketing, such as leaflets and posters. Guidance notes have been developed and engagement has taken place over a variety of platforms, including those mentioned above, to ensure information is disseminated as widely as possible. Consultations with schools are underway including breakfast briefings at locations across the county, attendance at Headteachers forums, dissemination of information through online platforms and ongoing meetings at individual schools to answer queries and map training needs against available apprenticeship standards/frameworks. Schools now have access to the whole Council levy pool of funding rather than being limited to their own contribution, which will support the Council in getting the maximum benefit from the levy during 2017/18. Within the Council there is apprenticeship training available for all staff on topics including management, administration, and health & social care. Discussions are also underway with departments to use the levy to assist with their training needs, hard to fill posts, staff recruitment and retention.

Social Value – Over the past 12 months the Council has spent £209.5m with 6,639 local suppliers, equating to 52.3% of our total spend.

One contract above £100,000 and within the scope of the Social Value Measurement (SVM) Charter was awarded in Q2. The total value of the project was £369,863, with £46,316 secured via the SVM Charter, giving a 12.5% social value commitment. The benefits secured include the contractor using local suppliers to buy all project equipment and using local sub-contractors for works; and a local person being offered an apprenticeship.

Savings achieved through procurement, contract and supplier management activities – Signed off savings are £360,000 at the end of Q2. In September 2017 we intensified our efforts to increase the level of savings by conducting a Finding Additional Benefits (FAB) initiative. This has led to the identification of over £200,000 in benefits which are being finalised and should be reported in Q3.

IT & Digital infrastructure – 99.9% of key services were available during core hours (08:00 to 17:00 Monday to Friday except the Local Area Network, where availability has been extended to be 24/7), exceeding our target of 99%. Weekend and planned unavailability is excluded.

Wellbeing – The 2017/18 Q1 and 2 sickness absence outturn for the whole authority (excluding schools) is 4.15 days lost per FTE employee, which represents an increase of 7.6% since the previous year. The year-end estimate based on this increase is 9.39 days/FTE (**ref i**). The increase in absence is largely due to a peak in stress related absence between May to August. However, it is positive to note that stress related absence reduced significantly in September. Stress continues to be the primary driver of absences across the organisation. A number of management and support measures have been put in place to reduce absence, interventions have included:

• Analysis has been undertaken indicating that there is a decrease in long term spells relating to stress and employees are returning to work earlier compared to last year. However, there has been an increase in short term spells relating to stress and this has been identified as employees who are absent on only one occasion. As these employees do not have a further period of stress related absence it would suggest the correct support is being put in place on their return and that more preventative work needs to be explored in order to prevent employees experiencing 'burnout'. Hot spots of stress were identified and HR is working with these areas to develop strategies.

• Further training and development activities for employees have been introduced, such as courses which aim to build individual resilience and are centred on the use of mindfulness techniques. Free 'drop in' mindfulness sessions continue to run in Eastbourne and Lewes, in addition to the Council's participation in an online mindfulness pilot programme (through LGA funding) to support staff to be resilient at work, 60 members of staff participated in the course. The evaluation has now completed and includes data and recommendations for the future direction for employees who are absent with stress-related illness, this is being used to inform our future strategy.

In considering mental health related absence more broadly, targeted activities have included:

• The Council held its first Mental Health Awareness workshop on 10 October 2017. Targeted invitations were sent to managers and the aim of the workshop was to improve their confidence in supporting employees with Mental Health issues. The workshop received excellent feedback and we are now in the process of introducing a half-day session as part of the corporate training programme.

• Meetings are ongoing with organisations that have been identified with low levels of mental health related absence in order to share learning and explore new initiatives, including the possibility of introducing Mental Health First Aiders.

In Q2 'flu like' symptoms and surgery have also increased as reasons for absence. Nationally it is anticipated there will be higher levels of flu this autumn/winter, in response Public Health launched a targeted campaign promoting the flu vaccine.

<u>Revenue Budget Summary</u> – The 2017/18 Business Services net revenue budget is £21.1m and includes the contribution to Orbis budget of £15.3m. Services are on target to deliver £1.5m planned efficiency savings, the majority of this is from the Council's contribution to Orbis (£1.2m), where partnership savings are being delivered mainly from staffing.

Orbis is in year two of a three year programme to deliver £8.6m of efficiencies. Services have put plans in place to deliver £3.9m of savings this year and have started to implement changes to achieve a further £3.9m next year. This has led to additional part year savings in 2017/18 in order to get full year savings in 2018/19. As a result there is a forecast variance of £0.3m from the ESCC contribution to Orbis budget, this is an increase of £0.2m since Q1 **(ref iii)**.

There are pressures in the budgets managed by Orbis and services forecast a full year overspend of £0.1m, compared to zero variance in Q1, the majority of these are ongoing and will be addressed as part of budget planning. The main variance is in IT&D and relates to the data centre upgrade to ensure the resilience of the council **(ref ii)**.

<u>Capital Programme Summary</u> – The 2017/18 capital budget is £25.1m and includes the Schools Basic Need Programme (£9.1m). As reported in Q1 Property is currently forecasting an underspend of £0.1m on projects coming to an end: facilities for providing free school meals **(ref vi)** and the temporary-permanent project **(ref vii)**. Since Q1 there have been some delays to Property projects, mainly to do with planning issues and service requirement changes, as a result Property are re-profiling £1m into 2018/19 **(ref iv & v)**. It should be noted that there could be further change to building improvement schemes if weather conditions deteriorate.

Council Plan Performance Exceptions
(Q2 – Red and Amber RAG rated targets, and amendments)

Performance measure	Outturn 16/17	Target 17/18	17/18 RAG Q1	17/18 RAG Q2	17/18 RAG Q3	17/18 RAG Q4	Q2 17/18 outturn	Note ref
Priority – Making best use of resources								
Number of working days lost per FTE (Full Time Equivalent) employee due to sickness absence in non-school services	8.73	9.24	G	A			Q1+2: 4.15 days Year-end estimate: 9.39 days	i

Savings exceptions
(Projected - Red = will not be delivered but may be mitigated; Amber = on track to deliver but not in the year (& may be mitigated); Green = on track to deliver in the year)

Service description	2017/18 (£'000) – Q2 Forecast Target	Achieved	Slipped	Unachieved	Note ref
Savings					
	1,472	1,472	-	-	
Total Savings	**1,472**	**1,472**	**0**	**0**	
Variations to Planned Savings					
	-	-	-	-	
Permanent Variations	**0**	**0**	**0**	**0**	
Total Permanent Savings & Variations	**1,472**	**1,472**	**0**	**0**	
	-	-	-	-	
Temporary Variations	**0**	**0**	**0**	**0**	
Total Savings with Variations	**1,472**	**1,472**	**0**	**0**	

APPENDIX 3

The table below represents the East Sussex 2017/18 Revenue Budget, and includes a line which is the contribution to Orbis Partnership. The second table shows the total Orbis Partnership 2017/18 Revenue Budget, of which East Sussex make a contribution to shared costs of 30%.

Revenue Budget

Divisions	Planned (£000)			Q2 2017/18 (£000)						Note ref
				Projected outturn			(Over) / under spend			
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net	
Business Operations	138	-	138	183	-	183	(45)	-	(45)	
Finance	2,710	(2,102)	608	2,753	(2,131)	622	(43)	28	(15)	
HR & OD	340	(419)	(79)	369	(478)	(110)	(29)	60	30	
IT & Digital	5,470	(4,891)	579	5,406	(4,737)	669	64	(154)	(90)	ii
iProcurement	4	(36)	(33)	5	(13)	(8)	(1)	(24)	(25)	
Property	23,494	(18,889)	4,605	25,070	(20,515)	4,555	(1,576)	1,626	50	
Contribution to Orbis Partnership	15,269	-	15,269	14,942	-	14,942	327	-	327	iii
Total BSD	**47,424**	**(26,337)**	**21,087**	**48,728**	**(27,873)**	**20,855**	**(1,303)**	**1,536**	**232**	

Orbis Partnership Revenue Budget

Divisions	Planned (£000)			Q2 2017/18 (£000)						Note ref
				Projected outturn			(Over) / under spend			
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net	
Business Operations	10,857	(5,590)	5,267	10,857	(5,590)	5,267	-	-	-	
Finance	10,552	(1,484)	9,068	10,317	(1,599)	8,718	235	115	350	
HR	5,257	(582)	4,675	5,107	(547)	4,560	150	(35)	115	
IT	18,563	(1,608)	16,955	18,313	(1,608)	16,705	250	-	250	
Management	2,034	-	2,034	1,869	(175)	1,694	165	175	340	
Procurement	3,372	(156)	3,216	3,292	(106)	3,186	80	(50)	30	
Property	11,101	(1,660)	9,441	11,101	(1,660)	9,441	-	-	-	
Total Orbis	**61,735**	**(11,080)**	**50,655**	**60,856**	**(11,285)**	**49,571**	**879**	**205**	**1,085**	
ESCC Contribution			**15,269**			**14,942**			**327**	

Capital programme

Approved project	Total project – all years (£000)		2017/18							Note ref
			In year monitor Q2 (£000)				Analysis of variation (£000)			
	Budget	Projected	Budget	Actual to date	Projected 2017/18	Variation (over) / under budget	(Over) / under spend	Slippage to future year	Spend in advance	
Core Systems Development	1,268	1,268	50	-	-	50	-	50	-	
The Link	2,718	2,718	69	-	-	69	-	69	-	
SALIX Contract	4,032	4,032	335	220	335	-	-	-	-	
Property Agile Works	9,606	9,606	1,195	221	918	277	-	277	-	iv
Capital Building Improvements	85,386	85,386	9,723	2,217	9,023	700	-	700	-	v
IT & Digital Strategy Implementation	27,557	27,557	2,499	387	2,499	-	-	-	-	
Schools Basic Need	166,228	166,228	9,057	3,237	9,057	-	-	-	-	
Early Years	4,765	4,765	1,881	249	1,881	-	-	-	-	
Universal Infant Free School Meals	1,954	1,899	84	1	29	55	55	-	-	vi
Other Schools & CSD Projects	8,257	8,237	214	7	194	20	20	-	-	vii
Total BSD Gross	**311,771**	**311,696**	**25,107**	**6,539**	**23,936**	**1,171**	**75**	**1,096**	**0**	

Children's Services – Q2 2017/18

Summary of progress on Council Priorities, issues arising, and achievements

Summary of successes and achievements:

The percentage of pupils achieving a "good level of development" at the Early Years Foundation Stage Provisional data from August 2017 places the Council in a positive position with 76.5% achieving a "good level of development", this is against the national average of 70.7% and the 2015/16 academic year outturn of 75.7%.

Exclusions The number of permanent exclusions in primary schools reduced from 37 in the 2015/16 academic year to 22 in the 2016/17 academic year a decrease of 40.5%. In secondary schools the number reduced from 70 to 58 a 17.1% reduction. Work is ongoing with school leaders to continue to reduce the number of permanent exclusions.

Feedback survey response During the last 12 months 84% of respondents to our feedback surveys agreed that things had changed for the better as a result of Inclusion Special Educational Needs and Disabilities (ISEND) Provider Services.

Secondary Teaching Schools Introduced in 2011, Teaching Schools are schools that work with partner schools in an alliance to provide high quality school-led initial teacher training and professional development opportunities for teachers at all stages of their career. We have supported secondary schools applications to become teaching schools, with Beacon School in Crowborough and Priory School in Lewes recently achieving this status. Their success will bring significant capacity for school improvement within the county. There has been a further improvement in the percentage of secondary schools judged by Ofsted (as at 31 August 2017) to be good or outstanding to 77.8% from 74.1% at the end of 2016/17, and the gap between the East Sussex and national percentage has reduced to 1.4% from 4.6% at the end of 2016/17.

The percentage of Care Leavers at university 13% of eligible care leavers are at University, four in year one, three in year two and nine in their final year who will graduate in summer 2018. One young person is completing a Masters. This summer we had three care leavers who graduated with a first degree and one who completed a Masters.

Treat mental health and physical health equally With East Sussex Better Together and Connecting 4 You two key resources have been developed to support schools to address mental health and emotional wellbeing. Young people from the Youth Cabinet and Download mental health participation group in East Sussex produced a Top Ten Tips booklet and poster advising schools how to support pupils' mental health and wellbeing. Boing Boing; who work with and alongside children, young people, families and adults exposed to social disadvantage and inequalities to build resilience; were commissioned to produce more detailed guidance and resources, including promoting a whole school approach to addressing mental health and emotional wellbeing. Both resources give advice and guidance about how schools can raise awareness and challenge the stigma surrounding mental illness, while promoting positive mental health. They also contain advice on what not to do and signpost resources for further advice and support.

Social worker of the year awards The Council's Children's Services Department was runner up in the Social Worker of the Year Awards 2017, in the category of Best Social Work Employer. The Council's submission highlighted the authority's achievements in supporting its staff to create a high quality, sustainable system that secures the best outcomes for children and young people.

The rate of Looked After Children (LAC) – The rate of LAC per 10,000 is rising, from 54.1 (573 children) at Q1 to 54.9 (579 children) at Q2. We are currently within our target rate of 57.2 (606 children) and below the IDACI (Income Deprivation Affecting Children Index) expected rates which ranks areas in England from the most to the least deprived and expected rates are calculated using statistical techniques that compare variables. At Q2 there were 22 unaccompanied asylum seeker children (this is included in the figure). The rate of children with a Child Protection Plan has continued to rise to 51.8 per 10,000 (549 children) above our target of 42.9 per 10,000 (454 children).

Progress 8 and Attainment 8 scores – Provisional data for key stage 4 in 2017 shows that the overall Progress 8 score for East Sussex was 0.0 which is in line with progress made by similar pupils nationally (national outturn -0.03). The East Sussex Attainment 8 score was 45.0, 1.1 points below the national average of 46.1.

The percentage of young people meeting the duty of RPA (Raising the Participation Age) by either participating in education, training or employment with training or undertaking reengagement provision at academic age 16 (Year 12) and academic age 17 (year 13) – **(refs i and ii)** Data is not available until Q3, however, based on draft September Guarantee (SG) data, which is the commitment that all young people will receive a guaranteed offer of learning by the end of the September after they complete Year 11 and then repeated when they complete Year 12, and data from this time last year we are down 0.5% on the SG for Year 11 and 2.5% on the SG for Year 12. We are awaiting apprenticeship data and have concerns that the changes to apprenticeship funding could have a negative impact on our participation for 16 and 17 year olds. This is a concern which has been raised both locally and nationally. In addition, changes to the management and operational staff at Medway Youth Trust who deliver our Youth and Employment Service (YES) contract at this key time for participation targets is a concern. We are working with Medway Youth Trust to develop and implement an assurance plan.

Revenue Budget Summary – The £68.757m net CSD budget is forecast to be overspent at year end by £1.881m **(ref viii).**

Early Help and Social Care £2.344m of the overspend is forecast within this budget **(ref v).** This is a small increase from the £2.153m overspend in Q1, due to the continued pressure for LAC and in particular from expensive placements for children with more complex needs and who are difficult to place.

Education and ISEND are forecasting an underspend of £0.356m at year end **(ref vi)**. The ISEND service has been successful to date in driving down SEN Agency placements and SEN High Needs top up costs. This forecast is based on the new September cohort of children and we will continue to monitor and report on the position as the academic year progresses.

Communication, Planning and Performance (ref vii) have forecasted an underspend of £0.095m for the financial year. This will be achieved through office efficiencies and further reductions to printing costs.

Within the above outturn position, £2.819m **(ref iv)** of the planned £3.700m savings for 2017/18 are forecast to be achieved, with £0.093m slipped to future years. £0.788m **(ref iv)** will be unachieved, mainly due to the continuing pressures for Looked After Children **(ref iii)**.

Capital Programme Summary – £0.166m of expenditure earmarked for House Adaptations for Disabled Children's Carers **(ref ix)** has slipped to the 2018/19 Financial Year. This reflects that it is a demand led budget and the year to date spend **(ref x)**.

Performance exceptions (Q2 – Red and Amber RAG rated targets, and amendments)								
Performance measure	**Outturn 16/17**	**Target 17/18**	**17/18 RAG**				**Q2 17/18 outturn**	**Note ref**
			Q1	**Q2**	**Q3**	**Q4**		
Priority – Driving economic growth								
The percentage of young people meeting the duty of RPA (Raising the Participation Age) by either participating in education, training or employment with training or undertaking reengagement provision at academic age 16 (Year 12)	95.9%	95%	G	A			Reported at Q3	i
The percentage of young people meeting the duty of RPA (Raising the Participation Age) by either participating in education, training or employment with training or undertaking reengagement provision at academic age 17 (Year 13)	88.6%	88%	G	A			Reported at Q3	ii

Savings exceptions (Projected - Red = will not be delivered but may be mitigated; Amber = on track to deliver but not in the year (& may be mitigated); Green = on track to deliver in the year)					
Service description	**2017/18 (£'000) – Q2 Forecast**				**Note ref**
	Target	**Achieved**	**Slipped**	**Unachieved**	
Savings					
Early Help	673	673	-	-	
Children's Support Services (including Music, Watersports, DofE and Safeguarding qualify assurance)	345	345	-	-	
Home to School Transport	488	488	-	-	
Locality Services	70	-	70	-	
Specialist Services	203	132	23	48	
Looked after Children	990	250	-	740	**iii**
SLES	122	122	-	-	
Other	809	809	-	-	
Total Savings	**3,700**	**2,819**	**93**	**788**	**iv**
Variations to Planned Savings					
	-	-	-	-	
Permanent Variations	**0**	**0**	**0**	**0**	
Total Permanent Savings & Variations	**0**	**0**	**0**	**0**	
	-	-	-	-	
Temporary Variations	**0**	**0**	**0**	**0**	
Total Savings with Variations	**3,700**	**2,819**	**93**	**788**	

Revenue budget										
Divisions	**Planned (£000)**			**Q2 2017/18 (£000)**						**Note ref**
				Projected outturn			**(Over) / under spend**			
	Gross	**Income**	**Net**	**Gross**	**Income**	**Net**	**Gross**	**Income**	**Net**	
Central Resources	2,766	(4,086)	(1,320)	2,754	(4,086)	(1,322)	12	-	12	
Early Help and Social Care	57,744	(10,764)	46,980	62,323	(12,999)	49,324	(4,579)	2,235	(2,344)	**v**
Education and ISEND	81,370	(5,344)	76,026	80,254	(4,584)	75,670	1,116	(760)	356	**vi**
Communication, Planning and Performance	20,216	(4,277)	15,939	20,218	(4,374)	15,844	(2)	97	95	**vii**
DSG non Schools	-	(68,868)	(68,868)	-	(68,868)	(68,868)	-	-	-	
Schools	161,320	(161,320)	-	161,320	(161,320)	-	-	-	-	
Total Children's Services	**323,416**	**(254,659)**	**68,757**	**326,869**	**(256,231)**	**70,638**	**(3,453)**	**1,572**	**(1,881)**	**viii**

Capital programme										
Approved project	**Total project – all years (£000)**		**2017/18 (£000)**							**Note ref**
			In year monitor Q2 (£000)				**Analysis of variation (£000)**			
	Budget	**Projected**	**Budget**	**Actual to date**	**Projected 2017/18**	**Variation (over) / under budget**	**(Over) / under spend**	**Slippage to future year**	**Spend in advance**	
Direct to schools-s106 allocations	185	-	65	53	65	-	-	-	-	
Family Contact	188	-	32	-	32	-	-	-	-	
House Adaptations for Disabled Children's Carers	1,068	-	288	62	122	166	-	166	-	**ix**
Schools Delegated Capital	8,685	166	899	271	899	-	-	-	-	
Schools Information Hub - Czone replacement	230	-	86	55	86	-	-	-	-	
Exceat Canoe Barn Changing Rooms	24	-	-	-	-	-	-	-	-	
Lansdowne SCH Grant	261	-	53	53	53	-	-	-	-	
Total CSD Gross	**10,641**	**166**	**1,423**	**494**	**1,257**	**166**	**0**	**166**	**0**	**x**

Communities, Economy & Transport – Q2 2017/18

Summary of progress on Council Priorities, issues arising, and achievements

Summary of successes and achievements – 10 businesses received funding from East Sussex Invest 5 (ESI5), and are projected to create or protect 44.5 jobs. 86 carriageway asset improvement schemes have been delivered in Q2 investing almost £3.1m to maintain and improve the condition of the county's roads. Almost 4,800 additional premises are now able to access superfast broadband as part of our second contract of works. Four Trading Standards workshops were held in Q2, offering advice and training to 82 delegates. Trading Standards also made 26 positive interventions to protect vulnerable people from rogue trading or financial abuse. There were 70 online training courses completed in our libraries in Q2, offering people help with topics such as IT, maths, English, and help to get online and use the internet.

East Sussex Growth Hub (GS) – The South East Business Boost (SEBB) contract, to enhance and extend the services offered by the Growth Hub, has now gone live. The official launch of the programme was on 28 September 2017, with over 100 representatives from businesses attending the launch. So far 10% of the total target of East Sussex grant allocation has been awarded, £78,000, discussions are taking place over how best to further promote the take up of grants.

Inward Investment (GS) – A Grants and Loans panel in September 2017 approved 10 applications for funding, with £115,000 in grants and £377,000 in loans allocated from the ESI5 fund. This funding is expected to create or protect 44.5 jobs, making a total for the first two quarters of 2017/18 of 65 jobs **(ref i)**. Four businesses have been supported by Locate East Sussex to locate, relocate or start-up in the county so far in 2017/18, and this is projected to create or support two jobs. There are a large number of businesses being supported by Locate and this is expected to result in increasing numbers locating, relocating or starting-up in the county during the rest of 2017/18.

Broadband (GS) – 4,777 additional premises were able to be connected to superfast broadband at the end of Q2 as part of our second contract of works. Take up of superfast services under contract 1 is 46.3%, while the contract 2 take up is 31.7%.

Cultural Destinations (GS) – £1m of funding has been secured from Arts Council England, the South East Local Enterprise Partnership and Visit England for Culture Coasting. The funding will deliver a new arts trail using geocaching technology and we will launch a European marketing campaign to promote the trail and increase tourism. The project will run from 2017 to 2019. The first public workshop, planned in collaboration with 1066 Country, to show the effectiveness of the tourism information held on the data warehouse was held on 5 October 2017. There were 15 attendees from tourism businesses who were briefed on current data trends in the visitor economy locally, regionally and nationally to inform their future business planning.

Newhaven Port Access Road – The detailed design work and contract document preparation is progressing well, with a view to tendering for the works in Q3. Work is also continuing on the business case, with the intention that draft documents will be submitted to the Department for Transport for comment in Q3; with a final submission to follow in Q4 when the tender price is known.

Terminus Road, Eastbourne – Tender documentation has been completed with the tenders due to go out early in Q3, with the award of the contract expected by the end of the quarter. The Traffic Regulations Orders for the introduction of bus lanes and changes to the parking restrictions in Gildredge Road will be advertised in Q3. Construction is currently programmed to start by the end of Q4.

Employability and Skills – Two new business sector task groups are due to be established in the coming months, a Visitor Economy group in November 2017 and a Health & Social Care group in January 2018. These groups will complement the four existing groups who met for the second time in September. The task groups will be training Careers Education Information Advice and Guidance school leads over the coming months. A Creative and Digital project has secured Cultural Education Partnership funding to promote creative thinking and technical skills from September 2017 to March 2018. Funding has been secured from the National Collaborative Outreach Programme which will allow the Big Bang event in Eastbourne to be held in March 2018.

Road Safety – The Road Safety programme, which is aiming to use behavioural change interventions to address the high numbers of people Killed and Seriously Injured (KSI) on the county's roads, has identified a number of interventions with potential to reduce the KSI level. Discussions are now taking place with the Behavioural Insights Team about how these interventions should progress and we are working with our partners on these projects. We have completed an assessment of KSI collisions on our A and B class road network and have held discussions with Sussex Police on the most appropriate engineering solution for the roads. The solutions include a mixture of conventional traffic management techniques; including speed limit reductions, traffic signing and road markings; as well as interventions to produce a 'self-explaining' road environment which will complement the wider behavioural change projects. The number of KSI on the counties roads from April to June 2017 was 95, with four of these being fatalities. Of these 82 (four fatalities) occurred on county roads with 13 (0 fatalities) on the Trunk Road network. This is a 13% increase on the same period in 2016 when there were 84 KSI.

Revenue Budget Summary – The net budget at Q2 is £61.934m which is £1.45m less than Q1 and reflects the new budget allocation for drainage, pavements and Community Match that has been transferred to the capital programme. There is a forecast budget underspend of £0.298m and all £1.136m of savings in 2017/18 are on track to be achieved. The main underspend is in Concessionary Fares, where the predicted number of funded journeys has been reduced based on the latest data received **(ref v)**. There are also a number of small underspends across Communities on staff vacancies and supplies and services **(ref iv)**. There is a projected overspend on the Archive Service of £0.032m due to a higher than anticipated rates and energy charges for 2017/18 **(ref iii)**. The underspend in Management and Support is a combination of small variances **(ref ii)**.

Capital Programme Summary – At Q2 there is an approved programme of £76.532m which is £5m more than Q1 due to the additional £5m added for the Devonshire Park redevelopment funded from the Local Growth Fund. Forecast expenditure is £64.742m. Of the variation £11.559m is slippage, £0.345m is spending in advance, and £0.576m is underspend. The most significant slippage is £5.4m for Broadband where contract 3 procurement continues, with the consequence that the spend profile has been revised to slip expenditure into 18/19 **(ref x)**. The redesign of the bus routes has delayed the start of construction on the Terminus Road project **(ref xxii)**. The Hailsham/Polegate/East-bourne Movement Corridor project will slip due to design complexities **(ref xx)**. Only pre-planning work will be done this year on the Queensway Depot **(ref xvii)**. The Hastings and Bexhill Movement Package project will slip due to design delays **(ref xviii)**. Exceat Bridge is in the design stage **(ref xi)**. Hastings Library project will overspend due to the need to replace stonework on the front façade but final works and fit out will now slip to the new year **(ref vii)**. There is lower than expected take-up on the Catalysing Stalled Sites **(ref xii)** and Empty Commercial Properties **(ref xiii)** projects. There are contractor delays to the Real Time Passenger Information scheme **(ref xvi)** and the refurbishment of libraries is on hold until after the current Library consultation **(ref ix)**. The budget for providing incubation units has been reallocated back to capital funds **(ref xiv)**. The Southover Grange **(ref viii)** and Rye Library **(ref vi)** projects are complete and have underspent. There is spending in advance on the Eastbourne/South Wealden Walking Package **(ref xix)** and on other Integrated Transport schemes **(ref xxi)** due to increased costs. There is additional spend on the Newhaven Port Access Road **(ref xv)** and urgent bridge repairs means that the Rights of Way programme has also spent in advance **(ref xxiii)**.

Performance exceptions (Q2 – Red and Amber RAG rated targets, and amendments)								
Performance measure	**Outturn 16/17**	**Target 17/18**	**17/18 RAG**				**Q2 17/18 outturn**	**Note Ref**
			Q1	**Q2**	**Q3**	**Q4**		
Priority – Driving economic growth								
Support businesses to create or protect jobs via East Sussex Invest 5	41 businesses awarded funding (predicted to create 130 jobs)	Support businesses to create or protect 95 jobs as per contracts	**A**	**G**			65 jobs year to date	**i**

Savings exceptions (Projected - Red = will not be delivered but may be mitigated; Amber = on track to deliver but not in the year (& may be mitigated); Green = on track to deliver in the year)					
Service description	2017/18 (£'000) – Q2 Forecast				Note ref
	Target	Achieved	Slipped	Unachieved	
Savings					
Waste Operations	85	85	-	-	
Waste Disposal	25	25	-	-	
Transport Hub	35	35	-	-	
Rights of Way and Countryside Management	50	50	-	-	
Environment service.	5	5	-	-	
Planning and Environment Service	40	40	-	-	
Review fees & charges across the Planning Service.	10	10	-	-	
Library and Information Service	700	700	-	-	
The Keep	4	4	-	-	
Trading Standards	122	122	-	-	
Registration Services	60	60	-	-	
Total Savings	**1,136**	**1,136**	**0**	**0**	
Variations to Planned Savings					
	-	-	-	-	
Permanent Variations	**0**	**0**	**0**	**0**	
Total Permanent Savings & Variations	**1,136**	**1,136**	**0**	**0**	
	-	-	-	-	
Temporary Variations	**0**	**0**	**0**	**0**	
Total Savings with Variations	**1,136**	**1,136**	**0**	**0**	

Revenue budget										
Divisions	Planned (£000)			Q2 2017/18 (£000)						Note ref
				Projected outturn			(Over) / under spend			
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net	
Management and Support	1,923	(228)	1,695	1,918	(230)	1,688	5	2	7	ii
Customer and Library Services	7,722	(2,160)	5,562	7,656	(2,062)	5,594	66	(98)	(32)	iii
Communities	3,832	(2,409)	1,423	3,759	(2,351)	1,408	73	(58)	15	iv
Transport & Operational Services	75,250	(39,233)	36,017	75,048	(39,339)	35,709	202	106	308	v
Highways	18,061	(3,411)	14,650	18,402	(3,752)	14,650	(341)	341	-	
Economy	4,420	(2,703)	1,717	4,475	(2,758)	1,717	(55)	55	-	
Planning and Environment	3,006	(2,136)	870	3,703	(2,833)	870	(697)	697	-	
Total CET	**114,214**	**(52,280)**	**61,934**	**114,961**	**(53,325)**	**61,636**	**(747)**	**1,045**	**298**	

Capital programme										
Approved project	Total project – all years (£000)		2017/18 (£000)							Note ref
			In year monitor Q2 (£000)				Analysis of variation (£000)			
	Budget	Projected	Budget	Actual to date	Projected 2017/18	Variation (over) / under budget	(Over) / under spend	Slippage to future year	Spend in advance	
New Archive and Record Office - "The Keep"	20,178	20,178	36	24	36	-	-	-	-	
Registration Ceremonies Website	30	30	30	-	30	-	-	-	-	
Rye Library	87	61	40	13	14	26	26	-	-	vi
Hastings Library	8,782	9,503	2,612	1,026	2,255	357		357	-	vii
Newhaven Library	1,713	1,713	39	-	39	-	-	-	-	
Southover Grange (formerly The Maltings)	1,307	1,257	234	126	184	50	50	-	-	viii
Library Refurbishment	1,473	1,473	328	168	191	137	-	137	-	ix
Newhaven S106 - ERF	474	474	5	5	5	-	-	-	-	
Travellers Site Bridies Tan	1,347	1,347	15	5	15	-	-	-	-	
Broadband	25,600	25,600	8,334	1,624	2,950	5,384	-	5,384	-	x
Bexhill and Hastings Link Road	126,247	126,247	4,562	548	4,562	-	-	-	-	
BHLR Complementary Measures	1,800	1,800	300	14	300	-	-	-	-	
Reshaping Uckfield Town Centre	2,500	2,500	26	12	26	-	-	-	-	
Exceat Bridge Maintenance	2,633	2,633	462	-	200	262	-	262	-	xi
Economic Intervention Fund	9,791	9,791	1,269	297	1,269	-	-	-	-	
Catalysing Stalled Sites	916	916	599	146	399	200	-	200	-	xii
EDS Upgrading Empty Commercial Properties	500	500	447	10	247	200	-	200	-	xiii
EDS Incubation Units	1,500	1,000	650	-	150	500	500	-	-	xiv
North Bexhill Access Road	16,600	16,600	5,590	1,002	5,590	-	-	-	-	
Queensway Gateway Road	6,000	6,000	3,460	1,332	3,460	-	-	-	-	
Newhaven Flood Defences	1,500	1,500	400	200	400	-	-	-	-	
Coastal Communities Housing	667	667	667	-	667	-	-	-	-	
East Sussex Strategic Growth Package	8,200	8,200	6,300	462	6,300	-	-	-	-	
A22/A27 Junction Improvement Package	4,500	4,500	-	-	-	-	-	-	-	
Devonshire Park Quarter redevelopment	5,000	5,000	5,000	-	5,000	-	-	-	-	
LGF Business Case Development	196	196	166	23	166	-	-	-	-	
Newhaven Port Access Road	23,271	23,271	320	320	400	(80)	-	-	(80)	xv
Real Time Passenger Information	2,449	2,449	300	(22)	182	118	-	118	-	xvi
Queensway (Eastern) Depot Development	1,586	1,586	1,362	-	200	1,162	-	1,162	-	xvii
Waste Leachate Programme	293	293	282	108	282	-	-	-	-	

Capital programme										
Approved project	Total project – all years (£000)		2017/18 (£000)							Note ref
			In year monitor Q2 (£000)				Analysis of variation (£000)			
	Budget	Projected	Budget	Actual to date	Projected 2017/18	Variation (over) / under budget	(Over) / under spend	Slippage to future year	Spend in advance	
Hastings and Bexhill Movement & Access Package	12,643	12,643	1,995	240	1,210	785	-	785	-	xviii
Eastbourne Town Centre Movement & Access Package	3,000	3,000	-	-	-	-	-	-	-	
Eastbourne/South Wealden Walking & Cycling Package	9,450	9,450	1,892	505	2,044	(152)	-	-	(152)	xix
Hailsham/Polegate/Eastbourne Movement & Access Corridor	2,350	2,350	1,599	128	140	1,459	-	1,459	-	xx
Other Integrated Transport Schemes	37,288	37,288	3,699	1,679	3,772	(73)	-	-	(73)	xxi
Speed Management	2,948	2,948	29	(65)	29	-	-	-	-	
Terminus Road Improvements	6,250	6,250	2,000	115	505	1,495	-	1,495	-	xxii
CAMS System	30	30	11	1	11	-	-	-	-	
Core Programme - Highways Structural Maintenance	234,346	234,346	18,849	8,394	18,849	-	-	-	-	
Core Programme - Bridge Assessment Strengthening	13,310	13,310	1,378	506	1,378	-	-	-	-	
Core Programme - Street Lighting - Life Expired Equipment	10,133	10,133	850	179	850	-	-	-	-	
Core Programme - Rights of Way Surface Repairs and Bridge Replacement Programme	4,883	4,883	395	239	435	(40)	-	-	(40)	xxiii
Total CET Gross	**613,771**	**613,916**	**76,532**	**19,364**	**64,742**	**11,790**	**576**	**11,559**	**(345)**	

Governance – Q2 2017/18

Summary of progress on Council Priorities, issues arising, and achievements

Reconciling Policy, Performance and Resources (RPPR) – An updated Medium Term Financial Plan (MTFP), which set spending and savings priorities for 2018/19 and further savings for the two years to 2020/21, was presented to Cabinet on 10 October. The Government's provisional local government settlement is due to be announced in December 2018/19, and will be the third year of the four year financial settlement which was agreed in 2016/17, providing some certainty over funding. The Annual Report, which highlights the progress against our priorities during 2016/17, was published on 3 October. The draft Portfolio Plans for 2018/19 – 2020/21 will be reviewed by Scrutiny Boards in December before publication in March.

Devolution – While the broad programme of Three Southern Counties (3SC) devolution activity remains on "pause", pending clarity about the Government's appetite and capacity, the partners in the Heart of the South West devolution deal in Devon and Somerset renewed discussions with Government about the possibility of progress without an elected mayor. 3SC will maintain a watching brief to ensure any learning and opportunities can be fully exploited.

Work on developing and delivering Transport for the South East (TfSE) is progressing well with partners and Government. Councillor Glazier recently chaired his first Shadow Partnership Board since being elected as Chair and met with the Rt. Hon. Chris Grayling MP, Secretary of State for Transport, on 11th October 2017. The meeting was constructive and allowed for the future direction and priorities of TfSE to be shared and for the Secretary of State to set out the purpose and benefits of Sub-National Transport Bodies.

Supporting democracy – During Q2 we supported 37 meetings including: one County Council meeting; two Cabinet meetings; nine Lead Member meetings; 13 scrutiny committees and scrutiny review boards; and 12 other committees and panels. 64 school admission appeals were arranged.

Following the Council election, the Members' induction programme has been successfully implemented. The induction workshops were valued by Members, albeit attendance was low. The number of Members using the dedicated Intranet site has increased since its launch in May, overall daily usage since Election Day to date is 50, with spikes of over 100 views per day. There have been a total of 5,500 'individual views': the peak was 25 May 2017, with 565 views. Member Services is supporting Members in line with the induction plan by targeting training to meet particular needs and roles. New ways are being developed to support Members through the Reconciling Policy, Performance and Resources process recognising that Members have differing interests and backgrounds.

Q2 saw the refinement of the school appeals digital management system; the system was tested and prepared for deployment with local partner local authorities with the long term aim of generating income to benefit the Council.

Legal Services – Orbis Public Law (OPL) completed the implementation of our digital case management system in all OPL offices during Q2. The system allows the sharing of work between the offices, and has allowed staff across OPL to begin work for other authorities within the partnership. A plan to increase the exchange of work and understand the lessons learnt from the integration is underway. OPL have also developed a standard form of contract for use by all partners to enable smoother work sharing, and we plan to align other disciplines in a similar way. Our first round of recruitment for advocates for our joint court representation team for child law proceedings, to reduce expenditure on external barristers, didn't result in any appointments, but further efforts to recruit will take place in Q3.

During Q2 we completed eight planning and highways agreements securing contributions of £55,000 for the Council. We also collected debts and agreed repayment plans for money due to the Council totalling £235,000.

We completed Academy conversion leases, which allow newly formed academies to lease school buildings, for three schools in Q2: Parkland Infants & Parklands Junior School, and Shinewater School, both in Eastbourne; and Castledown Primary School in Hastings. We also completed the lease of the Pebsham Household Waste site which assists in delivery of the waste management plan.

We advised and represented Trading Standards in an animal welfare prosecution which resulted in a suspended prison sentence of 18 weeks, a ban on keeping any farm animals for 10 years and an order that the defendants paid £1,157 towards our costs. We also carried out three further prosecutions for fraudulent use of a blue badge, two of which resulted in fines totalling £1,100 and costs of £400. The third case went to the Crown Court where the defendant was given a 12 month community order with 200 hours of unpaid work and ordered to pay costs of £3,600. During Q2 we carried out 87 prosecutions against parents for failing to send their children to school.

We continued to advise Children's Services in pre-proceedings cases to enable families to keep their children within the family. Recent changes to case law, reducing the amount of time a child can be looked after by a local authority without a Care Order, together with a general increase in referrals, saw a 21% increase in cases issued during 2016/17. The increase in referrals has been reflected nationally. The indicators are that this trend will continue and during the first half of 2017/18 this has been the case. Despite the increasing workload the average case duration in Q2 was 27 weeks, just outside of the government target of 26 weeks. This is an improvement on the Q1 outturn of 32 weeks and was achieved within the existing resources of the team. The figures are produced as part of quarterly monitoring by Legal Services based upon information collated by both Legal Services and Children's Services.

The number of court hearings to ensure that members of the community who are mentally incapacitated are protected continues to rise following the Supreme Court decision in 2014 that extended the scope of Deprivation of Liberty Safeguards (DOLS). In Q2 we made seven community DOLS applications to the Court of Protection with six cases waiting to be issued. The team is also currently dealing with four further applications to the Court of Protection for health and welfare orders and for the authorisation of living in care placements.

Effective publicity and campaigns – Communications support for the Summer Reading Challenge helped ensure that two-thirds of children who began the challenge completed it – about 5,200 children. A video to promote the challenge got more than 1,200 views and exposure of the campaign on Facebook and Twitter rose by 150% and 200% respectively on 2016/17.

A public campaign, Stand Up for East Sussex, to help lobby for a better deal for the county was designed and prepared in Q2. This included making a series of short videos intended to inspire public support and to highlight some of the Council's existing successes and the launch of a petition.

Our East Sussex campaign in support of Public Health England's (PHE) launch of a walking app that encourages adults to walk briskly for 10 minutes a day gained the highest number of click-throughs/app downloads of any local authority in England and have been used as an example of best practice by PHE. Almost 98,000 people saw the Facebook ads and 3,850 clicked through to the app download.

Media work – In Q2 the press office dealt with 168 media enquiries and issued 42 press releases. There were 358 media stories about the council (higher than normal, in part because of interest in proposed library service changes).

Web activity – The Council's main website received 3.5m page views during Q2. Of those, 326,000 were new visitors to the site. 58% of all visitors came from organic searches (Google etc.). Online visits resulting from successful campaigns and projects included 9,211 visitors interested in teacher recruitment and 3,930 for East Sussex Music

The Council website won two awards – best mobile site and best county council site – from the local government IT trade body SOCITM this summer. Amongst other things the awards are judged on how easily residents can find and access services online, and is an independent verification of our effectiveness.

Third Sector support – The Voluntary and Community Sector (VCS) infrastructure services have provided support to over 300 community groups and organisations so far in 2017/18, enabling VCS start-ups, organisational growth and service development across the county. The SpeakUp network continues to discuss and develop with public sector partners how the VCS will interact with Accountable Care frameworks.

Healthwatch East Sussex have finalised plans for their forthcoming Listening Tour, a countywide locality engagement programme scheduled for the next three years. The pilot phase for this begins in October covering the Hastings area.

We have continued to support Public Health and Hastings & Rother Clinical Commissioning Group in running two small grants programmes for communities and small to medium sized voluntary organisations. Over 30 grants of up to £10,000 have been allocated to groups and organisations in Hastings and Rother, with smaller grants of £1,500 going to communities and organisations across the county. Interest in the small grants programme Building Stronger Communities is growing, with a further £90,000 of grants available during the rest of 2017/18.

We have been supporting Orbis with the community asset transfer of 12 Claremont in Hastings from the Council to a third party organisation. The process is underway and should be completed by the end of 2017/18.

South East 7 (SE7) – SE7 authorities have continued to work together to ensure MPs receive a consistent message on the needs of the South East and the financial difficulties local authorities face when trying to meet those needs. Following the letter sent in Q1, Sajid Javid, Secretary of State for Communities and Local Government, has accepted the offer to meet with Councillor Glazier (as Chair of the SE7) and Councillor Roy Perry, Leader of Hampshire County Council (as Vice Chair of the SE7) to discuss how the Department for Communities and Local Government can work with the SE7 to develop solutions to the challenges facing Local Government and communities in the South East.

World War 1 (WW1) commemorations – Our website (http://www.eastsussexww1.org.uk/) hosts 221 stories and events, approximately 62% of which have been submitted or contributed to by the public. In Q2, 12,301 users viewed the site 22,070 times.

On 15 July, the WW1 project marked the centenary of a fire on Hastings Pier. In collaboration with the Pier and local community groups we published a new story on our website and commissioned a series of new "Then and Now" photos from photographer Kieron Pelling which juxtapose images of the fire in 1917 with images of the Pier today

On 4 August the project celebrated its third anniversary; in the lead up we published our 150th story to commemorate the centenary of the start of the Third Battle of Ypres. The website received its 200,000th view shortly after the anniversary. We continue to release digitised copies of WW1 newspapers; the pages received 443 views in Q2.

Revenue budget summary – The revenue budget is projected to underspend by £35k. The net overspend on Corporate Governance includes the additional costs of a judicial review in the Coroner's budget £60k (**ref i**). The net overspend on Corporate Support Services is due to a reduced Legal Services income £70k offset by staff underspends in the Communications service (**ref ii**). These overspends are offset by reduced payments to third sector organisations £70k (now funded by Public Health) and departmental cost savings £60k (**ref iii**).

Capital Programme Summary – There is no capital programme for Governance Services this year.

Performance exceptions (Q1 – Red and Amber RAG rated targets, and amendments)								
Performance measure	**Outturn 16/17**	**Target 17/18**	**17/18RAG**				**Q2 17/18 outturn**	**Note ref**
			Q1	**Q2**	**Q3**	**Q4**		
There are no Council Plan targets								

Savings exceptions (Projected - Red = will not be delivered but may be mitigated; Amber = on track to deliver but not in the year (& may be mitigated); Green = on track to deliver in the year)					
Service description	**2017/18 (£'000) – Q2 Forecast**				**Note ref**
	Target	**Achieved**	**Slipped**	**Unachieved**	
Savings					
Communications	130	130	-	-	
Legal Services	25	-	25	-	
Member Services	20	20	-	-	
Senior Management and Organisational Development	50	50	-	-	
Chief Executives Office	45	45	-	-	
Total Savings	**270**	**245**	**25**	**0**	
Variations to Planned Savings					
	-	-	-	-	
Permanent Variations	**0**	**0**	**0**	**0**	
Total Permanent Savings & Variations	**270**	**245**	**25**	**0**	
General underspending from other services	-	25	(25)	-	
Temporary Variations	**0**	**25**	**(25)**	**0**	
Total Savings with Variations	**270**	**270**	**0**	**0**	

Revenue budget										
Divisions	**Planned (£000)**			**Q2 2017/18 (£000)**						**Note ref**
				Projected outturn			**(Over) / under spend**			
	Gross	**Income**	**Net**	**Gross**	**Income**	**Net**	**Gross**	**Income**	**Net**	
Corporate Governance	3,974	(442)	3,532	4,012	(442)	3,570	(38)	-	(38)	**i**
Corporate Support Services	3,298	(593)	2,705	3,287	(525)	2,762	11	(68)	(57)	**ii**
Senior Management & Org Development	1,407	(364)	1,043	1,277	(364)	913	130	-	130	**iii**
Total Governance	**8,679**	**(1,399)**	**7,280**	**8,576**	**(1,331)**	**7,245**	**103**	**(68)**	**35**	

Capital programme										
Approved project	**Total project – all years (£000)**		**2017/18 (£000)**							**Note ref**
			In year monitor Q2 (£000)				**Analysis of variation (£000)**			
	Budget	**Projected**	**Budget**	**Actual to date**	**Projected 2017/18**	**Variation (over) / under budget**	**(Over) / under spend**	**Slippage to future year**	**Spend in advance**	
No current programme for Governance	-	-	-	-	-	-	-	-	-	
Total Governance	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	

Strategic Risk Register – Q2 2017/18			
Ref	**Strategic Risks**	**Risk Control / Response**	**RAG**
12	**CYBER ATTACK** The National Cyber Security Centre (NCSC) has highlighted the substantial risk to British web infrastructure with elevated levels of Cyber Crime being reported against all areas of government. Cyber-attacks often include multi vector attacks featuring internet based, social engineering and targeted exploits against hardware, software and personnel. The remote nature of the internet makes this an international issue and an inevitable risk. Examples of the impact of a Cyber Attack include: • Financial fraud related to phishing of executives and finance staff; • Loss of Personally Identifiable Information and subsequent fines from Information Commissioner's Office (Currently up to £500k rising to 4% of global revenue when General Data Protection Regulation comes into effect May 2018); • Total loss of access to systems that could lead to threat to life.	Most attacks leverage software flaws and gaps in boundary defences. Keeping software up to date with regular patching regimes; continually monitoring evolving threats and re-evaluating the ability of our toolset to provide adequate defence' Expanding Security Information and Event Management (SIEM) system capabilities to leverage latest standards of automation, detection and prevention; Development of "Security Advocates". Trained staff that can cascade and share cyber security insights and highlight potential issues into the workforce. Promoting a visible approachable business based security team; Ongoing discussion and communication with the Info Sec industry to find the most suitable tools and systems to secure our infrastructure; Enhancing user awareness - Expanding E-Learning and policy delivery mechanisms to cover Cyber threat, educating staff around the techniques and methods used by active threats. With 77% of all malware installed via email, users to be given learning experiences of phishing at point of use in a safe and secure environment; Providing GDPR training and workshops to cascade vital skills and information to those affected by new Data Protection laws; Move of ESCC servers to the Orbis Primary Data Centre for resilience – An accredited Tier 3 environment certified to these standards: • ISO 27001 - IT Governance and Information Security Management • ISO 9001 - Quality Standard in Customer Service, Customer Processes, Product Process and Service, Efficiency and Continuous Improvement • ISO 14001 - Environmental Management and Best Practices for Corporate Environmental Responsibility	**R**
4	**HEALTH** Failure to secure maximum value from partnership working with the NHS. If not achieved, there will be impact on social care, public health and health outcomes and increased social care cost pressures. This would add pressures on the Council's budget and/or risks to other Council objectives.	Implementation of East Sussex Better Together Programme by ESCC and Hastings and Rother CCG and Eastbourne, Hailsham and Seaford CCGs to transform health and social care in the county and deliver the Better Care Fund plan to improve outcomes for East Sussex residents, with robust governance arrangements reporting to County Council and Health and Wellbeing Board. Programme will develop the plan for a clinically and financially sustainable health and social care system in East Sussex. There will also be targeted use of the Better Care Fund to better integrate health and social care and contribute to whole system transformation. In High Weald Lewes Havens the Connecting 4 You Programme has now been established to improve health and social care outcomes for residents. The Programme will have implications for management capacity and for the Medium Term Financial Plan. The RPPR process will be used to manage this risk and associated implications.	**R**

Strategic Risk Register – Q2 2017/18			
Ref	**Strategic Risks**	**Risk Control / Response**	**RAG**
7	**SCHOOLS** Failure to manage the expected significant reduction in resources for school improvement from 2017/18 and the potential impacts of changing government policy on education, leading to reduced outcomes for children, poor Ofsted reports and reputational damage.	•Continue to develop and implement a transition plan so the Standards and Learning Effectiveness Service and schools are prepared for the changes to funding and education policy. This includes: -Implementing a service restructure to remove direct delivery of school improvement and further develop commissioning model of school improvement -Continue to build relationships with academies and sponsors, including the Diocese of Chichester, ensure a dialogue about school performance, including data sharing. •Continue to work with academies and maintained schools through the Education Improvement Partnerships to develop system leadership, school to school support and to broker partnerships. • Continue to broker support to academies to address any performance concerns and investigate the feasibility of trading some LA school improvement services with all schools on a full cost recovery basis. •Where academies do not appear to be accessing appropriate support, bring this to the attention of the DfE, who may exercise their intervention powers. •Work with the Regional Schools Commissioner to ensure the work of the RSC and the LA do not duplicate and that schools have the support they need.	**R**
1	**ROADS** Wet winter weather, over recent years has caused significant damage to many of the county's roads, adding to the backlog of maintenance in the County Council's Asset Plan, and increasing the risk to the Council's ability to stem the rate of deterioration and maintain road condition.	The additional capital maintenance funding approved by Cabinet in recent years has enabled us to stabilise the rate of deterioration in the carriageway network and improve the condition of our principle road network. However a large backlog of maintenance still exists and is addressed on a priority basis. The County Council's asset management approach to highway maintenance is maintaining the overall condition of roads, despite recent winter weather. However, severe winter weather continues to be a significant risk with the potential to have significant impact on the highway network. The recently approved five year capital programme for carriageways 2018/19 to 2022/23, and the six year additional capital programme for drainage and footways 2017/18 to 2022/23 provide the ability to continue to improve condition and build resilience into the network for future winter events.	**A**
5	**RECONCILING POLICY, PERFORMANCE & RESOURCE** Failure to plan and implement a strategic corporate response to resource reductions, demographic change, and regional economic challenges in order to ensure continued delivery of services to the local community.	We employ a robust Reconciling Policy, Performance and Resources (RPPR) process for business planning. We have adopted a commissioning approach which means evaluating need and considering all methods of service delivery, which includes working with partner organisations to deliver services and manage demand. The Council Plan sets out targets for a 'One Council' approach to deliver our priorities and is monitored quarterly. The plans take account of known risks and pressures, including demographic changes and financial risks, to design mechanisms to deliver the Council's priorities. Central Government's plans for the future funding of local government services remain unclear. It is prudent therefore to continue to plan on the basis of current assumptions.	**A**

Strategic Risk Register – Q2 2017/18			
Ref	**Strategic Risks**	**Risk Control / Response**	**RAG**
8	**CAPITAL PROGRAMME** As a result of current austerity, the capital programme has been produced to support basic need only and as a result of this there is no resource for other investment that may benefit the County e.g. that may generate economic growth. Additionally there is a risk, due to the complexity of formulas and factors that impact upon them, that the estimated Government Grants, which fund part of the programme, are significantly reduced. There continues to be a high level of annual slippage.	As a result of the high level Capital Programme Management Review delivery of the programme is much more robust. Governance arrangements have been reviewed and developed in support of this. This includes the Education Sub Board which in part focuses on future need for schools places and will focus on better forecasting of DfE grant. Regular scrutiny, by the Capital and Strategic asset board, of programme and project profiles (both in year and across the life of the programme) have also been timetabled. The Board also proactively supports the seeking of other sources of capital funding, including Local Growth Fund and European grants.	**A**
9	**WORKFORCE** Stress and mental health are currently the top two reasons for sickness absence across the Council, potentially leading to reduced staff wellbeing, reduced service resilience, inability to deliver efficient service and / or reputational issues.	Since 2014/15 ESCC have continued to see a significant reduction in days lost due to mental health and stress related absence, although there was a slight increase in stress related absence in August. It is too early to tell if this is an isolated increase or the start of a trend. We confirmed our commitment to the mental health 'Time for Change' pledge with a number of dedicated activities and were awarded funding from two sources to assist our 17/18 wellbeing strategy. Planned activities include a manager's workshop for World Mental Health Day alongside a dedicated communications plan to raise awareness. Online resources have been developed to assist managers, including guidance videos and a 'Wellness Plan'. These tools have been well received and metrics demonstrate they are widely used. Explorative work is currently underway to train staff as 'Mental Health First Aiders' and upskill designated individuals to spot the early signs of mental ill health and provide initial signposting, guidance and support. We were awarded a grant of £10k from the LGA to pilot an online mindfulness programme to support staff to be resilient at work. 60 staff participated in the programme and the evaluation is due to be completed in the autumn. This will include data and recommendations for the future. A specialist nurse from our absence provider is due to deliver a targeted session to provide guidance for managers with high levels of stress in their teams. As part of our ongoing corporate training programme the 'Managers Managing Stress' course has also been recommissioned. Following staff feedback a Mindfulness 'resources' intranet page was created and over 100 staff have registered an interest in the mindfulness 'drop in' sessions regularly held in Eastbourne and Lewes. A joint venture with Public Health offering ESCC staff work base health checks launched in June 2017 to improve the health and wellbeing of adults aged 40-74 years through the promotion of earlier awareness, assessment, and management. We anticipate these checks will help prevent the onset of cardiovascular disease. To date, over 250 employees have received a health check. An automated process is in place to ensure all managers with employees absent due to mental health or stress are emailed by the first and tenth day of absence with guidance on the resources available to support staff. In June 2017 the Return to Work form was also revised to provide tailored questions for specific conditions, including stress and mental health absence.	**A**

Strategic Risk Register – Q2 2017/18			
Ref	**Strategic Risks**	**Risk Control / Response**	**RAG**
10	**RECRUITMENT** Inability to attract high calibre candidates, leading to limited recruitment choices and therefore lack of the expertise, capacity, leadership and/or innovation required to deliver services and service transformation.	Work with departments is underway to understand key areas of recruitment difficulty. Strategies to address this will include refreshing and publicising more clearly the benefits of working in the public sector and ESCC in particular, as well as understanding the different markets we are competing in and our position within them. To support this, different talent attraction approaches will be developed, including use of apprentices and interns as part of our broader workforce mix; the development of appropriate recruitment and retention benefits packages; and broader employee benefits arrangements, such as promotion of flexible working options etc.	**A**
6	**LOCAL ECONOMIC GROWTH** Failure to deliver local economic growth, and failure to maximise opportunities afforded by Government proposal to allocate Local Growth Funding to South East Local Enterprise Partnership, creating adverse reputational and financial impacts.	The County Council and its partners have been successful in securing significant amounts of growth funding, via both the South East and Coast 2 Capital Local Enterprise Partnerships, to deliver a wide range of infrastructure projects in East Sussex. We have also secured outgoing EU funding for complementary economic development programmes supporting businesses to grow, including South East Business Boost, LoCASE and inward investment services for the county. Government is working on a new Productivity Fund, which seeks to combine growth funding and outgoing EU funding into one, and as a consequence we are working with partners to develop a pipeline of projects to ensure we are well-placed to capitalise when the fund is released, and calls for projects are issued.	**A**
2	**ORDINARY RESIDENCE** Risk from other areas placing clients in receipt of social care services in East Sussex, and transferring to ESCC the commissioning, care management and funding responsibility for the individual as a result of a successful Ordinary Residence claim.	Dedicated Ordinary Residence Panel set up. The Panel discusses and agrees strategic and legal responses to Ordinary Residence claims from and to other Local Authorities, and directs reporting content. Panel members contact other Local Authorities directly where appropriate, and instruct Legal Services representation (including Counsel, and applications for Secretary of State determination) on behalf of ESCC. Continued awareness raising for ASC operational staff (and particularly Social Care Direct) in line with published guidance on Ordinary Residence, resulting in earlier case referrals to Ordinary Residence team. Guidance for frontline staff was written and issued followed by panel members visiting all ASC Operational teams to deliver presentation and Q&A. OR Inbox established to provide advice to staff and monitor all known incoming/outgoing OR queries and claims. Regular information gathering and reporting to DMT on all Ordinary Residence case referrals and financial projections.	**A**

Report to:	**Cabinet**
Date of meeting:	**12 December 2017**
Report by:	**Director of Children's Services**
Title:	**Annual Progress Report of Looked After Children's Services 1 April 2016 – 31 March 2017**
Purpose:	**To outline the performance of the Looked After Children's Service between 1 April 2016 to 31 March 2017**

RECOMMENDATION: The Cabinet is recommended to note the contents of the report

1. Background

The Annual Report is attached as Appendix 1. At present the full comparative national data is still not available and so an update will be provided to the next Corporate Parenting Panel meeting so that local performance can be assessed in that context.

2. Budget Implications

The services for Looked After Children (LAC) are supported via core funding from the CSA budget, a small proportion of the Dedicated Schools Grant and the Pupil Premium for additional education support for children.

3. Recommendations and Reasons for them

Cabinet is recommended to note the contents of the report.

Stuart Gallimore
Director of Children's Services

Contact Officers:
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Local Members: All

BACKGROUND DOCUMENTS: None

List of Appendices
Appendix 1 - LAC Annual Report 2016 – 2017
Listed within Appendix 1 are the following annexes:
Annexe 1 - Annual Progress Report of East Sussex Fostering Service 1 April 2016 – 31 March 2017
Annexe 2 – Annual Progress Report of East Sussex Adoption and Permanence Service 1 April 2016– 31 March 2017
Annexe 3 – Independent Reviewing Officer's Annual Report 2016 – 2017
Annexe 4 - Missing People Annual Report
Annexe 5 – LAC Mental Health Service Audit 2016 -17

1 Looked after Children Trend Data

1.1 On 31 March 2017 there were 558 Looked After Children (LAC) in ESCC; this represents an increase of 14 children (2.57%) as compared to 2015/16 and a rate of 52.7 per 10,000 population. This is below the Income Deprivation Affecting Children Index (IDACI) expected rate (a measure in terms of population profiles and deprivation levels) of 57.2 and the 2016 England rate of 60.3.

1.2 There is a strong link between rates of LAC and the rate of children subject to Child Protection (CP) Plans, with arguably some risk held at that lower level. The rate of children subject to CP plans has shown an increase from 44.2 per 10,000 in 2015-16 to 44.9 per 10,000 in 2016/17. This is higher than the IDACI expected rate of 42.9 and the 2016 England rate of 43.1.

1.3 The LAC data only ever gives a snapshot of the children moving in and out of the system at a fixed date each month/year and considerable activity sits beneath it. The data below is referred to as ‘churn’. This cohort of children will come in and out of the system within the year, or some may come in and stay whilst others leave. It has been calculated that the churn figure for 2016/17 is 175 which, when added to the total number of LAC, equates to the service working with 733 children. This total figure is higher than last year (729 children), but the churn rate was lower than for the previous years (185 for 2015/16, 179 2014/15).

1.4 There was an increase in admissions to care from 190 during 2015/16 to 198 during 2016/17. This increase was across all age groups. The number of 0-5 year olds admitted to care during 2016/17 increased from 94 in 2015/16 to 98 in 2016/17, with a slight increase in admissions for 6-12 year olds from 43 in 2015/16 to 44 for 2016/17 and for children aged 13+ an increase from 53 for 2015/16 to 56 in 2016/17.

1.5 At year end there was a decrease in the number of LAC discharged from care, from 191 in 2015/16 to 183. The number of 0-12 year olds discharged from care also fell to 106 during 16/17 from 117 in 15/16. This was made up of 77 0-5 year olds and 29 were 6-12 year olds. There was a slight increase in the 13+ age group from 74 discharged in 2015/16 to 77 in 2016/17.

1.6 These figures combined continue to show a picture of an overall increase in the number of LAC worked with during the course of the year. There remains a high level of activity with the cohort of 0 to 5 year olds given the increased number of admissions and fewer discharges as children became subject to Adoption, Special Guardianship or Residence Orders, or remained in family arrangements. The 6 to 12 year old cohort showed higher admissions to care with a similar discharge pattern (as in the previous year), producing a net increase over the year. This means that for this age cohort of children, once they enter care, they tend to remain in permanent placements. The 13+ cohort continue to show a higher level of admissions. This relates mainly to a few children with complex needs, who are often subject to child sexual and/or criminal exploitation, as well as children remanded to care, or who are unaccompanied asylum seeking children (UASCs).

1.7 In terms of UASC, at year end ESCC was caring for 24 children, mainly male and over 16, with an additional 15 having ongoing support needs as care leavers. These young people have usually arrived in a clandestine way via Newhaven, or been found elsewhere in East Sussex. East Sussex also continued to accept UASC via the national dispersal scheme. A small number of young people have disappeared from care placements before age assessments can be completed to determine whether they are indeed children.

1.8 The end of year snapshot data showing LAC placements were as follows (2016 figures in brackets);-

with foster carers	429	(440)
Of these: in house carers	304	(313)
Kinship carers	38	(37)
Agency carers	87	(90)
Placed for adoption	30	(31)
In supported lodgings	14	(7)
ESCC children's homes	23	(18)
Agency children's homes	25	(26)
Agency special schools	1	(1)
Placed with parents	23	(16)
Independent Living	7	*
Youth custody/secure unit	5	(5)
Hospital/NHS establishment	1	(0)
Absconded	0	*

*not recorded as a separate category for 2015/16

2. Fostering

2.1 On 31st March 2017 there were 456 children in foster care. 392 of these children were placed with in-house placements. This includes in-house 'parent and child' placements, children subject to Special Guardianship Orders placed with foster carers and those older young people remaining in their "Staying Put" fostering placements through to independence. The number of East Sussex LAC placed with agency foster carers has decreased from 77 children in 2015/16 to 64 at the end of March 2017. The figures above illustrate that 86% of children were looked after by in –house foster carers, which is an increase of 4% from the previous year.

2.2 2016/2017 has been another challenging year for the recruitment of foster carers. East Sussex County Council (ESCC) experience is consistent with that of both of our neighbouring authorities and of Fostering Services nationally, who have all reported similar challenges. Fostering capacity appears to have reached saturation point in the South East and at times the placement team has found the Private Provider market unable to respond to the demand for fostering placements of any kind. Very complex and challenging children are particularly hard to place with sometimes 50+ searches yielding nothing.

2.3 21 households offering 50 placements were approved in 2016/17 compared to 26 households in 2015/16 offering 44 placements. 3 of these households were transfers from Independent Fostering Agency (IFA) providers, and 1 of these households already had an East Sussex child placed with them at the point of transfer. 17 further assessments did not progress to Stage 2 (presentation to the Fostering Panel) due to a combination of changes in personal circumstances that could not have been predicted earlier, incentives offered to IFA foster carers to remain with their agencies and concerns emerging about standards. Despite the fall in the numbers of new approvals, ESCC Fostering Service performs better in relation to both recruitment and retention as compared to our immediate neighbouring authorities based on the Ofsted Dataset returns of 2015/16. More up to date comparative data is awaited.

2.4 ESCC Supported Lodgings carers provided a number of 'step-down placements' for children from residential and foster placements and for vulnerable homeless young people. As in the previous year, the service has seen an increase in the number of young people with very complex needs. A few young people have been able to step-down from therapeutic residential placements to supported lodgings

providers. This has in part been due to the support and training on offer to carers and to the increased approval of 6 carers being dual registered as both foster carers, and Supported Lodging carers. The use of Supported Lodgings carers as 'step down' has achieved a saving of £419,000 over the year, but more importantly it has also been in young people's best interests, supporting them on the path to independence. At March 2017 there were 34 Supported Lodgings households providing a total of 50 placements across the county. This has given the service a net gain of 2 households and one placement as a result of 5 resignations and 7 new approvals. A priority for 2017/18 is to recruit a broader range of Supported Lodgings carers as part of a Corporate accommodation project investment for 2017/18.
Please see **Annex 1** for full Fostering Service Annual Report 2016-17.

3. Physical and Mental Health

3.1 Performance in relation to the timeliness of Initial Health Assessments (IHAs) during 2016/17 has improved. The proportion of IHAs completed on time (within 20 working days), increased from 49% in 2015/16 to 63.8% in 2016/17. 71% of initial health assessments were completed within 25 working days. At the end of March 2017 the contract for IHAs and for undertaking adoption medicals transferred from Kent Healthcare Trust to East Sussex Healthcare Trust (ESHT) following an effective transitional period from December 2016 onwards. This has the advantage of integrating IHAs, LAC health care plans and adoption medicals as part of the community paediatric service agreed with ESHT. The intention is to create greater clarity across the system with all health partners, including maternity services, health visiting and school nursing, and also with social work, adoption and fostering teams in ESCC. A more integrated pathway should lead to further improvements in timely IHAs and to the delivery of better health care plans for children.

3.2 The LAC Mental Health Service (LACMHS) received 64 new referrals during 2016/17, all of which were accepted and an initial consultation was offered. A number of children were also seen urgently due to the severity of the symptoms they presented such as suicidal thoughts and/or serious self-harm, depression or psychotic symptoms. In addition, there was also a cohort of LAC in receipt of on-going therapeutic support such as individual therapy, dyadic therapy (child and carer together), systemic therapy and/or consultation to the foster carer and network. At one point there were 78 LAC in receipt of this service. LACMHS also provided:

- Two Therapeutic Parenting Groups (working with 21 carers of 15 young people, their social workers and supervising social workers)
- Three Therapeutic Parenting Groups provided to the residential staff of Homefield, Brodrick House and Hazel Lodge
- Weekly consultation to staff at Homefield, Brodrick House and Hazel Lodge.
- Weekly consultation to the Through Care Team
- Monthly 'drop in' surgeries to the Fostering Service and each of the three LAC teams
- Mental health services commissioned by NHS England to Lansdowne Secure Unit, including sessions of a child and adolescent psychiatrist, a clinical psychologist, and a mental health nurse.

3.3 LACMHS continues to work in close collaboration with its partner agencies to provide a service for children with a care plan of permanent placement out of their birth family. The response to new referrals continues to be prompt (e.g. a risk assessment being provided within one week) and ongoing therapeutic work continues to be highly valued by all partners. The challenge for LACMHS continues to be the increased complexity of children within the LAC cohort, and the consequent demand for intensive ongoing support to the child/young person and their networks. The impact on service delivery has meant that the waiting time for ongoing therapeutic interventions for some children continues to be lengthy. However; alternative ways of reducing waiting times are being discussed within the team, and with the management of Sussex Partnership Trust.

For a more detailed quantitative and qualitative analysis see **Annex 5** LAC Mental Health Service Audit 2016 -17, LAC in Fostering and Residential.

4. Adoption and Permanence

4.1

	2013/2014	2014/2015	2015/2016	2016/2017
1. Number of children adopted	57	43	45	38
2. Number of adoption matches (children)	50	56	32	38
3. Number of permanent fostering matches (children)	10	7	10	14
4. Number of East Sussex adoptive matches (children)	40	33	26	30
5. Number of consortium adoptive matches (children)	1	6	0	0
6. Number of inter-agency matches (children): Permanence: Adoption:	4 9	3 17	2 6	0 8
7. Number of prospective adopters approved (households)	44	50	41	30
8. Number of permanent carers approved (households)	8	4	2	1
9. Number of children approved for adoption up to 31st March 2017 (including 2 re-approvals)	52	43	53	52
10. Number of children approved for permanence up to 31st March 2017	24	26	14	32
11. Number of approved adopters waiting to be matched	17	20	22	20
12.Number of disruptions presented to Panel: Permanence: Adoptions:	0 1	0 0	0 1	0 0

4.2 The number of children with a plan for adoption remained consistent with 53 in 2015/16 and 52 in 2016/17. This consistency was not reflected nationally, with some Courts appearing to favour Special Guardianship Orders over Adoption Orders.

Locally there appeared to be more children who remained with their birth families during the legal process with an eventual removal than had been seen in previous years. This has the potential to build in greater delay in permanence planning for some children. The service placed the majority of children with ESCC adopters. Of the 44 children matched this year, 36 were matched with ESCC approved adopters, and 8 placed with interagency adopters. Of the 8; there were 2 sibling pairs, one sibling group of 3 children and a single child. Most of the children with a plan for adoption had experienced domestic violence, trauma and loss, and were likely to have ongoing and complex therapeutic, post adoption support needs as a result. The national Adoption Scorecard issued by the Department for Education (DfE) evidenced that ESCC placed children for adoption more speedily than the national average, achieving placement in 212 days as compared to 223 days in the previous year.

4.3 During 2016/17 the Agency received 192 enquiries from people interested in adoption, 81 households attended information events and 46 households moved on to register their formal interest. The conversion rate from information event to registration remained high, but unfortunately only 30 adopters were approved by year end. This fall in the numbers of new approvals reflects the national picture where there is often a mismatch between the type of child adopters want and are approved for and the profile of children needing adoptive families.

4.4 The specialist mental health service, ‘AdCAMHS’ has continued to offer a dedicated therapy and consultation service during the year to families post adoption. The service works to maximise adoption stability by promoting positive attachments within adoptive families which ultimately will hopefully prevent placement breakdown. At year end ‘AdCAMHS’ was working with an average of 65 families. The Adoption Service has continued to work closely with the Government’s Adoption Support Fund to provide therapeutic support but sadly to date it hasn’t been possible to move from a model that seeks funding for individual children/families to a potentially much more cost effective model of funding the whole of AdCAMHS. The placement of children with complex needs, or who are older and part of sibling groups always poses more challenges in the context of adoption support and sadly a number of older children have returned to the care system.

Please see attached **Annex 2** for Adoption Service full Annual Report.

5. Residential Services

5.1 The childrens’ homes have continued to make overall progress in both ensuring good outcomes for children and in improvements to their Ofsted ratings. All homes successfully completed therapeutic parenting training with their staff, delivered over several months by CAMHS colleagues. This has had a very positive impact on staff, and on the quality of care provided to the young people with the most complex needs and challenging behaviours. The homes have worked hard with a number of young people in their care, facilitating moves either back home or into supported accommodation.

5.2 In the summer of 2016 a new Registered Homes Manager was appointed to Brodrick House, thus providing additional capacity within the management structure in order to satisfy Ofsted regulations and expectations. This has helped to improve Ofsted inspection ratings across the homes with all being judged as ‘Good’ during this reported period. Two new external Deputy Managers were also appointed to two of the group homes bringing new enthusiasm and experience to the management team.

5.3 The Registered Manager of Lansdowne Secure Unit had an extended period of absence during 2016. Fortunately this period was covered by a very experienced manager from an “Outstanding” secure unit from another local authority. Immediately after this interim appointment, Lansdowne was subject to a full Ofsted inspection. The interim manager was instrumental in pulling together a rigorous improvement plan following a disappointing inspection judgement of ‘Requires Improvement’. Staff and managers worked hard with the improvement plan in place to reach a ‘Good’ Ofsted rating at the next full inspection.

5.4 Care of LAC who are disabled and Inspection outcomes of the two homes have remained strong. Over the year the Disability Service has moved to a model of having a separate registered manager for both the Bungalow and Acorns in December 2016 in line with expectations from Ofsted.

6. Care Leavers Service

6.1 In 2016 the DfE produced the strategy document ‘Keep on Caring’, which sets out a vision to reform support for care leavers based on innovation, system reform, and on the embedding of Corporate Parenting responsibility across society. It identifies 5 key outcomes that care leavers will be supported to achieve:

- Be better prepared and supported to live independently
- Have improved access to education, employment and training
- Experience stability and feel safe and secure
- Have improved access to health support
- Achieve financial stability

6.2 The Government has underpinned this strategy with revised legislation (The Children and Family Social Work Act 2017) particularly in relation to Corporate Parenting responsibilities, and is fully expecting that alternative delivery models will be explored and implemented. There is recognition that there is a need for a cross Government approach as many of the issues are interrelated. Key aspects of this new legislation requires Councils to provide a published local offer for all its care leavers, and to extend the role of Personal Advisors to support care leavers up to 25 years.

6.3 As a response to the “Keep on Caring” Government strategy, ESCC undertook its own self-assessment against the 10 ‘gold standards’, which have been developed from a range of sources including from the Ofsted framework, DfE data packs and the Children’s Commissioner. The framework allows ESCC to identify both its current strengths and the areas that need development. An improvement plan for the Care Leaver’s service is in place for 2017/18.

6.4 At the end of 2016/17, the service was working with 241 young people; 13 under 16, 71 16 - 17 year olds and 157 18 - 24 year olds. A significant proportion of these young people had highly complex behaviour with a range of challenging safeguarding issues. A ‘Through Care’ model has been established, whereby younger LAC with complex challenging behaviours were referred to the service at an earlier stage with the aim of establishing a relationship with a care leaving specialist to help plan a more seamless transition into independence. This model has worked well for a number of children who have responded positively to the different approach and to a more empowering ethos.

6.5. The Care2Work strategic board has implemented a range of developments designed to improve the skills of care leavers and to ensure a successful transition into education and employment. The action plan was reviewed in 2016/17 and it was pleasing to note that there had been a significant impact on the employability of this cohort of young people. With the appointment of an enterprise advisor and in line with the ‘Keep on Caring’ agenda, a new action plan and programme for 2017/18 will aim to consolidate and embed the good practice already established, and in particular to contribute to the Passport to Independence for each young person.

6.6 As of 31st March 2017, of the children who were in continuous care for at least 12 months before sitting their GCSE examinations, 72% (23/32) of 16 – 17 year olds (year 12) were in education, training and employment (EET); 71% (32/45) of 17 - 18 year olds (year 13) were EET. This performance, although slightly lower than last year, included a greater cohort of care leavers who had significant learning disabilities, and who were managed within the Disability Transition Service. Of all eligible care leavers, 13% (18/140) were at University.

National data updated in February 2017 for care leavers who are ETT, and were looked after (for a total of at least 13 weeks after their 14th birthday including some time after their 16th birthday), show that ESCC performs better as compared to the national average and to the South East:

	National	SE	East SX
17 & 18 year olds	61%	59%	65%
19, 20, 21 year olds	49%	47%	61%

National data updated in February 2017 for care leavers who are 19, 20, 21, and who are eligible for Higher Education (HE) and were looked after for (a total of at least 13 weeks after their 14th birthday including some time after their 16th birthday), again shows that ESCC performs significantly better as compared to the national average and the South East:

	National	SE	East SX
19, 20, 21 year olds	7%	5%	13%

6.7 As of 31st March 2016 there were 5 16 to 18 year old care leavers living in bed and breakfast accommodation. Clearly this type of accommodation is completely unsuitable for care leavers. To address these challenges, and improve outcomes for young people, on 22 February 2017, the Chief Executive agreed to invest £650,000 to transform the accommodation offer for vulnerable young people. The scope of the Project is as follows:

- Vulnerable young people including care leavers and homeless young people
- Increasing the numbers of supported lodgings providers
- Developing the market and undertake specialist commissioning for supported semi-independent and independent accommodation
- Developing a 'Staying Close' provision to residential children's homes
- Developing a medium and high risk Crash Pad accommodation

This work is currently being overseen by a Project Board whose membership comprises representatives of key commissioning bodies, housing authorities, relevant service providers and young people and provides strategic, operational and specialist input and expertise. It includes the Assistant Directors of Children and Adult Services and Heads of Housing for the 4 districts and boroughs. The Project Board will report to the Health and Housing Subgroup of the East Sussex Better Together Programme Board to ensure strategic coherence. Progress in developing a range of supported accommodation options for care leavers and vulnerable young people will be a key priority for the forthcoming 18 months.

6.8 Transition planning for LAC who are the most complex in terms of disability is managed by a specialist Transitions Team, managed within Adult Social Care.

7. Performance

7.1 Although performance is set out in the grid below, the 2016/17 national data set has not yet been published by the DfE, therefore this section does not benchmark the performance of ESCC against other local authorities and statistical neighbours for 2016/17. There continues to be significant improvement in adoption timeliness and in reduced offending of LAC. However, there has been a dip in performance in placement stability (NI63 and NI62). This is largely attributed to some movements of children in large sibling groups (due to limited placement options at the point of reception into care) and to a small cohort of young people with complex needs and challenging behaviours. There has also been a dip in performance of care leavers aged 17 to 21 placed in suitable accommodation and young people aged 17-21 who were in education, employment or training. However, the other indicators in relation to employability of older LAC and care leavers remains well above the South East and national averages (see 6.1 above). LAC in ESCC continue to achieve better educational outcomes than their peers nationally, particularly at key stage 1 and at key stage 4. A specific report from the Virtual School will be available later in the year when educational outcomes have been validated nationally. The Independent Reviewing Officer Report in **Annex 3** also provides some helpful information.

Where performance has improved/increased it is shown with a ↑ and where it has dipped with a ↓

Indicator Ref	**Description**	**2016/17 Value**	**2015/16 Eng**	**2015/16 Value**	**2014/15 Eng**	**2014/15 Value**	**2013/14 Eng**	**2013/14 Value**
NI 58	Emotional & Behavioural Health of children in care	14.2 ↓	14.0	13.4 ↑	13.9	15.4 ↓	13.9	15.1 ↓
Adoption Scorecard 1	Average time between a child entering care and moving in with its adoptive family, for children who have been adopted. (3 year average)	479 days ↑	558 days	517 days ↑	593 days	520 days ↑	628 days	536 days ↑
Adoption Scorecard 2	Average time between an LA receiving court authority to place a child and the LA deciding on a match with an adoptive family (3 year average)	212 days ↑	226 days	223 days ↓	223 days	190 days ↑	217 days	199 days ↓
Adoption Scorecard 3	% of children who wait less than 16 months between	61% ↑	47%	59% ↑	47%	57% ↑	51%	54% ↑

Indicator Ref	Description	2016/ 17 Value	2015/ 16 Eng	2015/ 16 Value	2014/ 15 Eng	2014/ 15 Value	2013/ 14 Eng	2013/ 14 Value
	entering care & moving in with their adoptive family (3 year average)							
NI62 Placements 1	Number of children looked after with 3 or more placements during the year	13.8% ↓	10.0%	10.8% ↓	10.0%	9.7% ↓	10.9%	8.9% ↑
NI63 Placements 2	% of LAC under 16 who've been lac for 2.5 years or more & in the same placement for 2 years or placed for adoption	65.0% ↓	68.0%	64.0% ↔	68.0%	64.0% ↑	66.5%	57.4% ↓
Placements 3	% of LAC at 31st March placed outside LA boundary and more than 20 miles from where they used to live	10.0% ↓	13.0%	9.4% ↑	12.5%	10.0% ↓	12.2%	8.7% ↑
Leaving Care 2 ** see note below*	% of former relevant young people aged 17-21 who were in education, employment or training	55.5% ↓	49.0%	62.4% ↑	47.8%	52.6% ↓	45.0%	55.0%
Leaving Care 3	% of former relevant young people aged 17-21 who were in suitable accommodation	76.1% ↓	83.0%	81.7% ↑	80.7%	74.3% ↓	77.6%	85.3%
Thrive PI 9	Rate of Children looked after per 10,000 population aged under 18	53.0 ↓	60.0	51.7 ↔	60.0	51.7 ↑	60.0	54.5 ↑
PAF C19	Average of the % of children looked after who had been looked after continuously for at least 12 months who had an annual	90.3% ↓	87.0%	92.8% ↑	87.7%	92.6% ↓	86.4%	93.5% ↑

Indicator Ref	Description	2016/ 17 Value	2015/ 16 Eng	2015/ 16 Value	2014/ 15 Eng	2014/ 15 Value	2013/ 14 Eng	2013/ 14 Value
	assessment and their teeth checked by a dentist during the previous 12 months.							
PAF C81	Final warnings, reprimands and convictions of lac	3.4% ↑	5.0%	3.8% ↔	5.2%	3.8% ↓	5.6%	1.8% ↑

** Leaving Care 2 Indicator – this is calculated using data collected at the time of each young person's 17th, 18th, 19th, 20th or 21st birthday.*

8. The Virtual School

8.1 The Virtual School for LAC maintained a core staffing establishment during 2016/17, supporting the education of all ESCC LAC, care leavers and adopted children wherever they were educated. Pupil Premium from the Government enabled the school to enhance its provision to schools, carers, individual LAC, and recruit a bank of specialist tutors. In addition, the Head of the Virtual School fostered excellent working relationships across the Council and with the local community, which resulted in LAC being prioritised for a range of complementary services such as the establishment of the VS choir, supported by both the ES Music service and by Glyndebourne. .

9. LAC who are Missing from Care and who are at risk of Children's Sexual Exploitation (CSE)

9.1 Multi Agency Children's Sexual Exploitation (MACSE) operational and strategic groups continue for all children missing and at risk of CSE. The groups sit within the structure of the LCSB. The process involves monthly multi agency meetings on both sides of the county, co-chaired by social work managers and by the Police. A very positive multi agency audit was completed in January 2017 that identified effective working practices. A clear and emerging theme in the last 6-9 months has been the increase in cases relating to criminal exploitation where children aged 13-17 are being groomed and recruited to assist in the supply of illicit drugs, including heroin and crack cocaine, within East Sussex. This issue has been identified across the county, but with specific 'hot spots' in certain areas. A number of children from other Local Authorities, especially from London, are also being exploited criminally to come and supply drugs in East Sussex. Some of these criminals are also mixing with some of our most vulnerable children locally, thereby increasing the risks.

9.2 The strategic Action Plan remains a live document that is updated regularly and includes details of emerging themes from casework that is being carried out. The priorities for 2016/17 included tackling the emerging risks around criminal exploitation and continuing the greater awareness of and focus on boys, who can be missed all too easily.

9.3 All Return Home Interviews (RHIs) relating to missing children in East Sussex are now carried out by a national charity, Missing People, who are an independent organisation commissioned to deliver this work across Sussex by the three Sussex Local Authorities and by Sussex Police. RHIs are offered to all children who are reported to and treated as missing by Sussex Police. As a new development in

2016/17, a weekly meeting took place between East Sussex MASH Practice Managers, Sussex Police and staff from Missing People. This acted as an additional check and balance in the system to ensure that all children being recorded as both missing and absent (not where they should be, but we knew where they were), were being offered an effective response. As part of this meeting, MASH Practice Managers have access to the current list of children in ESCC childrens' homes, since these children are a particularly vulnerable group. The Registered Homes Managers are able to feed into this meeting to determine when they feel RHIs are also required for children categorised as absent rather than as missing but where an interview is needed given their overall level of vulnerability.

9.4 In 2016/17 32 LAC went missing, 11 of whom were missing more than once. There were also 8 LAC who were absent, and 4 of these were absent more than once. In terms of periods of when children were missing, there were 56 occasions of children being missing for less than 24 hours, 10 times when they were missing between 24-48 hours, 7 times when they were missing between 2 and 4 days and 13 times when they were missing for 5 days or more. All these children were actively tracked by Sussex Police and by Children Services staff. Risk assessments are regularly reviewed on high profile children who go missing and, where necessary, formal multi agency strategy discussions are held in line with Safeguarding Procedures.

9.5 Of the 32 LAC that went missing, 19 were male and 13 were female. 13 of this cohort were aged 16 and above. For further information on the data see **Annex 4**, the Missing People Annual Report.

10. Inspections

10.1 The inspection outcomes for the residential homes during 2016/17 were as follows:-

- Homefield full inspection 24/07/16 was judged overall as 'good'.
- Interim inspection 6/01/17 judged as 'improved effectiveness'.
- Hazel Lodge full inspection 22/07/16 was judged overall as 'good'.
- Interim inspection 14/12/16 judged as 'improved effectiveness'.
- Brodrick House full inspection 08/09/16 judged overall as 'good'.
- Interim inspection 24/01/17 judged as 'sustained effectiveness'.
- Lansdowne Secure Unit 12/07/2016 judged overall as 'requires improvement'.
- Interim inspection 21/02/17 judged as 'improved effectiveness'.
- The Bungalow full inspection 06/07/16. judged overall as "outstanding"
- Interim inspection 27/02/17 judged as "Declined in Effectiveness"
- Acorns full inspection 26/10/16 judged as overall "good"
- Interim inspection 26/10/16 judged as "Sustained Effectiveness"

11. Corporate Parenting Panel

11.1 The Corporate Parenting Panel met quarterly during 2016/17 to scrutinise the performance of all services in relation to LAC and Care Leavers, paying particular attention to outcomes. It also received presentations from the Children in Care Council and from the East Sussex Foster Care Association. The reports set out below were presented and considered:

April 2016:

- Update on Preparations for SEND Inspection
- Safeguarding concerns for young people in Secure Training Centres
- Looked After Children (LAC) Statistics
- Ofsted Inspection reports for the following

- Acorns at Dorset Road
- Brodrick House
- Hazel Lodge
- Homefield Cottage
- Lansdowne Secure Unit

- Children's Home Regulations 2015, Regulation 44: Inspection reports for December 2015 & January 2016 for the following children's homes:
    - Acorns at Dorset Road
    - Brodrick House
    - Hazel Lodge
    - Homefield Cottage
    - Lansdowne Secure Unit
    - The Bungalow, Sorrel Drive

July 2016:

- Independent Reviewing Officer (IRO) Annual Report 2015/16
- Ofsted Inspection reports for the Bungalow – March 2016
- Children's Home Regulations 2015, Regulation 44: Inspection reports for march and April 2015 for the following children's homes:
    - Acorns at Dorset Road
    - Brodrick House
    - Hazel Lodge
    - Homefield Cottage
    - Lansdowne Secure Unit
    - The Bungalow, Sorrel Drive
- Looked After Children (LAC) Statistics
- Annual progress report of the East Sussex Fostering Service
- Annual progress report of the East Sussex Adoption and Permanence Service

October 2016:

- Ofsted Inspection reports for the following
    - Hazel Lodge
    - Homefield Cottage
    - Lansdowne Secure Unit
    - The Bungalow, Sorrel Drive
- Children's Home Regulations 2015, Regulation 44: Inspection reports for May, June and July 2015 for the following children's homes:
    - Acorns at Dorset Road
    - Brodrick House
    - Hazel Lodge
    - Homefield Cottage
    - Lansdowne Secure Unit
    - The Bungalow, Sorrel Drive
- Looked After Children (LAC) Statistics
- Corporate Parenting Panel Terms of Reference and ways of working
- Looked After Children Annual Report 2015-16
- The Virtual School Annual Report including the use of Pupil Premium

January 2017:

- Children in Care Council
- East Sussex Foster Care Association Annual report

- Ofsted Inspection reports for the following
    - Acorns at Dorset Road
    - Brodrick House
    - Hazel Lodge
- Children's Home Regulations 2015, Regulation 44: Inspection reports for August, September, October and November 2015 for the following children's homes:
    - Acorns at Dorset Road
    - Brodrick House
    - Hazel Lodge
    - Homefield Cottage
    - Lansdowne Secure Unit
    - The Bungalow, Sorrel Drive
- Looked After Children (LAC) Statistics

12. Conclusion

12.1 Overall the LAC service continued to perform well during 2016-17 and to achieve good outcomes for children in the care of ESCC. Continued pressure on recruitment and retention of in house carers and on availability of placements within the private market in the South East has impacted on placement stability, especially for those children with the most complex needs.

12.2 The challenge for 2017/18 is to continue to ensure that the right children are in the right placements for the right amount of time, and that we secure the best outcomes possible within a context of reducing resource in Children Services.

12.3 Maintaining good performance is a significant achievement within a context of diminishing resources, however the ongoing steady rise in both LAC numbers and in placement costs that has been evident over the past year and has continued since April 2017 is placing significant pressure on already stretched budgets and may result in a year end pressure for 2017-18 of £1.5m in the LAC service.

Annex 1

Report to:	Corporate Parenting Panel
Date:	28th July 2017
By:	Director of Children's Services
Title of report:	Annual Progress Report of East Sussex Fostering Service 1 April 2016 – 31 March 2017
Purpose of report:	To outline the performance of the Fostering Service between 1 April 2016 – 31 March 2017

RECOMMENDATION:

The Corporate Parenting Panel is recommended to note the contents of the report

1 Financial appraisal

1.1 Services to LAC are supported by base budgets within Children's Services. There are no increased costs arising from this report.

2 Supporting information

2.1 The Annual Progress report of the East Sussex Fostering Service is attached as Appendix 1.

3 Recommendation

3.1 The Corporate Parenting Panel is recommended to note the contents of the report.

Director of Children's Services: Stuart Gallimore

Contact Officer: Adrian Sewell
Tel. No: 01323 463121
Adrian.sewell@eastsussex.gov.uk

Local Members:
All

Background documentation:
None

1. Safeguarding

1.1 This outcome is fundamental to the delivery of fostering services across East Sussex and is embedded in each of the core functions which are addressed fully throughout the report. The core functions are as listed:

- Recruitment and retention
- Assessment
- Supervision and review
- Foster carer training
- The matching and placing of children and young people with foster carers

2. Recruitment and Retention of Carers

2.1 2016/2017 has been another challenging year for the recruitment of foster carers. East Sussex County Council (ESCC) experiences are consistent with those of both our neighbouring authorities and of Fostering Services nationally, who have all reported similar challenges. There appears to be a number of different reasons for this. Some applicants continue to be concerned about the implications of allegations. Previous high success rates in ESCC's recruitment of foster carers have, to some extent, exhausted the existing pool of carers. The number of foster carers transferring from agencies has also decreased this year. Those carers who initially agreed to transfer due to lack of placements and support from their own agencies have then been persuaded to remain with their own agencies by being offered financial incentives. In addition, the successful reduction in the use of agency placements has resulted in fewer carers looking after East Sussex children who are available for transfer. There are also some agency carers wishing to transfer who have not always meet the quality standards of ESCC Fostering Service.

2.2 As with last year, the recruitment and retention team have continued to achieve their timescale targets for assessments of 6 – 8 months (dependent on the complexity of the assessment). In order to attain the expedient and efficient transfer of carers from other agencies, the recruitment and assessment team continue to use an abridged assessment tool, optimising the existing statutory information from the foster carers' previous agency. This has allowed the Fostering Service to approve transferring carers within a maximum of 3 months of their initial enquiry.

2.3 From 1 April 2016 – 31 March 2017, 411 new enquiries were received which led to 182 screening calls and 76 initial visits to prospective foster carers. This year the Fostering Service has introduced a text enquiry service where applicants can text, phone, email, or complete a web form to enquire about the service. These methods maximise enquiries at weekends and out of office hours.

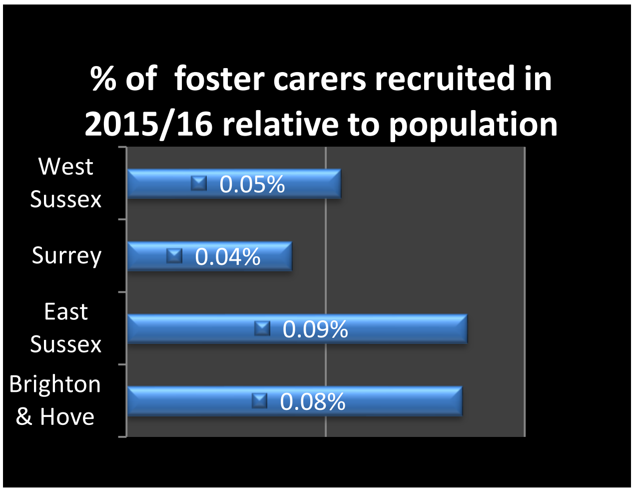
2.4 There were 6 'Skills to Foster' pre-assessment preparation courses held during 2016/17 and 28 households attended these courses. During the assessment process, the Children in Care Council (CICC) continued to play an active role by holding informal interviews with applicants and providing feedback for the assessment report.

2.5 There were 21 households offering 50 placements approved in 2016/17 compared with 26 households in 2015/16 offering 44 placements. 3 of these households were transfers from independent fostering providers and 1 of these households had an East Sussex looked after child placed. The reasons why 17 further assessments did not progress to Stage 2 (presentation to the Fostering Panel) were as follows:-

- 3 agency carers chose to remain with their agency after being offered “incentives “
- 9 cases were due to changes in personal circumstances that could not have been predicted earlier
- 5 cases were closed by the Fostering Service due to issues at Stage

There were 6 fostering assessments still in progress at 31 March 2017.

2.6 ESCC Fostering Service performs better in relation to our immediate neighbouring authorities in recruitment activity. This is based on the Ofsted Dataset returns of 2015/16. This is the first year Ofsted have released this information.



East Sussex Fostering Service still performs slightly better than the national average for the retention of its foster carers.

2016/17	ESCC	Nationally
Loss of foster carers	8%	12%
Average length of service of carers	7.34 years	7.8 years

The breakdown of reasons that carers have given for leaving ESCC during 2016/17 were as follows-

- Adoption of foster children
- Termination of approval
- Retirement

Given that ESCC continues to have a high percentage of foster carers over 55 years of age, it is anticipated that there will be an increasing number of foster carers retiring. This local trend reflects a wider national demographic trend.

2.7 The Fostering Service continues to employ the marketing strategy of ‘continual presence’. This consists of wide-ranging extensive advertising throughout the year using a range of different mediums. The Fostering Service marketing strategy for 2016/17 has focussed on *‘You can be a foster carer in 6 months’* and *‘Don’t keep our children waiting’*.

Below are some examples of mediums used to recruit foster carers:

- Radio advertising - Heart FM
- Monthly newspaper advertising – county wide in all areas of East Sussex and on the borders of Kent, West Sussex and Brighton
- Lamppost banners

- Football hoarding advertising – Lewes, Eastbourne and Hastings
- Roundabout advertising – 2 in Eastbourne and 1 in Hastings
- Car park tickets – Eastbourne, Hastings, Lewes, Seaford and Newhaven
- Bus stops – Eastbourne and Hastings
- Net Natives – interruption advertising
- Advertising on the Amey courier vans
- Display vans in both Hastings and Eastbourne
- 'Your County' magazine – delivered to every household in East Sussex
- Editorial in East Sussex Herald & Hastings Observer – January 2017
- Magnet Magazine
- ESCC payslips
- Twitter
- Facebook

Recruitment Events

- The Fostering Service has facilitated a number of information events in different locations to ensure a high profile across the county. Information evenings have been held on a monthly basis in Eastbourne, Hastings and Uckfield. The service also facilitated 3 further information evenings in Eastbourne, Lewes and Hastings giving information about the needs of unaccompanied asylum seeking children requiring placements in East Sussex. The Fostering Service also attended and gave out information at Volunteer Fairs in Peacehaven, Uckfield and at 2 staff conferences.

Retention Events

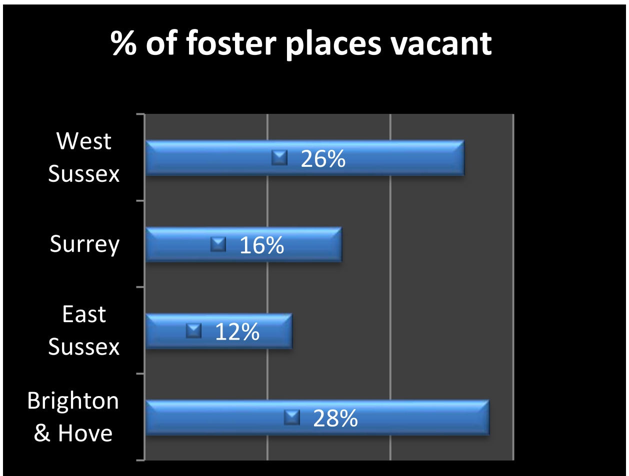
- In May 2016, an evening event was held at Barnsgate Manor to say "Thank You" to our foster carers. This was attended by 120 carers and staff.

- In August 2016, all foster carers and their families caring for East Sussex children were invited to a picnic at Knockhatch. Both children's social workers and supervising social workers attended. Agency foster carers were also invited to give them the opportunity to meet ESCC foster carers and staff, and to find out more about our service.

- In October 2016, the children of our foster carers were invited to an activity day at 'Branching Out' in celebration of 'Fostering Network's Sons and Daughters week'.

2.8 **Percentage of foster care vacancies**

The % of foster care vacancies is indicative of a service's ability to match and effectively manage its foster carer's resources. ESCC Fostering Service had only 12% foster care vacancies as outlined in the Ofsted data set in 2015/16 as compared to higher numbers in neighbouring authorities. The more recent Ofsted 2016/17 returns would indicate a similar percentage of healthy operational vacancies within ESCC Fostering Service.



3. **Foster Care Training and support**

3.1 From 1st April 2016 to the 31st March 2017, 796 training places have been taken up by foster carers (as compared to last year's equivalent of 589), evidencing a substantial increase in attendance.. Overall, the evaluations of the courses by participants were rated as excellent, although there has been a reduction of evaluations being completed since the introduction of the East Sussex Learning Portal.

3.2 New courses introduced this year have included:

- Fostering changes, under 12's, addressing behaviour management strategies
- Introduction to child sexual abuse
- Managing children with sexually harmful behaviours
- Caring for asylum seeking, refugee and unaccompanied children
- Supporting education and success, a practical approach for primary aged children
- Supporting education and success, a practical approach for secondary aged children
- Internet safety: fostering in a digital world - 13 years old and over
- Internet safety: fostering in a digital world - under 12 year olds

3.3 Given the varied expertise, knowledge and skill base of our foster carers, a number of courses have successfully been delivered by experienced foster carers. The new courses so far delivered by foster carer trainers are:

- Parenting traumatised children
- Practical skills to help children protect themselves
- Understanding self-harm
- Caring for children with additional needs
- Using visuals to help communication
- Supporting new carers workshops
- Creative ideas for digital photo albums

These courses have received excellent feedback. Foster carers have identified the value of having experienced carers who understand the fostering task delivering specific expertise training. This model of delivery also provides a more cost effective way to upskill those foster carers that need further training. To ensure the quality of training, there is an agreed framework of requirements and support identified with opportunities for continual professional development**.**16 foster carers are undertaking a variety of qualifications. These include the level 3 diploma children and young people's workforce qualification, and Level 3 and 4 in training and education. There are also 5 dedicated foster carers involved in the delivery and assessment of the children and young people's qualification.

3.4 Planned courses for 201718 include (in conjunction with the Virtual School):

- Mental health first aid
- Supporting Thrive in education
- Supporting young people where English is not their first language.

3.5 Other courses that Foster Carers / Supervising Social Workers are being trained to
deliver are:

- An introduction to Non-violent resistance

- An introduction to Theraplay
- Understanding sensory attachment
- Understanding the angry child
- The impact of childhood experiences on mind, body and brain

To support the reduced training budget, identified training will be actively promoted to other agencies for income generation opportunities.

4 Foster carer support and supervision

4.1 The Fostering Service currently has 292 fostering households that provide a range of placements for children and young people including parent and baby placements. Supervision and contact plans are assessed on the complexity of the children placed, taking into account the needs of the foster carers and their families. The pressures and demands over the last year on foster carers and supervising social workers (SSW's) have increased, but the quality of the support provided has remained of a high standard.

4.2 Support groups are available to provide foster carers with opportunities to meet with other carers, to increase support networks and to give the opportunity for shared learning. There are four localised groups in Uckfield, Rotherfield, Eastbourne and Newhaven. There are also three themed support groups: a parent and child foster carers' support group; a support group for carers of adolescents and a 'men who foster' support group. In recognition of the growing demands on foster carers and the increased complex needs of the children placed with carers, a "Buddy" system was launched in April 2017. Nationally, research evidences that peer support for foster carers is very successful. There are a number of 'Buddy' systems around the country which focus on the support of carers in relation to moving children on, coping with allegations and childcare and support. There is no doubt that foster carers receive a different kind of support knowing that they are talking to a colleague who has often experienced the same issues as they have.

4.3 Further support is provided for foster carers through the fostering advice line - an out of hours service, available to all foster carers and supported lodgings providers for 365 days per year. This service is staffed by a team of 7 workers from the Fostering Service, working on a rota basis, to provide support and advice to all foster carers. The service deals with a range of issues such as placement disruption, children and young people missing from placement, police involvement or generally supporting carers in managing challenging behaviours presented by our children or young people. The fostering advice line received 297 contacts from foster carers seeking support or advice during 2016/17.

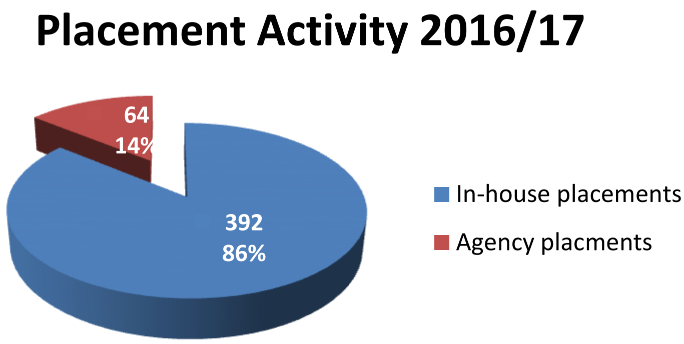
4.4 There continue to be close working relationships with Looked After Children(LAC) teams, The Child and Adolescent Mental Health service (CAMHS), The Virtual School and Placement Support Services(PSS); all of which are invaluable in supporting foster carers in sustaining placements and endeavouring to meet the children and young people's needs.

5 Health

5.1 Meeting the health needs of LAC remains a high priority for the Fostering Service. Foster carers continue to prioritise the health needs of their children with supervising social workers monitoring foster carers contribution to timely health assessments. There have been a number of training courses available which can be accessed by foster carers to focus on the health needs of young people. These include: autism, self-harm, first aid and healthy living.

6 Placement Activity

6.1 On 31st March 2017 there were 456 children in foster care. 392 of these children were placed with in-house placements. This includes in-house ‘parent and child’ placements, children subject to special guardianship orders placed with foster carers and those older young people remaining in their “staying put" fostering placements through to independence. The number of East Sussex LAC placed with agency foster carers has decreased from 77 children in 2015/16 to 64 at the end of March 2017.



The above figures illustrate that 86% of young people were looked after by in-house foster carers which is an increase of 4% from the previous year.

6.2 As of 31st March 2017, 25 young people (over 18 years of age) remain with their foster carers under ‘Staying Put’ arrangements. There are also 26 children who are currently subject to special guardianship orders placed with East Sussex foster carer and there has been 1 adoption order granted to an East Sussex foster carer during 2016/17.

6.3 Of the 506 referrals received between 1st April 2016 and 31st March 2017, 441 resulted in placements being made or matched. Of the 506 referrals, 65 were ultimately not required. On 31st March 2017 there were an additional 23 active referrals waiting to be matched with foster carers. These figures represent a slight increase in the number of matches and placements made as compared to last year. This is a significant workload for a small duty team who may also be seeking residential placements for some of our children.

7 The Supported Lodgings Team

7.1 East Sussex’s supported lodgings provision continues to be an invaluable resource for LAC, care leavers and homeless young people. As in the previous year, the service has seen an increase of young people with very complex needs being accommodated within the service. A few young people have been able to step-down from therapeutic residential environments to supported lodgings providers. This has in part been due to the support and training on offer to providers and the increased approval of 6 providers being dual registered as foster carers and supportive lodging providers. During the last year, supported lodgings providers have provided a number of placements for children from in-house residential placements as well as from costly external agency placements. This has achieved a saving of £419,000. This vital step-down provision has not only made a valuable contribution to budgetary savings but has also been in young people’s best interests, supporting them on the path to independence.

7.2 As of March 2017 there were 34 supported lodgings households providing a total of 50 placements across the county. This has given the service a net gain of 2 households and one placement as a result of 5 resignations and 7 new approvals.

7.3 In the period 1st April 2016 – 31st March 2017 the Supported Lodgings Team received 107 referrals requesting placement for young people of which 21 were for LAC placed in foster care, 41 were for care leavers and 45 were in respect of homeless young people. Of the 107 referrals received 19 were ultimately not required.

7.4 Flexibility of providers and their ability to accommodate a range of young people with different needs remains one of the primary objectives of the service. A priority for 2017/18 is to recruit a broader range of supportive lodgings providers. A new recruitment campaign is currently being launched.

8 User Participation

8.1 The Children in Care Council (CICC) continues to go from strength to strength. A new group was formed during 2016 comprising of 17 young people. All members are working on accredited courses such as Asdan, Youth Voice, Arts Award, First Aid Training, Food Hygiene, and Leadership.

8.2 The CICC attended 31 holiday activities, giving 98 young people the opportunity to raise issues about being in care and helping 45 young people to resolve their own individual issues.

8.3 CICC members have also participated in 80 opportunities to promote their work both locally and nationally. Examples below include:

- Production of a short film 'This is Us'. CICC members have been holding assemblies in their own schools to encourage discussions of, and reducing the stereotypes about being in care
- Meeting with the Children's Commissioner about separating siblings
- Attendance at the All Party Parliamentary Group to hear about The Family and Social Work Act and how ESCC could improve outcomes for looked after children in Personal Health Social Emotional lessons and apprenticeships
- Involvement nationally with Social Care Institute for Excellence in a national mental health project
- Holding local consultations, with CAMHS, CGL (Change Grow Live Advocacy Service) and LAC Nurses
  - Regularly attendance at foster carer's preparation groups and recruitment panels for staff
  - Shadowing of the Chief Executive Officer for the NSPCC for national takeover day. This was a very exciting opportunity in which the CICC joined a web chat with 50 other people and attended a meeting inside Buckingham Palace.
  - Generating income of £2700 to enable young people to attend courses and a summer prom
  - Design of new Pledge leaflets and a contact card
  - Production of a very successful Christmas newsletter that was sent to all ESCC young people in care aged 8.
  - Attendance at the Corporate Parenting Panel to update members on their work progress

9 Working in Partnership with East Sussex Foster Care Association (ESFCA)

9.1 The Operations Manager attends the monthly evening meetings of the ESFCA management group to report on the developments of the East Sussex Fostering Service and on Children's Services more generally. During 2016/17 ESFCA elected a new chair and new trustees and agreed an ambitious agenda to support East Sussex County Council's foster carers, which has been very helpful to our LAC. They have also continued to provide support to foster carers who have raised concerns at the surgeries held in conjunction with both the Fostering and LAC Operational Managers.

10 The Placement Support Service (PSS)

10.1 The PSS is currently supporting 98 children in placement. During 2016-2017, 28 new pieces of work were commissioned including 6 pieces of life story work. The PSS also responded to 85 emergency or crisis requests from carers that resulted in 101 days support. The use of placement support is vital in sustaining extremely challenging placements, which would most likely, in the absence of this service, require alternative and more costly agency placements.

10.2 PSS staff are increasingly being asked to provide additional support to young people who are unable to sustain their school placement thus creating additional pressures on foster carers. This additional direct work is funded by the Virtual School. Income of £2,700 was generated by the service from grant applications to fund various activities and training for young people.

10.3 Despite some financial challenges the PSS has continued to provide some holiday and weekend group activities to LAC aged 5 to 17. All activities have an educational element and cover sport, art, environment or national curriculum. During the year:

- 41 group holiday activities were provided
- PSS worked with 110 young people
- 461 places were offered to children and young people
- 10 to 15 young people attend on average each activity

The feedback of 98% of young people who evaluated their activities ranged between good and excellent. The Fostering Service's partnership with St Bede's has continued, allowing our young people to access sports facilities and their swimming pool free of charge. The PSS has also been able to negotiate free tickets to a few of Brighton and Hove Albion football matches for our LAC.

10.4 A successful summer prom was held in June at the request of the CICC and other young people. This was jointly funded by the department and by income generated by the CICC. 120 young people and their carers attended the event. Feedback from young people included:

> *'Everyone dressed to impress and looked absolutely amazing'*
> *'We danced all night as well as taking an insane amount of photos in the photo booth to help maintain long lasting memories'*
> *'It was an incredible experience; I can't wait for the next one'*
> *'The prom also gave the young people an opportunity to have fun with old friends as well as make new friendships'*
> *'We felt really special celebrating - well 'just us'*

10.5 Foster carers value PSS support and holiday activities highly as illustrated by the comments extracted from annual evaluations:

> *'We are more than just foster carers; placement support gives us time to be 'us'*
> *'We get valuable time for ourselves; placement support is a great benefit to this young man'*
> *'Over the years placement support has given us valuable time to simply re-charge for a while'*

‘It is difficult to say if we would have survived without placement support’
‘Placement support is so important for my family to continue fostering’
‘It has been invaluable to have placement support when young people are challenging’
‘Gives my young person time out and builds their confidence’
‘I would like to pass on my thanks to the placement support service for supporting my young person and carrying on my strategies’
‘Without PSS I could not have offered the young person a placement for the 7 weeks she was here’

11 Summary

11.1 The Fostering Service continues to be highly effective but primary challenge of the service continues to be the recruitment and retention of foster carers. As outlined earlier in the report, in relation to population size, ESCC’s Fostering Service remains proportionally the lead authority regionally in the recruitment and retention of foster carers as compared to our 4 neighbouring authorities. The recruitment strategy for 2016/17 focused on the transfer of suitable carers from independent agencies, especially for those carers who had East Sussex LAC placed with them. However, the tactics employed by agencies have served to thwart this plan with most carers initially wanting to transfer subsequently remaining with their agencies following the offer of increased enhancements. For 2017/18 the service will persevere with the transfer of suitable carers where possible, as well as continuing robust and energetic recruitment of a range of new foster carers.

The Key Management Priorities for 2017/2018 include:

- To continue the provision of high quality training and support for our foster carers so that stability for children is prioritised.

- To continue with an extensive recruitment strategy throughout the year to attract potential foster carers to come to East Sussex as the preferred fostering agency in this area. This will include targeted recruitment on the borders of East Sussex in order to recruit foster carers that (potentially) the Fostering Service could make available to our neighbouring authorities should there be a surplus.

- To recruit a wider pool of supportive lodgings providers to ensure more housing options are available for vulnerable homeless16 and 17 year olds and for our care leavers.

Adrian Sewell **Operation Manager Fostering Service**

Annex 2

Report to:	**Corporate Parenting Panel**
Date:	**28th July 2017**
By:	**Director of Children's Services**
Title of report:	**Annual Progress Report of East Sussex Adoption and Permanence Service 1 April 2016 – 31 March 2017**
Purpose of report:	**To outline the performance of the Adoption and Permanence Service between 1 April 2016 to 31 March 2017**

RECOMMENDATION: The Corporate Parenting Panel is recommended to note the contents of the report

1. Financial appraisal

1.1 There are no increased costs arising from this report.

2. Supporting information

2.1 The Annual Progress report of the East Sussex Fostering Service is attached as Appendix 1

3. Recommendation

3.1 The Corporate Parenting Panel is recommended to note the contents of the report.

STUART GALLIMORE
Director of Children's Services

Contact Officer: Carole Sykes, Operations Manager, Adoption and Permanence Service Tel: 01323 747406

Local Members: All

BACKGROUND DOCUMENTS: none

1. Supporting Information

	2013/2014	2014/2015	2015/2016	2016/2017
1. Number of children adopted	57	43	45	38
2. Number of adoption matches (children)	50	56	32	38
3. Number of permanent fostering matches (children)	10	7	10	14
4. Number of East Sussex adoptive matches (children)	40	33	26	30
5. Number of consortium adoptive matches (children)	1	6	0	0
6. Number of inter-agency matches (children): Permanence: Adoption:	4 9	3 17	2 6	0 8
7. Number of prospective adopters approved (households)	44	50	41	30
8. Number of permanent carers approved (households)	8	4	2	1
9. Number of children approved for adoption up to 31st March 2017 (including 2 re-approvals)	52	43	53	52
10. Number of children approved for permanence up to 31st March 2017	24	26	14	32
11. Number of approved adopters waiting to be matched	17	20	22	20
12.Number of disruptions presented to Panel: Permanence: Adoptions:	0 1	0 0	0 1	0 0

2. Recruitment Activity

2.1 Activity levels have remained consistent over the past year and prospective adopters have continued to give positive feedback about the process. The dedicated telephone number for enquiries, specific adoption recruitment email address and the on-line enquiry form ensured that all enquirers received a prompt and personal service. Nonetheless there was a significant drop in the number of applications. This reflected the national picture and also that of neighbouring authorities and partners in Adoption South East (ASE).

2.2 The time taken to approve prospective adopters was maintained at an average of nine months from registering an interest to approval at Adoption Panel. With the introduction of the two stage assessment process it had been anticipated that most adopters would want to get through to approval as quickly as possible. However, the local evidence has shown that many more applicants want to take time to prepare themselves for adoption through Stage 1. However the time taken to assess applicants in Stage 2 remained on target.

2.3 During 2016/17 the Agency received 192 enquiries, 81 households attended information events and 46 households registered their interest in adoption. The conversion rate from Information event to registration remained high, but unfortunately only 30 adopters were approved by year end. This was, in part, due to a significant number of the applicants having far more complex histories than the service has seen in previous years. A number of assessments could not be completed and resulted in the applications being paused, whilst others were counselled out of adoption completely. Fortunately the over recruitment of the previous year offset the reduction in approvals for 16/17.

2.4 The Service continued to offer monthly information events for prospective adopters, which profiled the needs of the children waiting. ESCC advertising and recruitment activity was hosted through the Government Gateway, First4Adoption, New Family Social, Coram BAAF and ESCC websites. In addition, the service's Facebook page was developed to offer information regarding local adoption services, as well as any key national developments.

2.5 Throughout the year the Government regionalisation agenda gathered pace, with the five pilot adoption regions set to go live in Autumn 2017. During 2016/17 ESCC joined the ASE partnership with Brighton and Hove, Surrey and West Sussex to explore forming an adoption region. Four subgroups were formed to develop closer working practices across the region in relation to recruitment, family finding, adoption support and finance. There remain a number of challenges given the different staffing structures, processes and cultures of each authority. However the partnership persisted in working together to find solutions which would also preserve some of the key individual features from each authority.

2.6 During 2016/17 the Service continued to receive enquiries from applicants living outside ESCC boundaries. Currently ESCC generates income from the interagency fees charged when ESCC approved adopters are used by other local authorities. Ten ESCC families were used by other local authorities to place 12 children during 2016/17, generating an income of £291,000. However this is likely to change if ASE becomes a fully functioning region with centralised processes.

2.7 In 2016/17 6 experienced adopters were reassessed as second time adopters, and 1 set of foster carers were assessed to adopt a child already in their care. In addition, 7 prospective adopters were approved for fostering to adopt i.e. beginning the placement as foster carers but then converting to adopters if the care child for the child becomes adoption. This minimises disruption for very young children.

3. Children with a plan for Adoption.

3.1 The number of children with a plan for adoption in ESCC remained consistent with 53 in 2015/16 and 52 2016/17. This was not reflected nationally, with some Courts appearing to favour a plan for Special Guardianship Orders over Adoption Orders. Locally there appeared to be more children who remained with their birth families during the legal process than had been seen in previous years. This raised a number of practice issues in relation to the care planning process, and greater complexity for the family finding process. If this becomes more widespread during

2016/17 it has the potential to cause delay for children. The Service will need to monitor this carefully.

3.2 The Service placed the majority of children with ESCC adopters. Of the 44 children matched this year; 36 were matched with ESCC approved adopters and 8 placed with interagency adopters. Of the 8; there were 2 sibling pairs, one sibling group of 3 children and a single child. Where children were not matched with ESCC adopters the main family finding organisations used were Linkmaker and ASE.

3.3 ASE held one joint adoption event which took place on 27th March 2017. It was based in, and mainly set up by West Sussex. 25 households of adopters attended of the 32 households invited and 39 children were featured. West Sussex and Surrey had the largest number of children at this event, whilst ESCC had a higher number of adopters. It is intended that 4 events will be held each year, with ESCC and Brighton to host the next one.

3.4 The recruitment and family finding elements of the Service continued to work closely together to identify adopters needed to match the children coming forward. It should be noted that there were a number of children who required genetic testing and/or had complex health needs. In addition many of the children had experienced domestic abuse, severe substance misuse and neglect within their birth families.

4. Staffing

4.1 At year end the service was recruiting to a range of posts as 6 staff had moved on during 16/17. It is pleasing to note that this was largely for promotion, retirement or relocation. This meant that the service was more dependent on freelance Social Workers to complete some of the key tasks such as assessments whilst recruitment was underway. Nonetheless there was some impact on the overall service offer and delivery.

5. Permanence

5.1 The Service has continued to target family finding for those children whose plan is permanent fostering. The permanence tracking workshop met regularly during 16/17 to closely monitor the timescale of permanence plans and matches. The number of children approved for permanence increased by 50% during the year to 32. There was specific targeted recruitment for a number of these children given the complexity of their needs and care plans. A number of ‘in house’ foster carers offered long term care to children already in placement with them, or were matched via the family finding newsletter. At year end there were 7 children with a plan for permanence for whom the service was actively family finding.

6. Adoption Support

6.1 There was a significant increase in the number of adopters who requested adoption support during 16/17. The placement of children with complex needs, or who are older and part of sibling groups always poses more challenges in the context of adoption support. From 1st April 2016 to 31st March 2017 there were 56 requests for assessments of post adoption support needs, and of these 52 resulted in the provision of support.

6.2 ‘AdCAMHS’ has continued to offer a dedicated therapy and consultation service during the year. It continued with its established unique partnership model, where clinicians and adoption workers ‘think together’ to consider the therapeutic needs of children and their parents. The desired outcome for the service was to contribute to adoption stability, to promote positive attachments within adoptive families and ultimately to prevent placement breakdown. At year end AdCAMHS was working with an average of 65 families.

6.3 The Adoption Support Fund (ASF) was launched nationally in May 2015. The Government committed to ongoing funding of ASF for the duration of Parliament, originally being 2020. The ASF criteria was extended during this period, to be available to children adopted from care, intercountry adoption and children subject to Special Guardianship Orders. The remit of the ASF though continued to be based specifically for the provision of therapeutic support. ESCC has worked closely with the fund, and used this to complement the work of AdCAMHS.

6.4 The Adoption Service worked closely with dedicated workers within the Virtual School. During the year they provided adoptive families with support for educational and school based issues, and offered training to schools in relation to the attachment needs of adoptive children in education.

6.5 For some families exhibiting high levels of need, the Adoption Service worked closely with Locality colleagues to manage safeguarding risks, with the aim of preventing adoptive families from breaking down.

6.6 During the year, the adoption service has held two social events for adoptive families. These were organised and supported by the service to enable adopters and their children to meet informally and have a fun day out. In addition, a number of support groups for children and adopters were facilitated by the service, and the contract with PAC-UK was maintained.

6.7 The demands on the indirect/letterbox and direct contact services increased throughout 16/17 with 817 indirect contact agreements open at year end, and 312 direct contact arrangements being supported by the service. Furthermore, the service also worked with 81 adopted adults wanting to access their records, and commissioned CMB Counselling to provide an intermediary service to adopted adults and their relatives.

7. Adoption & Permanence Panel

7.1 The number of Panels reduced over the last 12 months due to the reduction in recruitment activity and the introduction of greater efficiencies across the county. The number of Panels held in 2015/16 was 32, reducing to 27 in 2016/17.

7.2 The contract for medical advice to the panels transferred from Kent Health Care Trust to East Sussex Health Care Trust at the end of the year. This resulted in a greater level of consistency to both Panels, and also delivered a greater connectivity in relation to the paediatric needs of ESCC Looked After Children.

7.3 The Panel venue moved permanently from The View Hotel in Eastbourne in July 2016 to the Bellbrook Centre in Uckfield. This proved to be a successful move and has led to significant savings.

7.4 A successful Panel Training day was held in June focussing on disruption and fostering to adopt. This was well received by all.

8. Management Priorities 2016/17

- To continue to target recruitment for ESCC children and to work towards regaining previously achieved targets.

- To continue to strengthen and build on ESCC's high national profile and to further expand into a regional service together with our partners in Surrey, Brighton & Hove and West Sussex.

- To update and revise policies and procedures in accordance with new regulations and strategy guidance.

- To maintain and extend adoption support developments including the revised CAMHS contract, close partnerships with the Virtual School and continue to use the Adoption Support Fund to good effect.

- To maintain and support the new Health Services contract to improve provision to children.

- To ensure ESCC's role in the Regionalisation Agenda brings added value and builds on success.

Annex 3

East Sussex
County Council

Independent Reviewing Officer (IRO) Annual Report April 2016 – March 2017

This Annual IRO report provides quantitative and qualitative evidence relating to the IRO Services in East Sussex as required by statutory guidance.

1. Purpose of service and legal context

1.1 The IRO service is set within the framework of the updated IRO Handbook, linked to revised Care Planning Regulations and Guidance which were introduced in April 2011. The responsibility of the IRO has changed from the management of the Review process to a wider overview of the case including regular monitoring and follow-up between Reviews. The IRO has a key role in relation to the improvement of Care Planning for Children Looked After (CLA) and for challenging drift and delay. One of the key tasks for IROs is to build relationships with children, young people and the professional and family network to enhance effective planning for positive outcomes.

1.2 The National Children's Bureau research 'The Role of the Independent Reviewing Officers in England' (March 2014) provides a wealth of information and findings regarding the efficacy of IRO services. The foreword written by Mr Justice Peter Jackson; makes the following comment:

> The Independent Reviewing Officer must be the visible embodiment of our commitment to meet our legal obligations to this special group of children. The health and effectiveness of the IRO service is a direct reflection of whether we are meeting that commitment, or whether we are failing.

2. Key messages

Achievements and challenges for 16/17 included:

- 3 half day workshops and audits focussed on Care Leavers, diversity and ethnicity and Voluntary Section 20 placements.
- Continued monitoring of Placement Orders and Placement with Parents.
- Development of new Issues Resolution procedure.
- Working together to improve the consistency and quality of pathway planning for care leavers.
- Improving the quality of outcome focussed care plans and using new data base.
- Increased quality assurance feedback activity for locality and children looked after teams.
- Continued challenge to the operational teams regarding care planning.
- Rising numbers of CLA and CP, decreasing staff numbers and pressure on operational resources.
- Long term professional relationships ending as young people turn 18.

3. Thematic Audit Feedback

3.1 IRO/CPA's and managers undertook three half day audits focussing on children accommodated voluntarily (Section 20); Diversity and Pathway Plans.

3.2 **Care Plans and Pathway Plans - *Embedding new ways of working***

3.3 The single child's plan is now integrated into the whole system and is designed to be responsive and dynamic to the child's changing needs and environment. It is central to the IRO role and review process and has been the focus of audit and improvement over the last year, with a particular focus on pathway plans for young people over 16 who are preparing for independence.

3.4 The purpose of the new plans is to enhance collaboration with children, parents, carers and other professionals making the plans more accessible, relevant, specific, incremental and focussed on the identified outcome and the audit process has been measuring to this standard.

3.5 IROs have contributed to the improvement plan by auditing files with a subsequent report presented to senior managers, feeding back any issues to the relevant Operational Managers. This work is ongoing as new ways of working are embedded into the culture and practice of the service. The outcome of raising the profile of the plans and the joint work between the services has led to further training regarding pathway planning, using the new database and employing a temporary consultant to the Through Care Team. This cohort has also been the subject of audit across all levels of the service regularly across the year.

3.6 The new system has also presented challenges to the IROs who have changed their practice in recording the reviews. IROs support and training needs in this area continue to be further developed and reviewed.

3.7 **Ethnicity and Diversity - *Understanding the child's lived experience***

3.8 East Sussex is predominantly White British and an audit was completed to ensure the needs of the small cohort of black and minority ethnic children and young people are understood and addressed. Whilst statistical information is useful and important it is limited and so it is also important to be confident that children and young people are able to talk to those close to them about their religious faith/belief, sexuality, gender identity and/or any other feelings of being different. This means also understanding the messages that they are getting from their environment. This is also an area identified by Ofsted in the last inspection as in need of improvement.

3.9 IRO/CPAs undertook a thematic audit of 29 (38%) of CLA who are from different minority ethnic backgrounds. The first section of the audit focussed on recorded factual information and the second on the child's lived experience. Some of the questions were deliberately speculative to stimulate thinking about seeking and recording more textured information. The hypothesis was that the information gathering and understanding of the needs of children and young people from ethnic minorities is inconsistent and general in nature.

3.10 Key findings:

- There were some examples of detailed consideration of needs but overall Information was generic, impersonal, at times inaccurate and confused.
- The environment of children and young people is not routinely explored or recorded so did not inform an understanding of their lived experience and therefore potential needs or relevant services.

3.11 Recommendations taken forward were as follows:

- Social Workers should be informed of opportunities offered by the new database and encouraged to record in more detail and always check out accuracy.
- Information about the environment including ethnic population of the school, knowledge about relevant support groups should be sought and recorded in the Care Plan part 1 and inform assessments.
- Greater specificity of recording of religion will enhance assessment and planning.

3.12 These findings were shared with the Looked After Children Teams and the equalities team who as a result formulated some systems and practice guidance for social workers to use.

3.13 **Children accommodated voluntarily - *Consent and drift***

3.14 East Sussex revised the practice guidance regarding children who become looked after voluntarily with the parents' consent (Section 20, Children Act 1989) to enhance the timeliness of planning for these children. The aim of this small scale audit was to measure compliance with the new guidance and the hypothesis was that these children will have up to date consent, the parent continues to understand his or her rights and is consulted as appropriate, there is a clear plan for the child to return home and the need for accommodation is reviewed.

3.15 Key findings:

- Out of the eleven audited only one did not have consent
- It was not always easy to find senior manager signed agreement on the system
- Nine had a clear plan, 2 did not.

4. Problem resolution and escalation

4.1 A pivotal role of the IRO/CPA is to raise issues affecting a child's care where, for example, performance issues, care planning and resources are affecting the child or young person's progress. IROs will always discuss issues with the social worker or their manager but if there is no resolution there is a formal process known formerly as a Dispute Resolution Process whereby the issue can be escalated to the attention of senior managers and ultimately the Chief Executive and externally to Cafcass for resolution.

4.2 The newly named Issues Resolution Process shifts the emphasis to reflect what happens in practice in building on the good relationships and collaborative approach at the earliest opportunity to resolve problems and differences.

4.3 IROs continue to advocate for timely planning and intervention for children and young people. Examples include:

- scrutinising the status and progress of plans for a number of children who are placed voluntarily (Section 20);
- delay in agreeing resources for a Special Guardian Order (SGO) plan for a child;
- delay in interventions and planning for timely contact;
- scrutinising assessments;
- chasing up the timely initiation and completion of statutory duties.

4.4 Specific examples include two young people who have been out of school for a considerable time. The two respective IROs involved have worked collaboratively with the social work teams and the Virtual School over many months to get these young people into school.

4.5 Over the last year there have been 2 formal challenges using the Issues Resolution Process. One involved a change in services for a young person with disabilities where his care plan of short breaks was affected by the pressure on the short breaks resources. The outcome of this was to raise the profile of the potential problem with the pressure on the resource but also to prompt an updating assessment of his care plan that concluded this needed to change anyway.

4.6 The second was the unplanned return of a child to his mother's care and the need for timely assessments and intervention. Support was put in place quickly and this has been resolved but remains a vulnerable arrangement.

4.7 IROs also raised concerns with senior managers about the impact of delay in the police service completing criminal investigations, length of time for Criminal Prosecution Service (CPS) decision making and timing of court hearings; on young people's emotional health as well as on planning, for their education for example. Some of these involved children, both alleged victim and perpetrators, waiting for up to a year before these were resolved.

4.8 Good practice is also recognised and often escalated to senior managers so that it is acknowledged across the service. Examples of these include alerting senior managers to a young person who said of her social worker, “she was really kind and good at explaining things” and that she was “brilliant”. The excellent qualities of a child friendly care plan were highlighted (see the feedback on the following page for two social workers’ relationship based practice).

Feedback 1

“At H’s LAC review I was impressed to see and hear the easy relationship D (social worker) has built with H over a relatively, short and traumatic period of time. I am highlighting this as this young man can be so anxious he actually took his GSCE’s at home. He had his previous social worker for a number of years and the change of SW at the end of August 2016 was daunting. H was also seriously ill end November/ December 2016 - he was in intensive care – had a heart attack. He also suffers PTSD.”

Feedback 2

“I just wanted to highlight the excellent SW intervention in this case. As you know it has been a rocky road but M’s thoughtfully planned intervention has in my view been pivotal in helping K turn the corner. K is currently accepting all interventions - I know things can change again but think this high standard of social work should be applauded.”

5. Children and Young people leaving care

5.1 Children and young people leave care for a variety of reasons but the majority are either placed permanently under relevant legislation including adoption or they turn eighteen.

5.2 It is well documented in research that one of the most consistent professional relationships with a young person is with the IRO. Currently 31% of our CLA are aged between 15 and 17 and most of these young people have had the same IRO for many years. Over the last year and in the coming years, IROs are saying goodbye to many young people they have known for a long time. There is a plan in the year ahead to look in more detail at these young people collectively as an IRO group and consider any feedback they have given and their individual outcomes to see what insights this offers to planning and practice.

5.3 A few young people have given their IRO hugs goodbye and have wanted to mark the ending in some way and IROs remember the following comments from two young people.

One felt “he would have benefited from a move to the Through Care Team at 14 years”.

And the other one said that he would always remember the paper planes the IRO made for him to help him feel more relaxed during his reviews when he was younger.

6. Quantitative information about the IRO/CPA service

1,529 CLA review meetings for 684 children were held in the year compared with:
1229 in 15/16
1232 in 14/15
1530 in 13/14
1688 in 12/13

6.1 Although THRIVE programme is no longer in place the targets for the year remained.

As at 31st March 2015	Thrive target	Actual figures
CP	502	469
LAC	522	548
31st March 2016	Target	
CP	469	459 (18.2.16)
LAC	522	548 (18.2.16)
31st March 2017	522	563

6.2 CLA numbers have risen steadily over the year ending on 563 and well above the target of 522 reversing the trend of previous years as more children and young people are being accommodated than leaving.

6.3 The table below indicates the gap between male and female CLA narrowed slightly last year and numbers of BME children and young people have increased.

31.3.17	18.2.16	31.3.15
• 44% Female • 56% Male • 16% BME • 7% involved with disability teams	• 42% Female • 58 % Male • 14% BME • 7.5% involved with disability teams	• 41% Female • 59% Male • 15% BME • 6% involved with disability teams

6.4 A closer look at the figures show that 31% of CLA are aged between 15 and 17 and 62% of this cohort are male.

6.5 Numbers of unaccompanied asylum seeking children and young people have increased following the introduction of the dispersal scheme and account for 4.5% of the CLA population. Many of these young people are placed out of the county and in specialist residential placements in London. Two IROs have taken responsibility for chairing the reviews for the young people placed in London and identifying and raising issues that affect them such as sexual health treatment and guidance and financial support which is the subject of challenge and concern and has been raised with senior managers.

6.6 **IRO caseloads**

6.7 Overall across the service referral rates have increased over the year. In tandem with the increase in the CLA numbers, children subject to child protection plans has also increased, going from 448 to 477 and have escalated steeply so far this year to currently 551. However staffing in the unit has decreased in line with savings plans and this has consequently resulted in IROs and CPAs having caseloads in excess of 100 again. In East Sussex, IRO/CPAs have always carried higher than average caseloads compared with both their colleagues in other authorities and the DfE guidance 'IRO Handbook' of between 50 and 70. As with the whole of the service the increases have an impact on the pressures on IROs.

7 Children's Participation

7.1 Encouraging children and young people to take part in their reviews begins at an early age in recognition of the importance of this to his or her self-esteem and self-efficacy and the consequent impact on good outcomes. Ways of engaging children are many, varied and highly individual and we try to measure this in a number of ways.

7.2 Our participation figures are consistently high and this year is no different. Twenty-two children and young people did not attend or contribute to their reviews. Out of these almost half were still very young and for others social workers were just beginning to build relationships with the children. In another a manager had to cover sickness absence and had not had the opportunity to meet with the children. The target for participation is 95% and the performance in this area exceeds this target given the very small number of children who do not participate (greater than 98%).

One young person refused to attend his review because there had been a number of changes of IRO

A young woman wrote that she found the review really useful

8. Late reviews

8.1 Services for CLA are highly regulated with specific timescales for reviews. The unit works hard to achieve this so that children's plans can be considered in a timely way**,** however due to the pressures on the service, the reorganisation of administrative support and the introduction of the new data base there has been an increase in the number of late reviews from 6 (0.4%) in the previous year to 17 (1%) this year. The majority of these were no longer than a week late.

8.2 The reasons vary and include errors by all those involved and also reflect the need to be responsive to events that happen in children's lives. Some young people for example had late reviews because they were part of the dispersal scheme and the handover from Kent was delayed. This is a target area for improvement this coming year.

9. Permanence Outcomes

9.1 A central function of the IRO role is to ensure timely planning for outcomes for permanence for children and to challenge any drift. IROs liaise closely with Children's Guardians when there are care proceedings and contribute their views to the final care plan. A permanence plan should be discussed and agreed at the second review, approximately 4 months after a child becomes looked after.

9.2 Looking only at children 12 and under, these plans were in place for 85% (78) of children in this cohort. The remaining 15% (12) who did not have a permanence plan agreed by the 2nd review reflect some of the complexities of care planning. An example is a baby who was allegedly being poisoned by his parents who are denying this. The evidence had to be tested in a Fact Finding hearing to seek a determination; however the parents are now appealing the outcome of this hearing so it has not been possible to identify a permanence plan. Other examples include previously agreed family placements being withdrawn unexpectedly. In one case progress has been delayed due to staffing changes in the social work team and this was followed up by the IRO.

9.3 Following the making of a Placement Order by the court where the agreed plan is adoption, IROs also monitor drift in the process of making adoptive placements in a timely way and in the revocation of the order when adoption is no longer the plan. IROs challenge any drift in this process on an individual case by case basis but also by feeding back jointly to the Operations Managers in the Safeguarding and CLA services respectively who monitor progress. In past years this has been the subject of challenge and dispute but there has been improvement this year and this has not been necessary.

10. Professional Profile of the IRO and CPA Service

10.1 The IRO service sits within the Performance and Planning Directorate of Children's Services and is managed by the Head of Safeguarding, Douglas Sinclair, and two operations managers, Sue McGlynn and Alex Sutton who have the leads for the IRO and Child Protection Adviser (CPA) role in Child Protection and LAC respectively. When the unit was created, chairing Child Protection Conferences (CPC) and LAC reviews were separate specialisms. These two roles are further separated by the different legislation and regulatory protocols underpinning them. Although in the main the roles are no longer separated the names have stuck and chairs have been referred to within this report as IRO/CPA.

10.2 The IRO/CPA team began the year with a complement of 9.6 full time equivalent staff at Practice Manager Level (LMG2). This equates to 10 IRO/CPAs, 8 working full time and 2 part time. In response to the reduction in CP Plans achieved during 2015/16, sustained during Quarters 1-2 2016/17, and efficiency savings required, it was agreed that the Unit would reduce by 1 IRO/CPA position at the end of November 2016 and the two Safeguarding Operations Managers would be allocated partial caseloads. An IRO/CPA took early retirement from the Local Authority after 33 years' service and this post was not replaced so the savings were made. Amanda Glover, Local Authority Designated Officer (LADO), is also part of the Unit and has responsibility for managing allegations against people who work, care or volunteer with children. Operations Managers Sue McGlynn and Alex Sutton act as LADO when Amanda is on leave.

10.3 IRO/CPAs have continued to undertake a number of different activities although this is currently constrained due to their increased caseloads:

- permanent IRO/CPAs chair CP Conferences as well as CLA reviews
- 3 IROs chair CLA reviews
- IRO/CPAs quality assure all referrals for a CP Conference on a duty basis

- 1 IRO has specialist lead for children with disabilities
- 2 IRO/CPAs lead LSCB training
- 1 IRO/CPA is part of the Young People's Participation Group
- 1 IRO/CPA chairs PREVENT meetings
- 2 IROs lead on asylum seeking children and young people.

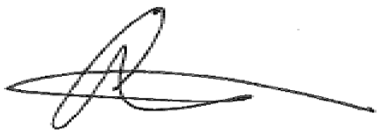
11. Conclusion and actions for the year ahead

11.1 Overall the Safeguarding Unit is performing well. The achievements and challenges over the last year have been managed by the team with characteristic willingness to go the extra mile and support each other. IRO/CPAs continue to play a significant role in advocating for timely care planning and alerting the organisation to issues affecting young people on an individual and collective basis. There are clear areas presented in the report to celebrate, such as high participation rates, timely challenge to care planning and highlighting the need to develop pathway planning. There are also clear areas to improve such as building on the quality of outcome focussed plans and ensuring more reviews take place on time. In addition further challenges ahead include reducing the risks to vulnerable young people from sexual exploitation, working with families where neglect is a factor and working within an increasingly pressured environment.

Key messages

Improvement activities for the year ahead:

- IROs will have an increased focus on monitoring and reviewing statutory requirements e.g. Initial Health Assessments and PEPs
- IROs will continue to monitor children subject to Section 20 placements to address any drift in planning
- Half day workshops and audits focussed on Diversity needs, pathway plans and sibling contact.
- Improved performance for reviews being held on time.
- Improved quality of outcome focussed care plans
- Reduced IRO/CPA caseloads



Written by Alex Sutton 10.7.17 co-signed Sue McGlynn

Operations Managers
Safeguarding Unit

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A teaching trust of Brighton and Sussex Medical School

Sussex Partnership NHS
NHS Foundation Trust

East Sussex CAMHS
Looked After Children's Mental Heath Service (LACMHS)
AUDIT 2016 – 2017
LAC in Fostering and Residential (not SECURE provision[1])

The Looked After Children's Mental Health Service (LACMHS) is a multidisciplinary child & adolescent mental health service managed by Sussex Partnership Foundation Trust (SPFT) and co-located with Children's Services. It provides a specialist service for children and young people who are in the care of East Sussex Local Authority and for whom the plan is permanence[2]. The LACMHS has the following remit - to contribute to placement stability by supporting the mental health, emotional and behavioural needs of the looked after child and promoting positive attachments with their new carers.

DATA SUMMARY – Year 2015-2016

The LAC Mental Health Service (LACMHS) received **62 NEW referrals** during the year 16/17, all of which were accepted and an initial consultation offered. A number of children were also seen urgently due to the severity of the symptoms they presented such as suicidal thoughts and/or serious self-harm, depression or psychotic symptoms.

IN ADDITION there was also a cohort of ESCS LAC in receipt of **on-going therapeutic support** e.g. individual therapy, dyadic therapy (child and carer together), systemic therapy and/or on-going consultation to the foster carer and network. Over the year 16/17 this **ranged between 69 (4th quarter) and 78 (2nd quarter) LAC.**

LACMHS also provided:

*Two Therapeutic Parenting Group (working with 21 carers of 15 young people, their Social Workers and Supervising Social Workers)
*Three Therapeutic Parenting Groups provided to the residential home staff of Homefield, Brodrick and Hazel
*Weekly consultation to Homefield, Brodrick and Hazel residential homes
*Weekly consultation to the Care Leavers service
*Monthly 'drop in' surgeries to the Fostering and each of the three LAC teams

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[1] LACMHS provision to Lansdowne Secure Residential Unit provision has been funded separately by NHS England since April 2014 when commissioning arrangements transferred.

[2] For children/young persons involved in court proceedings there has been a Final Hearing and a Full Care Order granted (with a Care Plan for Permanence either through Fostering or Adoption*).
For children/young persons NOT involved in court proceedings the LAC Review Decisions from the IRO (Independent Reviewing Officer) confirm that the child/young person will remain looked after and that there is no plan to rehabilitate the child/young person with their birth family.
This does NOT mean: The child/young person must be in their permanent placement.

QUANTATIVE DETAIL

Year	16/17
Number of new referrals accepted for initial extended consultation SEE NOTE [1]	57
Waiting time (weeks) referral to first available consultation (mean, min-max) SEE NOTE [2]	6 (2-16)
Waiting time (weeks) referral to actual consultation accepted by referrer (mean, min-max) SEE NOTE [3]	9 (4-22)
Percentage of referrals discharged after one extended consultation SEE NOTE [4]	49%
Average waiting time (weeks) for a therapeutic service after consultation (mean, min - max) NOTE excludes those seen for priority assessments e.g. suicidal ideation and/or serious self harm, depression, psychotic symptoms	40 (1-78)
Number of children/young persons receiving on-going therapy from LACMHS during year SEE NOTE [5]	78
Duration (WEEKS) of contact (mean, min-max) for children/young persons CLOSED during 15-16 after on-going therapy SEE NOTE [6]	91 (1-254)
Number of sessions (mean, min-max) for children/young persons CLOSED during 15-16 after on-going therapy SEE NOTE [7]	29 (1-330)

Notes to accompany Table 1

[1] All new referrals to LACMHS receive an extended network consultation of 2 hours duration with two members of LACMHS that is attended by the child's social worker, the foster carer's supervising social worker and the foster carer. Prior to the consultation the LACMHS clinicians read relevant documents such as the child's care plan, chronology etc. the aim of which is to ensure that the time is spent focused on the concerns presented. A written report is provided within 24 hours of the consultation outlining the concerns and recommendations made by LACMHS.

[2] All non-urgent new referrals receive within 1 week of receipt of referral a phone call from a LACMHS clinician to make an assessment of risk and to determine whether the young person needs to be assessed before the network consultation. Urgent referrals are responded to on the day.

[3] The maximum figure quoted (22) was due to a delay at the request of the referrer, which reflected a change in the young person's placement and new carer's becoming part of the network.

[4] This is a slight increase in the percentage of referrals being discharged after initial extended consultation which over a number of years has been stable at around a1/3. This may reflect less young people being placed on the waiting list for 'consultation to the network' and instead social workers and the wider network using the 'drop in' surgeries and follow up consultations to access LACMHS clinicians in a more timely and flexible way.

[5] The range of on-going therapeutic work includes a variety of therapeutic approaches to assessment (e.g. Narrative Story Stem assessments, state of mind assessments, sibling attachment assessments, psychometric tests and neuropsychological assessments) and treatment (e.g. trauma work using EMDR (Eye Movement Desensitization and Reprocessing), intensive psychotherapy, play therapy and CBT (Cognitive Behavioural Therapy) consultation and systemic therapy. All of the work is essentially multi-systemic, that is in collaboration with the wider network supporting the child/young person.

[6] The maximum figure quoted (254 weeks which is also the same case as the maximum 330 sessions quoted in the next box) was a particularly complex case that presented with significant trauma and complex mental health difficulties and could not be closed any earlier due to the level of trauma and risk the young person presented.

[7] Although provided for interest, this figure must be interpreted with CAUTION as it is by no means an accurate reflection of the hours attached to each case. For example a Narrative Story Stem assessment is typically recorded as 2 sessions but takes approximately 13 hours. Likewise a neuropsychological (cognitive) assessment is typically recorded as 2 or 3 direct contacts but takes approximately 10 hours. In addition most cases require additional support outside of the direct appointment with phone calls for some in-between sessions and liaison with the wider network supporting the child/young person ensuring that a joined up approach to the child/young person's needs is aimed for.

The case with 330 contacts (also mentioned above) does reflect a particularly complex case with a high level of face to face contacts that involved multiple clinicians over a period of almost 5 years. The young person received weekly psychotherapy from our team alongside consultation to the network and support from psychiatry and liaison with the EIS (Early Intervention Service).

QUALITATIVE DETAIL

Service user feedback (on both the quality of delivery and outcome on referred problems) received for LACMHS is consistently positive with the only criticism of the service being the delay for an on-going service. Examples of feedback received during the year 2016-2017 from young people, their carers and social workers:

“Many thanks for your insight and observations. Most useful and timely.”

“Thank you for getting the consultation summary out so quickly, I found it a very useful meeting and I know that I have already got some useful information to use to support staff.”

“You have always been there for her and me. I have had the privilege to be part of your sessions for the past 6 months. You are so skilled, I have learnt so much from you. It was tough work but very much needed work.”

“I met with the carers yesterday and it was a positive visit, we were able to identify lots of things that E can now do and be part of their family. The carer was amazing at reflecting back on some beautiful memories of them two, it was quite emotional and really reminded us of the remarkable journey they have been on – there was so much they have enjoyed. Thank you for pushing so much for this. I also think that now is a good time to tell you, you did provide the miracle that I requested of you in our first conversation regarding E. Thank you.”

‘All the professional help and support and input I was given was extremely helpful. I would highly recommend LACMHS. Very helpful. I have seen a huge change in my child’s behaviour.’

‘Sense of being listened to and a sense of someone taking the time and giving hope and help to try to improve things and understand, strategy to cope with difficult emotions.’

“Thank you for helping us reflect on anxieties and behaviours (and our own responses) in different ways yesterday. It was very helpful to have the opportunity to think about these in such a supportive and therapeutic space.”

“Thank you so much for the consultation, I think it was really positive and enabled us all to take a breath and really think about how A experiences the world.”

“The clinician is here every time and the service I received is consistent and reliable”.

“They were kind and treated me well.”

“Someone helping with friendships was good”.

“What was good about your care? – everything that I can think of”

“The therapist listened to me and she was really nice”.

“You understood how I felt and that I needed a lot of help”.

“We work together”.

“It is fun and I can do lots of cool things”.

“The people who saw me listened”.

“The care was good and helpful”.

“Thank you for helping me”.

“They listened and I wasn’t treated like a kid”.

“The therapist was able to give us homework which was very helpful. The role play helped me to express what is going on in my life”

Examples of feedback received from foster carers, social workers and residential workers who attended the Therapeutic Parenting Group during the year 2016-2017:

“Knowing some of the strategies and ways of working with young people that carers are adopting will really help me in my work with the young people. The self-belief and shame topics were excellent”

“It was useful and thought provoking”.

“The course has really helped”

“We have both become more relaxed with A and we now “get” why she behaves as she does.

“I have moved from black and white to grey”.

“A wonderful course”

“Enjoyed all”

“Great delivery and understanding”

“Supportive at all times”

In addition feedback from the Virtual School following their conference that LACMHS contributed to and attended.

> *"A huge thank you for attending the conference last week, it was great and feedback has been so positive, there was a real sense of partnership working. LACMHS input to network meetings came up as a real positive and hopefully if we can get EP's coming to monthly meetings we will be able to work more closely with ISend as well."*

CONCLUSION

LACMHS continues to work in close collaboration with its partner agencies to provide a respected service to ESCS LAC for whom the care plan is permanent accommodation out of their birth family. The response to new referrals continues to be prompt (e.g. a risk assessment being provided within one week) and initial advice in an extended consultation thorough and inclusive of multiple perspectives with excellent communication across multiple teams and agencies. On-going therapeutic work continues to be highly regarded.

However the prevailing issue for LACMHS continues to be the increased complexity of the LAC cohort and the demand for intensive on-going support to the child/young person and their networks. This is reflected in the number of contacts and duration of therapy of cases closed this year. The impact on service delivery has meant that the waiting time for on-going therapeutic interventions has continued to be long. In light of the Service Redesign proposal being put on hold, alternative ways of reducing the waiting time for ongoing therapeutic work are being discussed within the team and with wider management.

Claire Groark
Clinical Psychologist, Acting Clinical Lead
Looked After Children's Mental Health Service

September 2017

Report to: **Cabinet**

Date: **12 December 2017**

By: **Chief Operating Officer**

Title of report: **Treasury Management – Stewardship Report 2016/17**

Purpose of report: **To present a review of the Council's performance on treasury management for the year 2016/17 and Mid Year review for 2017/18, and no changes to the Treasury Management Policy and Strategy are recommended.**

RECOMMENDATION: The Cabinet is recommended to note the Treasury Management performance in 2016/17 incorporating the Mid Year review for the first half of 2017/18.

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1. Background

1.1 The annual stewardship report reviews the Council's treasury management performance and Mid Year report is required by the Code of Practice for Treasury Management.

2. Supporting Information

2.1 The Council's treasury management activities are regulated by a variety of professional codes and statutes and guidance. The Council has adopted the CIPFA Code of Practice for Treasury Management in the Public Sector and operates treasury management service in compliance with this Code. These require that the prime objective of the treasury management activity is the effective management of risk, and that its borrowing activities are undertaken in a prudent, affordable and sustainable basis and treasury management practices demonstrate a low risk approach. The Code requires the regular reporting of treasury management activities to:

- Forecast the likely activity for the forthcoming year (in the Annual Treasury Strategy Report); and
- Review actual activity for the preceding year (this Stewardship report).
- A mid year review.

2.2 This report sets out:

- A summary of the original strategy agreed for 2016/17 and the economic factors affecting this strategy (Appendix A).
- The treasury management activity during the year (Appendix B);
- The treasury management mid year activity for 2017/18 (Appendix C);
- The Prudential Indicators, which relate to the Treasury function, Minimum Revenue Policy (MRP) and compliance with limits (Appendix D).

3. The economic conditions compared to our Strategy for 2016/17

3.1 The strategy and the economic conditions prevailing in 2016/17 are set out in Appendix A which is attached to this report. 2016/17 continued the challenging environment of the previous years, with concerns over the states of the UK economy and of European countries. The main implications have been continuing counterparty risk and low investment returns.

4. The Treasury activity during the year on short term investments and borrowing

<u>The Treasury Management Strategy</u>

4.1 The strategy for 2016/17, agreed in January 2016, continued the prudent approach and ensured that all investments were only to the highest quality rated institutions. For banks the maximum investment period was one year and for other local authority lending two years.

<u>Short term lending</u>

4.2 At the Monetary Policy Committee (MPC) meeting 2 November 2017, the MPC by vote of 7-2 increased the Bank of England base rate from 0.25% to 0.50%.

4.3 The total amount received in short term interest for 2016/17 was £1.7m at an average rate of 0.62%. This was above the average base rates in the same period (0.34%) and against a backdrop of ensuring, so far as possible in the current financial climate, the security of principal and the minimisation of risk. This Council has continued to follow a prudent approach with security and liquidity as the main criteria before yield.

Long term borrowing

4.4 Details of long term borrowing are included in Appendix B of the report. The important points are:

- Total of £5m borrowed during 2016/17 from the Public Works Loan Board (PWLB) for a 20 year fixed maturity period at a rate of 2.71%.
- The average interest rate of all debt at 31 March 2017 (£275.4m) was 4.90%.
- Although a proactive approach has been taken to repayment and restructuring of debt, no cost effective opportunities arose during the year, because there has been a considerable widening of the difference between new borrowing and repayment rates, which has made PWLB debt restructuring now much less attractive.
- During 2016/17 Barclays exercised their right to withdrawal their option to change the rate of our LOBO product over the life of the loan. The loan became a fixed rate loan at the same rate of 4.25% and removes future interest rate uncertainty, the £6.45m loan matures in 2058/59.

Minimum Revenue Provision (MRP)

4.5 During 2016/17 a review was undertaken of the councils minimum revenue provision, full details are in appendix D.

5. Treasury Management Mid Year Review 2017/18

5.1 The Treasury Management and Annual Investment Strategy for 2017/18 were approved by the Cabinet on 25 January 2017, the average rate of return for investments to 30 September 2017 was 0.47%.

5.2 No further PWLB borrowing was undertaken and no cost effective opportunities to restructure or repay debt have arisen, although the situation in the markets is closely monitored. During 2017/18 debt to be repaid to the PWLB totals £4.6m, this historic debt is at an average rate of 8%.

5.3 The Minimum Revenue Provision (MRP) was reviewed during 2016/17 and has been adopted for 2017/18.

6. Prudential Indicators which relate to the Treasury function and compliance with limits

6.1 The Council is required by the CIPFA Prudential Code to report the actual prudential indicators after the end of each year. There are eight indicators which relate to treasury management and they are set out in Appendix D.

7. Conclusion and reason for recommendation

7.1 This report updates the Cabinet and fulfils the requirement to submit an annual/half yearly report in the form prescribed in the Treasury Management Code of Practice. Short term lending throughout the period covered achieved returns between 0.46% and 0.76%. The key principles of security, liquidity and yield are still relevant in the current financial climate, the authority will be looking at future options to improve return within an acceptable level of risk. Exposure to future risk continues to be minimised through proactive and constant review of the treasury management policy. The emphasis must continue to be able to pre-empt/react quickly if market conditions worsen.

KEVIN FOSTER
Chief Operating Officer

Contact Officer: Ola Owolabi Tel No. 01273 482017

BACKGROUND DOCUMENTS

Cabinet 26 January 2016 Treasury Management Strategy for 2016/17
24 January 2017 Treasury Management Strategy for 2017/18

CIPFA Prudential Code and Treasury Management in the Public Services- Code of practice
Local Government Act 2003 Local Government Investments guidance.

Appendix A

A summary of the strategy agreed for 2016/17 and the economic factors affecting this strategy

1. Background information

1.1 Cabinet receive an annual Treasury Management Strategy report in January 2016, which sets out the proposed strategy for the year ahead. This strategy includes the limits and criteria for organisations to be used for the investment of cash surpluses and has to be approved by the Council.

1.2 This Council has always adopted a prudent approach to its investment strategy and in the last few years, there have been regular changes to the list of the approved organisations used for investment of short term surpluses. This list is regularly reviewed to ensure that the Council is able to invest in the best available rates consistent with low risk; the organisations are regularly monitored to ensure that their financial strength and low risk has been maintained.

1.3 When the original strategy for 2016/17 was drawn up in January 2016, the money markets were still concerned about domestic and global credit events. In this climate ensuring the security of investments continues to be difficult and caution has to be taken on where surplus funds can be invested.

1.4 At the same time, the Treasury Management Policy Statement was agreed as unchanged for 2016/17.

East Sussex County Council defined its treasury management activities as:

"The management of the organisation's cash flows, its banking, money market and Capital market transactions (other than those of the Pension Fund) the effective management of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

The Council regards the successful identification, monitoring and management of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.

This authority acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

2. Investment

2.1 When the strategy was agreed in January 2016, it emphasised the continued importance of taking account of the current and predicted future state of the financial sector. The Treasury Management advisors (Link Asset Services) commented on short term interest rates, the UK economy, inflation, the outlook for long term interest rates and these factors were taken into account when setting the strategy.

2.2 Officers regularly review the investment portfolio, counterparty risk and construction, and use market data, information on government support for banks and the credit ratings of that government support. Latest market information is arrived at by reading the financial press and through city contacts as well as access to the key brokers involved in the London money markets.

2.3 This Council in addition to other tools uses the creditworthiness service provided by Link Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- credit default swap (CDS) spreads to give early warning of likely changes in credit ratings; and

- sovereign ratings to select counterparties from only the most creditworthy countries.

2.4 The strategy going forward was to continue with the policy of ensuring minimum risk but was also intended to deliver secure investment income of at least bank rate on the Councils cash balances.

2.5 As was clear from the events globally and nationally since 2008, it is impossible in practical terms to eliminate all credit risk.

2.6 The strategy aimed to ensure that in the economic climate it was essential that a prudent approach was maintained. This would be achieved through investing with selected banks and funds which met the Council's rating criteria. The emphasis would continue on security (protection of the Capital sum invested) and liquidity (keeping money readily available for expenditure when needed) rather than yield.

2.7 The Council's investment policy has regard to the DCLG's Guidance on Local Government Investments ("the Guidance") and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Link Asset Services al Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second, and then return.

2.8 Investment instruments identified for use in the financial year are listed in section 3.2 and 3.4 under the 'Specified and Non-Specified' Investments categories. Counterparty limits will be as set through the Council's Treasury Management Practices – Schedules.

2.9 The weighted scoring system produces an end product of a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments, i.e., using counterparties within the following durational bands provided they have a minimum AA+ sovereign rating from three rating agencies:

- Yellow 2 years
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 3 months
- No Colour, not to be used

Y	*P*	*B*	*O*	*R*	*G*	*N/C*
Up to 2yrs	*Up to 2yrs*	*Up to 1yr*	*Up to 1yrs*	*Up to 6 mths*	*Up to 100days*	*No Colour*

The Link Asset Services credit worthiness service uses a wider array of information than just primary ratings and by using a risk weighted scoring system, does not give undue influence to just one agency's ratings.

Typically the minimum credit ratings criteria the Authority use, will be a short term rating (Fitch or equivalents) of short term rating F1, long term rating A-, viability rating of A-, and a support rating of 1. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.
All credit ratings will be monitored daily. The Authority is alerted to changes to ratings of all three agencies through its use of the Link Asset Services credit worthiness service.

- if a downgrade results in the counterparty or investment scheme no longer meeting the Authority's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Authority will be advised of information in movements in Credit Default Swap against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Authority's lending list.

The Link Asset Services methodology was revised in October 2015 and determines the maximum investment duration under the credit rating criteria. Key features of Link Asset Services credit rating policy are:

- a mathematical based scoring system is used taking ratings from all three credit rating agencies;
- negative and positive watches and outlooks used by the credit rating agencies form part of the input to determine a counterparty's time band (i.e. 3, 6, 9, 12 months etc.).
- CDS spreads are used in Link Asset Services creditworthiness service as it is accepted that credit rating agencies lag market events and thus do not provide investors with the most instantaneous and "up to date" picture of the credit quality of a particular institution. CDS spreads provide perceived market sentiment regarding the credit quality of an institution.
- After a score is generated from the inputs a maximum time limit (duration) is assigned and this is known as the Link Asset Services colour which is associated with a maximum suggested time boundary.

2.10 All of the investments were classified as Specified (i.e., investment is sterling denominated and has a maximum maturity of 1 year) and non-Specified Investments (i.e., any other type of investment not defined as Specified). These investments were sterling investments for up to two years maturity with institutions deemed to be high credit quality or with the UK Government (Debt Management Account Deposit Facility). These were considered low risk assets where the possibility of loss of principal or investment income was small.

2.11 Investment instruments identified for use in the financial year under the 'Non-Specified and Specified' Investments categories. The Council funds would be invested as follows:-

3. Specified Investments

3.1 An investment is a specified investment if all of the following apply:

- the investment is denominated in sterling and any payments or repayments in respect of the investment are payable only in sterling;
- the investment is not a long term investment (i.e. up to 1 year);
- the making of the investment is not defined as Capital expenditure by virtue of regulation 25(1)(d) of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 [SI 3146 as amended];
- the investment is made with a body or in an investment scheme of high credit quality (see below) or with one of the following public-sector bodies:
    - The United Kingdom Government;
    - A local authority in England or Wales (as defined under section 23 of the 2003 Act) or a similar body in Scotland or Northern Ireland; and
    - High credit quality is defined as a minimum credit rating as outlined in section 4.2 of this strategy.

3.2 The use of Specified Investments

Investment instruments identified for use in the financial year are as follows:

- The Table below set out the types of investments that fall into each category, counterparties available to the Council, and the limits placed on each of these. A detailed list of each investment type is available in the Treasury Management Practices guidance notes;
- all investments will be within the UK or AAA sovereign rated countries.
- The Council's investment in Lloyds Banking Group were based on the fact that this group is part-nationalised by UK Government, and any changes to their credit ratings will impact on the duration of the Council investment with the Group.

Criteria for specified Investments:

Counterparty	Country/ Domicile	Instrument	Maximum investments	Max. maturity period
Debt Management and Depost Facilities (DMADF)	UK	Term Deposits (TD)	unlimited	1 yr
Government Treasury bills	UK	TD	unlimited	1 yr
Local Authorities	UK	TD	unlimited	1 yr
Lloyds Banking Group • *Lloyds Bank* • *Bank of Scotland*	UK	TD (including callable deposits), Certificate of Deposits (CD's)	£60m	1 yr
RBS/NatWest Group • *Royal Bank of Scotland* • *NatWest*	UK		£60m	1 yr
HSBC	UK		£60m	1 yr
Barclays	UK		£60m	1 yr
Santander	UK		£60m	1 yr
Goldman Sachs Investment Bank	UK		£60m	1 yr
Standard Chartered Bank	UK		£60m	1 yr
Individual Money Market Funds (MMF)	UK/Ireland/ domiciled	AAA rated Money Market Funds	£60m	Liquidity/instant access
Counterparties in select countries (non-UK) with a Sovereign Rating of at least AA+				
Australia & New Zealand Banking Group	Australia	TD / CD's	£60m	1 yr
Commonwealth Bank of Australia	Australia	TD / CD's	£60m	1 yr
National Australia Bank	Australia	TD / CD's	£60m	1 yr
Westpac Banking Corporation	Australia	TD / CD's	£60m	1 yr
Royal Bank of Canada	Canada	TD / CD's	£60m	1 yr
Toronto Dominion	Canada	TD / CD's	£60m	1 yr
Development Bank of Singapore	Singapore	TD / CD's	£60m	1 yr
Overseas Chinese Banking Corp	Singapore	TD / CD's	£60m	1 yr

Counterparty	Country/ Domicile	Instrument	Maximum investments	Max. maturity period
United Overseas Bank	Singapore	TD / CD's	£60m	1 yr
Svenska Handelsbanken	Sweden	TD / CD's	£60m	1 yr
Nordea Bank AB	Sweden	TD / CD's	£60m	1 yr
ABN Amro Bank	Netherlands	TD / CD's	£60m	1 yr
Rabobank	Netherlands	TD / CD's	£60m	1 yr
ING Bank NV	Netherlands	TD / CD's	£60m	1 yr
Deutsche Bank	Germany	TD / CD's	£60m	1 yr
DZ Bank	Germany	TD / CD's	£60m	1 yr
UBS	Switzerland	TD / CD's	£60m	1 yr
Credit Suisse	Switzerland	TD / CD's	£60m	1 yr
Danske Bank	Denmark	TD / CD's	£60m	1 yr
* Nordea Bank	Finland	TD / CD's	£60m	1 yr
* Pohjola Bank	Finland	TD / CD's	£60m	1 yr
* JP Morgan Chase	U.S.A	TD / CD's	£60m	1 yr

* Note – a change per the 2016/17 strategy.

3.3 All Money Market Funds used are monitored and chosen by the size of fund, rating agency recommendation, exposure to other Countries (Sovereign debt), weighted average maturity and weighted average life of fund investment and counterparty quality.

Non Specified Investments

3.4 Non-Specified investments are any other type of investment (i.e. not defined as specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out in the table below. Non specified investments would include any sterling investments.

Non-Specified Investment	Minimum credit criteria	Maximum investments	Max. maturity period
UK Local Authorities	Government Backed	£60m	2 years

3.5 The council had no exposure in Non-Specified investments during the 2015/16.

4. The economy in 2016/17 – Commentary from Link Asset Services (Treasury Management Advisors) in April 2017.

4.1 The two major landmark events that had a significant influence on financial markets in the 2016-17 financial year were the UK EU referendum on 23 June and the election of President Trump in the USA on 9 November. The first event had an immediate impact in terms of market expectations of when the first increase in Bank Rate would happen, pushing it back from quarter 3 2018 to quarter 4 2019. At its 4 August meeting, the Monetary Policy Committee (MPC) cut Bank Rate from 0.5% to 0.25% and the Bank of England's Inflation Report produced forecasts warning of a major shock to economic activity in the UK, which would cause economic growth to fall almost to zero in the second half of 2016. The MPC also warned that it would be considering cutting Bank Rate again towards the end of 2016 in order to support growth. In addition, it restarted quantitative easing with purchases of £60bn of gilts and £10bn of corporate bonds, and also introduced the Term Funding Scheme whereby potentially £100bn of cheap financing was made available to banks.

4.2 In the second half of 2016, the UK economy confounded the Bank's pessimistic forecasts of August. After a disappointing quarter 1 of only +0.2% GDP growth, the three subsequent quarters of 2016 came in at +0.6%, +0.5% and +0.7% to produce an annual growth for 2016 overall, compared to 2015, of no less than 1.8%, which was very nearly the fastest rate of growth of any of the G7 countries. Needless to say, this meant that the MPC did not cut Bank Rate again after August but, since then, inflation has risen rapidly due to the effects of the sharp devaluation of sterling after the referendum. By the end of March 2017, sterling was 17% down against the dollar but had not fallen as far against the euro. In February 2017, the latest CPI inflation figure had risen to 2.3%, above the MPC's inflation target of 2%.

4.3 However, the MPC's view was that it would look through near term supply side driven inflation, (i.e. not raise Bank Rate), caused by sterling's devaluation, despite forecasting that inflation would reach nearly 3% during 2017 and 2018. This outlook, however, is dependent on domestically generated inflation, (i.e. wage inflation), continuing to remain subdued despite the fact that unemployment is at historically very low levels and is on a downward trend. Market expectations for the first increase in Bank Rate moved forward to quarter 3 2018 by the end of March 2017 in response to increasing concerns around inflation.

The Treasury Management activity during the year 2016/17

1. Short term lending interest rates

1.1 Base interest rate was lowered in August 2016 to 0.25%. The average rate for the year was 0.34%.

1.2 There have been continued uncertainties in the markets during the year to date as set out in Section 4 of Appendix A.

1.3 The strategy for 2016/17, agreed in January 2016, continued the prudent approach and ensured that all investments were only to the highest quality rated banks using Link's colour coded credit methodology.

1.4 The total amount received in short term interest for 2016/17 was £1.7m at an average rate of 0.62%. This was above the average of base rates in the same period (0.34%) and against a backdrop of ensuring, so far as possible in the financial climate, the security of principal and the minimisation of risk.

2. Long term borrowing

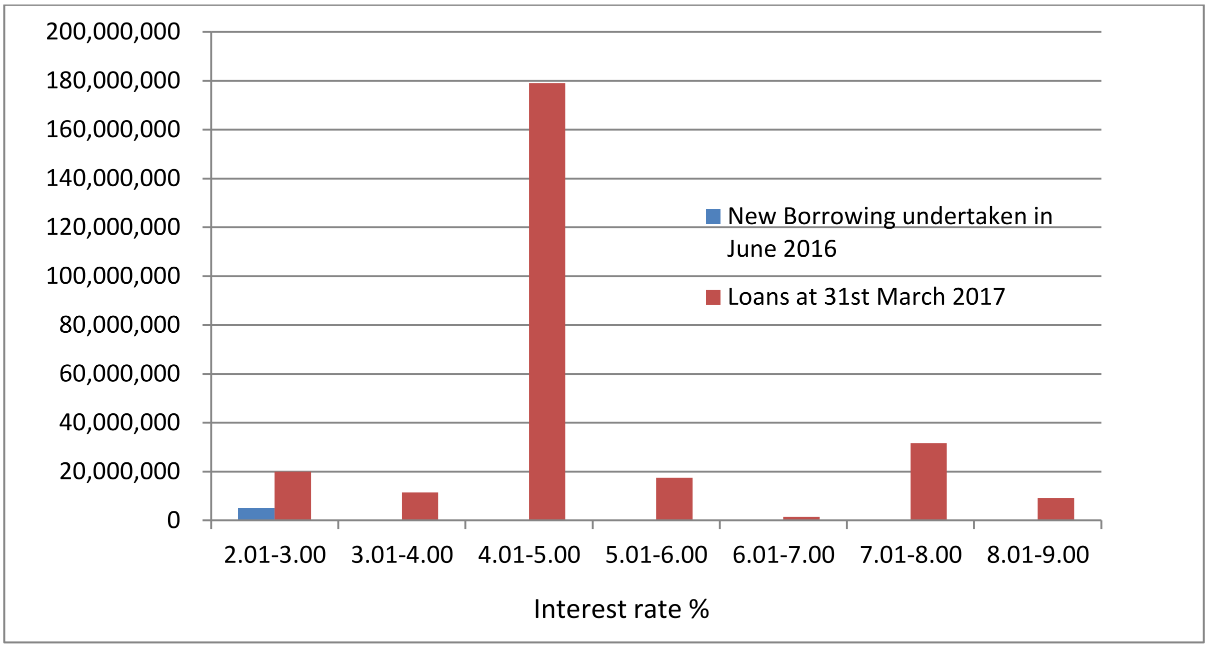
2.1 The Council's strategy was to maintain external borrowing below the level of the CFR – known as internal borrowing. However in the financial climate of low interest rates Officers constantly reviewed the need to borrow taking into consideration the potential increases in borrrowing costs, the need to finance new Capital expenditure, refinancing maturing debt, and the cost of carry that might incur a revenue loss between borrowing costs and investment returns.

2.2 In June 2016 the Council took advantage of attractive PWLB rates and borrowed £5m in order to generate cash for the future Capital programme. This fixed term borrowing was in the 20 year maturity period the rate taken was 2.71%.

2.3 The average interest rate of all debt at 31 March 2017 of £275.4m was 4.90%. No beneficial rescheduling of debt has been available, due to a considerable widening of the difference between new borrowing and repayment rates, which has made PWLB debt restructuring now much less attractive. Consideration would have to be given to the large premiums (cash payments) which would be incurred by prematurely repaying existing PWLB loans. It is very unlikely that these could be justified on value for money grounds if using replacement PWLB refinancing.

2.4 Our opportunity to restructure our debt has been significantly reduced since October 2010 as a result of the PWLB increasing all of its lending rates by 1% as part of the Government's Comprehensive Spending Review. However, it did not increase the rate of interest used for repaying debt so that not only the cost of our future borrowing has increased but our opportunity to restructure our debt when market conditions allow has been significantly reduced.

2.5 The range of interest rates payable in all of the loans is illustrated in the graph below:



3. Short term borrowing

3.1 No borrowing was undertaken on a short-term basis during 2016/17 to date to cover temporary overdraft situations.

4 Treasury Management Advisers

4.1 The Strategy for 2016/17 explained that the Council uses Link as its treasury management consultant on a range of services which include:

- Technical support on treasury matters, Capital finance issues and advice on reporting;
- Economic and interest rate analysis;
- Debt services which includes advice on the timing of borrowing;
- Debt rescheduling advice surrounding the existing portfolio;
- Generic investment advice on interest rates, timing and investment instruments;
- Credit ratings from the three main credit rating agencies and other market information;
- Assistance with training on treasury matters

Whilst the advisers provide support to the internal treasury function, under current market rules and the CIPFA Code of Practice the final decision on treasury matters remained with the Council. This service remains subject to regular review.

4.2 Link is the largest provider of Treasury Management advice services to local authorities in the UK and they claim to be the market leading treasury management service provider to their clients. The advice has been and will continue to be monitored regularly to ensure a continued excellent advisory service.

Appendix C

The Treasury Management Activity Mid-Year Report - 2017/18

1. Background

1.1 As part of the Council's governance arrangements for its treasury management activities, the Audit, Best Value and Community Services Scrutiny Committee is charged with oversight of the Council's treasury management activities. To enable the Committee to fulfil this role, the Committee receives regular reports on treasury management issues and activities. Reports on treasury activity are discussed on a monthly basis with the Chief Finance Officer and the content of these reports is used as a basis for this report to the Committee.

1.2 The Treasury Management and Annual Investment Strategy for 2017/18 were approved by the Cabinet 24 January 2017 and there have been no policy changes to date. This report considers treasury management activity over six months of the financial year.

Summary of financial implications

1.3 During the first half year investments have been held in bank notice accounts, cash money market funds and other local authorities. Counterparty credit quality remains a primary concern for the treasury team, with security, liquidity and yield in that order a priority. Measures have been taken to reduce the level of liquidity (prudently) to improve returns, the impact of this will take effect in the next 6 months. The average investment balance to September 2017 was £262m generated investments income of £622k. The forecast for 2016/17 is £1.4m, dependant on potential bank rate increases.

1.4 The level of Council debt at 30 September 2017 was £274.1m with two loans totalling £3.3m maturing with the PWLB on 31 December 2017. The forecast for interest paid on long-term debt in 2017/18 is approximately £13.15m and is within the budgeted provision.

2. Treasury Management Strategy

2.1 The Council approved the 2017/18 treasury management strategy at its meeting on 24 January 2017. The Council's stated investment strategy is to prudently manage an investment policy achieving first of all, security (protecting the Capital sum from loss), liquidity (keeping money readily available for expenditure when needed), and to consider what yield can be obtained consistent with those priorities.

2.2 The Council's exposure to security and interest rate risk have been monitored closely. No further external borrowing has been undertaken in the period. Rescheduling any existing loans under the current economic conditions the costs of doing so in terms of interest and premium payable would be prohibitive.

2.3 The Chief Finance Officer is pleased to report that all treasury management activity undertaken from April 2017 to September 2017 period broadly complied with the approved strategy, the CIPFA Code of Practice, and the relevant legislative provisions.

3. Economic Review

3.1 The Monetary Policy Committee (MPC) meeting of 2 November 2017 came up with two major developments: -

- After the MPC painted themselves into a corner with their words following their previous meeting on 14 September, it was a virtual certainty that Bank Rate would go up by 0.25% this time around. The MPC duly delivered on those words by a vote of 7-2 to remove the post EU referendum emergency monetary stimulus implemented in August 2016 by reversing the cut in Bank Rate at that time from 0.5% to 0.25%.

- The MPC also gave forward guidance that they expected to increase Bank Rate only twice more in the next three years to reach 1.0% by 2020. This is, therefore, not quite the 'one and done' scenario but is, nevertheless, a very relaxed rate of increase prediction in Bank Rate in line with previous statements that Bank Rate would only go up very gradually and to a limited extent.

3.2 The markets viewed this result as being more dovish than they had expected and sterling duly responded by falling 0.8% against the dollar and euro on the day. As this was the first increase in Bank Rate for a decade, the MPC was right to avoid alarming consumers and financial markets, and to be very reassuring about the pace of future increases. The quarterly Inflation Report itself, was notably downbeat about economic growth based on a view that the trend rate of growth for the economy has now fallen from 2.2% to only 1.5%, (whereas in the decade before the financial crash it grew at 2.9% p.a.).

3.3 It has to be said that overall, this is really a quite pessimistic outlook for the UK economy. For some commentators, raising Bank Rate with such a weak outlook, did not sit easily together. However, the MPC's main justification for taking action now to raise Bank Rate was that because unemployment was at the lowest rate for 42 years at only 4.3%, there was little spare capacity left in the economy, especially when increases in productivity were expected to be so weak and taking account of Brexit caused expected falls in net immigration.

3.4 They also noted that consumer confidence has remained resilient and the global economy was growing strongly which would help UK exports. In addition, financial conditions were highly accommodative through the current level of monetary policy.

Link Asset Services (LAS) forecasts

3.5 The MPC made some obvious comments around the fact that the UK is going through a period of heightened uncertainty due, particularly, to the unknowns around how the Brexit negotiations will proceed and the likely effect on households and companies. They will adjust their responses according to how these turn out and in the light of how the economy progresses over the next two to three years.

3.6 LAS own forecasts are cautious and in line with this subdued path for increases in Bank Rate; and do not currently see inflation posing a significant threat over the next three years. LAS have 0.25% increases in November 2018 to 0.75%, 1.0% in November 2019 and 1.25% in August 2020. This is much in line with market expectations. LAS central assumption is that the UK will make progress with concluding a satisfactory outcome over the Brexit negotiations with the EU by March 2019, although the UK finance sector is likely to be an area of particular concern and difficulty.

Interest Rate Forecast

3.7 Economic forecasting remains difficult with so many external influences weighing on the UK. LAS Bank Rate forecasts, (and also MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Forecasts for average earnings beyond the three year time horizon will be heavily dependent on economic and political developments. Volatility in bond yields is likely to endure as investor fears and confidence ebb and flow between favouring relatively more "risky" assets i.e. equities, or the "safe haven" of government bonds. LAS is of the view that previous interest rate revision newsflashes of just how unpredictable PWLB rates and bond yields are at present, and the revised forecasts are based on the Certainty Rate (minus 20 bps) which has been accessible to most authorities since 1st November 2012.

3.8 As there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts. The general expectation for an eventual trend of gently rising gilt yields and PWLB rates is expected to remain unchanged. Negative, (or positive), developments could significantly impact safe-haven flows of investor money into UK, US and German bonds and produce shorter term movements away from central forecasts. Naturally, we will continue to monitor events and will update our forecasts as and when appropriate.

3.9 The Council's treasury advisor, Link Asset Services (LAS), has provided the following forecast:

	NOW	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
BANK RATE	0.50	0.50	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.25	1.25	1.25
3 month LIBID	0.40	0.40	0.40	0.40	0.40	0.60	0.60	0.60	0.70	0.90	0.90	1.00	1.20	1.20	1.20
6 month LIBID	0.45	0.50	0.50	0.50	0.60	0.80	0.80	0.80	0.90	1.00	1.00	1.10	1.30	1.30	1.40
12 month LIBID	0.65	0.70	0.80	0.80	0.90	1.00	1.00	1.10	1.10	1.30	1.30	1.40	1.50	1.50	1.60
5 yr PWLB	1.50	1.50	1.60	1.60	1.70	1.80	1.80	1.90	1.90	2.00	2.10	2.10	2.20	2.30	2.30
10 yr PWLB	2.10	2.10	2.20	2.30	2.40	2.40	2.50	2.60	2.60	2.70	2.70	2.80	2.90	2.90	3.00
25 yr PWLB	2.70	2.80	2.90	3.00	3.00	3.10	3.10	3.20	3.20	3.30	3.40	3.50	3.50	3.60	3.60
50 yr PWLB	2.40	2.50	2.60	2.70	2.80	2.90	2.90	3.00	3.00	3.10	3.20	3.30	3.30	3.40	3.40

Borrowing advice:

3.10 Although yields have risen from their low points, yields are still around historic lows and borrowing should be considered if appropriate to Council's strategy. LAS still see value in the 40yr to 50yr range at present but that view would be negated if Bank Rate does not climb to at least 2.5% over the coming years. Accordingly, Council's will need to review and assess their risk appetite in terms of any underlying borrowing requirement they may have, and also project forward their position in respect of cash backed resources. Any new borrowing should also take into account the continuing cost of carry, the difference between investment earnings and borrowing rates, especially as LAS forecasts indicate that Bank Rate may rise to only 1.25% by March 2021.

Appendix D

Prudential Indicators which relate to the Treasury function and compliance with limits

1.1 The Council is required by the Prudential Code to report the actual prudential indicators after the end of each year. There are eight indicators which relate to treasury management and they are set on an annual basis and monitored, they comprise:-:

- Operational and authorised borrowing limits which includes short term borrowing (paragraph 1.2 below)
- Interest rate exposure (paragraph 1.3 below)
- Interest rate on long term borrowing (paragraph 1.4 below)
- Maturity structure of investments (paragraph 1.5 below)
- Compliance with the Treasury Management Code of Practice (paragraph 1.6 below)
- Interest on investments (paragraph 1.7 below)
- Capital Financing Requirement and Minimum Revenue Provision (paragraph 1.8 below)

1.2 **Operational and authorised borrowing limits.**

The tables below sets out the estimate and projected Capital financing requirement and long-term borrowing in 2016/17

	Capital Financing Requirement	**2016/17 Estimate**	**2016/17 Actual**
		£m	**£m**
	Capital Financing Requirement at 1 April 2016	**352**	**344**
add	Financing of new assets	55	2
less	Provision for repayment of debt	(15)	(11)
less	Long term Capital loan*	-	-
	Capital Financing Requirement at 31 March 2017	**392**	**335**
add	Short Term Borrowing Provision	10	
	Operational Boundary	**402**	
add	Short Term Borrowing Provision	20	
	Authorised Limit	**422**	

	Actual Borrowing	**2016/17 Actual**
		£m
	Long Term Borrowing at 1 April 2016	**275**
less	Loan redemptions	(4)
add	New Borrowing	5
	Long Term Borrowing at 31 March 2017	**276**

*The Capital loan relates to an outstanding loan with other local authority.

The Capital Financing Requirement includes PFI Schemes and Finance Leases.

The actual Authorised Limit for 2016/17 of £422m reflected the move to International Financial Reporting Standards (IFRS) and previously agreed Private Finance Initiative (PFI) contracts and some leases (being reclassified as finance leases instead of operating leases) coming onto the Council's Balance Sheets as long term liabilities. This new accounting treatment impacted on the Authorised Limit.

The Operational boundary for borrowing was based on the same estimates as the authorised limit. It reflected directly the authorised borrowing limit estimate with additional amount for a short term borrowing to allow, for example, for unusual cash movements. The Operational boundary represents a key management tool for in year monitoring and long term borrowing control.

The Authorised limit was consistent with the Council's current commitments, existing plans and the proposals for Capital expenditure and financing, and with its approved treasury management policy statement and practices. It was based on the estimate of most likely, prudent but not worst case scenario, with in addition sufficient headroom (short term borrowing) over and above this to allow for day to day operational management, for example unusual cash movements or late receipt of income. Risk analysis and risk management strategies were taken into account as were plans for Capital expenditure, estimates of the Capital financing requirement and estimates of cash flow requirements for all purposes.

The Authorised limit is the "Affordable Borrowing Limit" required by S3 of the Local Government Act 2003 and must not be breached. The Long Term borrowing at 31st March 2017 of £275.4m is under the Operational boundary and Authorised limit set for 2016/17. The Operational boundary and Authorised limit have not been exceeded during the year.

1.3 Interest rate exposure

The Council continued the practice of seeking to secure competitive fixed interest rate exposure for 2015/16. There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs or improve performance. The indicators are:

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments;
- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;
- Maturity structure of borrowing. These gross limits are set to reduce the council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

	2016/17	**2017/18**	**2018/19**
Interest rate exposure	**Upper**	**Upper**	**Upper**
Limits on fixed interest rates based on net debt	100%	100%	100%
Limits on variable interest rates based on net debt	15%	15%	15%
Maturity structure of fixed interest rate borrowing 2016/17			
	Lower	**Upper**	**Actual 2016/17**
Under 12 months	0%	25%	1%
12 months and within 24 months	0%	40%	2%
24 months and within 5 years	0%	60%	4%
5 years and within 10 years	0%	80%	9%
10 years and within 20 years	0%	80%	24%
20 years and within 30 years	0%	80%	16%
30 years and within 40 years	0%	80%	33%
40 years and above	0%	80%	11%

The Council has not exceeded the limits set in 2016/17. Not more than £20m of debt should mature in any financial year and not more than 15% to mature in any two consecutive financial years. New borrowing has been undertaken giving due consideration to the debt maturity profile, ensuring that an acceptable amount of debt is due to mature in any one financial year. This helps to minimise the authority's exposure to the risk of having to replace a large amount of debt in any one year or period when interest rates may be unfavourable. The bar chart in the attached Annex 1 shows the maturity profile.

1.4 **Interest rate on long term borrowing**

The rate of interest taken on any new long term borrowing has been defined with the assistance of Link Asset Services (LAS). The Accounts and Pensions Team have set up a recording process to monitor set trigger rates and work to an agreed protocol for potential future borrowing activity to fund the Capital programme.

1.5 **Maturity structure of investments**

The Investment Guidance issued by the government, allowed local authorities the freedom to invest for more than for one year. All investments over one year were to be classified as Non-Specified Investments. The Council had taken advantage of this freedom and non-Specified Investments are allowed to be held within our overall portfolio of investments and in line with our prudent approach in our strategy, no new long term investments (over 364 days) have been taken since 2014/15.

1.6 **Compliance with the Treasury Management Code of Practice**

East Sussex County Council has adopted the CIPFA *Code of Practice for Treasury Management in the Public Services.*

1.7 **Interest on investments**

1.7.1. The table below sets out the average monthly rate received on our investments and compares it to the Bank of England Base rate to reflect both the interest rates available in the market and limitation in the use of counterparties.

Month	Amount £'000	Monthly rate	Margin against Base Rate
April	174	0.77%	0.27%
May	181	0.75%	0.25%
June	176	0.74%	0.24%
July	185	0.74%	0.24%
August	160	0.64%	0.39%
September	133	0.56%	0.31%
October	130	0.55%	0.30%
November	123	0.55%	0.30%
December	121	0.55%	0.30%
January	120	0.54%	0.29%
February	104	0.47%	0.22%
March	108	0.50%	0.25%
Total for 2016/17	**1,715**	**0.62%**	**0.28%**

1.7.2. The total amount received in short term interest for the year was £1.7m at an average rate of 0.62%. This was above the average of base rates in the same period (0.34%) but ensuring, so far as possible in the financial climate, the security of principal and the minimisation of risk. This Council has continued to follow a prudent approach with security and liquidity as the main criteria before yield.

1.8 **Capital Financing Requirement and Minimum Revenue Provision (MRP)**

1.8.1. The Council's underlying need to borrow for Capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's indebtedness. The CFR results from the Capital activity of the Council and resources used to pay for the Capital spend. It represents the 2016/17 unfinanced Capital expenditure (see below table), and prior years' net or unfinanced Capital expenditure which has not yet been paid for by revenue or other resources.

1.8.2. Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the Capital expenditure programme, the treasury service organises the Council's cash position to ensure that sufficient cash is available to meet the Capital plans and cash flow requirements. This may be sourced through borrowing from external bodies (such as the Government, through the Public Works Loan Board [PWLB] or the money markets), or utilising temporary cash resources within the Council.

1.8.3. Reducing the CFR – the Council's underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that Capital assets are broadly charged to revenue over the life of the asset. The Council is required to make an annual revenue charge, called the Minimum Revenue Provision – MRP, to reduce the CFR. This is effectively a repayment of the borrowing need. This differs from the treasury management arrangements which ensure that cash is available to meet Capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.

1.8.4 The total CFR can also be reduced by:

- the application of additional Capital financing resources (such as unapplied Capital receipts); or
- charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).

1.8.5. The Council's 2016/17 MRP Policy (as required by CLG Guidance) was approved as part of the Treasury Management Strategy Report for 2016/17 on 26 January 2016.

1.8.6. The Council's CFR for the year is shown below, and represents a key prudential indicator. It includes PFI and leasing schemes on the balance sheet, which increase the Council's borrowing need. No borrowing is actually required against these schemes as a borrowing facility is included in the contract.

CFR including appropriate balances and MRP charges for PFI Schemes and Finance Leases.

	2016/17 Actual	**2017/18 Estimate**	**2018/19 Estimate**	**2018/19 Estimate**
	£m	**£m**	**£m**	**£m**
Total CFR	**335**	**366**	**369**	**369**
Movement in CFR	(9)	31	3	-

MINIMUM REVENUE PROVISION (MRP) POLICY STATEMENT 2016/17 ONWARDS

The statutory requirement for local authorities to charge the Revenue Account each year with a specific sum for debt repayment. A variety of options is provided to councils to determine for the financial year an amount of minimum revenue provision (MRP) that it considers to be prudent. This replaces the previous requirement that the minimum sum should be 4% of the Council's Capital Financing Requirement (CFR).

A Statement on the Council's policy for its annual MRP should be submitted to the Full Council for approval before the start the financial year to which the provision relate. The Council is therefore legally obliged to have regard to CLG MRP guidance in the same way as applies to other statutory guidance such as the CIPFA Prudential Code, the CIPFA Treasury Management Code and the CLG guidance on Investments.

The MRP guidance offers four options under which MRP might be made, with an overriding recommendation that the Council should make prudent provision to redeem its debt liability over a period which is commensurate with that over which the Capital expenditure is estimated to provide benefits (i.e. estimated useful life of the asset being financed).

The guidance also requires an annual review of MRP policy being undertaken and it is appropriate that this is done as part of this annual Treasury Management Policy and Strategy.

The International Financial Reporting Standards (IFRS) involves Private Finance Initiative (PFI) contracts and some leases (being reclassified as finance leases instead of operating leases) coming onto the Council's Balance Sheet as long term liabilities. This accounting treatment impacts on the Capital Financing Requirement with an annual MRP provision being required.
To ensure that this change has no overall financial impact on Local Authorities, the Government has updated their "Statutory MRP Guidance" which allows MRP to be equivalent to the existing lease rental payments and "Capital repayment element" of annual payments. The implications of these changes are reflected in the Council's MRP policy from 2016/17.

The *revised* policy recommended for adoption from 1 April 2016 and 1 April 2017 retains the key elements of the policy previously approved including provisions regarding PFI, closed landfill, and finance leases. The ongoing policy from 2016/17 and future years is therefore as follows:-

For borrowing incurred before 1 April 2008, the MRP policy will be:

- Straight line basis over the next 45 years to coincide with the repayment of external debt.

From borrowing incurred after 1 April 2008, the MRP policy will be:

- Asset Life Method (equal instalment method) – MRP will be based on the estimated life of the assets, in accordance with the proposed regulations. This option will also be applied for any expenditure Capitalised under a Capitalisation directive.

For PFI schemes, finance leases and closed landfill sites that come onto the Balance Sheet, the MRP policy will be:

- Asset Life Method (annuity method) - The MRP will be calculated according to the flow of benefits from the asset, and where the principal repayments increase over the life of the asset. Any related MRP will be equivalent to the "Capital repayment element" of the annual charge payable.

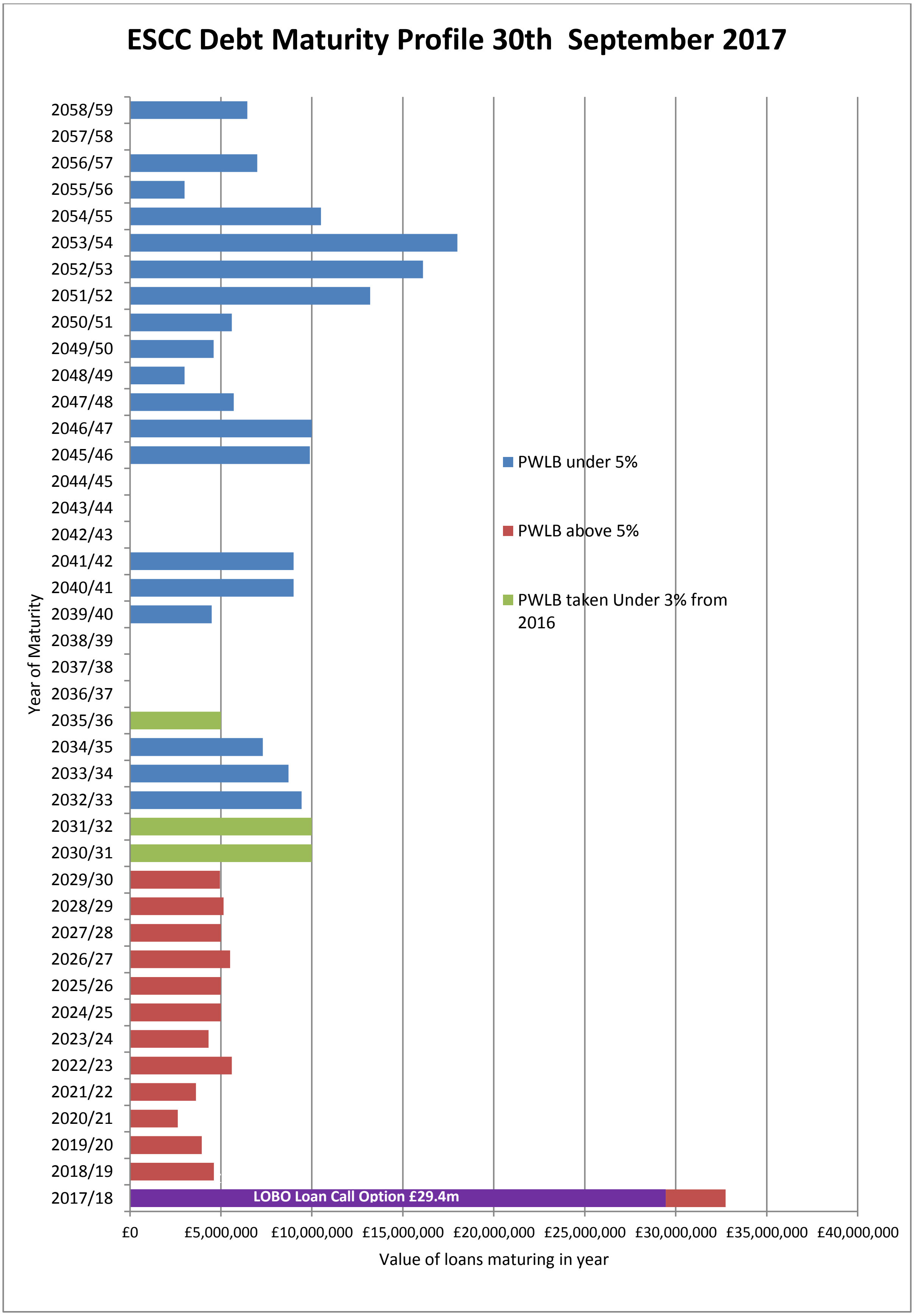
There is the option to charge more than the prudent provision of MRP each year through a Voluntary Revenue Provision (VRP).

For loans to third parties that are being used to fund expenditure that is classed as Capital in nature, the policy will be to set aside the repayments of principal as Capital receipts to finance the initial Capital advance in lieu of making an MRP.

In view of the variety of different types of Capital expenditure incurred by the Council, which is not in all cases capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure.

This approach also allows the Council to defer the introduction of an MRP charge for new Capital projects/land purchases until the year after the new asset becomes operational rather than in the year borrowing is required to finance the Capital spending. This approach is beneficial for projects that take more than one year to complete and is therefore included as part of the MRP policy.

Annex 1


ESCC Debt Maturity Profile 30th September 2017
2058/59
2057/58
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2023/24
2022/23
2021/22
2020/21
2019/20
2018/19
2017/18
Year of Maturity
LOBO Loan Call Option £29.4m
PWLB under 5%
PWLB above 5%
PWLB taken Under 3% from 2016
£0
£5,000,000
£10,000,000
£15,000,000
£20,000,000
£25,000,000
£30,000,000
£35,000,000
£40,000,000
Value of loans maturing in year

Report to: **Cabinet**

Date: **12 December 2017**

By: **Chief Operating Officer**

Title of report: **Annual Audit Letter and fee update 2016/17**

Purpose of report: **To seek Cabinet's approval of the Annual Audit Letter and fee update for 2016/17.**

RECOMMENDATION – The Cabinet is recommended to approve the Annual Audit Letter and the fee update for 2016/17.

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1. Background

1.1 The external audit fees for 2016/17 was £110,179 (County Council of £83,572 and the Pension Fund of £26,607) for the core audit in line with the planned fee. The grant certification work is still ongoing; the final fee will be confirmed on the outcome of that work in November 2017. The costs of these additional services will be funded from existing budgets.

1.2 KPMG also performs additional audit-related services for the certification of the Teachers Pension Authority return which is outside of Public Sector Audit Appointment's certification regime. This certification work is still ongoing, and it is expected that KPMG will charge £4,000 for additional audit-related services for the certification.

2. Supporting Information

2.1 The Annual Audit Letter (AAL) attached as Appendix A summarises the key issues arising from the work carried out by the Council's external auditor (KPMG) during the year. This report contains no new findings or recommendations, but reflects the key issues already reported in the Annual Governance Report, including the objection from local elector, which is currently being considered.

2.2 KPMG previously issued an unqualified opinion on the Council's financial statements on 18 July 2017. This means that KPMG believe the financial statements give a true and fair view of the financial position of the Council and of its expenditure and income for the year. The financial statements also include those of the pension fund.

2.3 The AAL has been circulated to all Councillors and published on the Council's website. The AAL was presented to the Audit, Best Value & Community Services Scrutiny Committee on 29 November 2017 for consideration.

2.4 The Council would like to extend its thanks to KPMG for their professionalism during the 2016/17 final audit.

3. Conclusion and reasons for recommendations

3.1 The Cabinet is recommended to approve the Annual Audit Letter and the fee update for 2016/17.

KEVIN FOSTER
Chief Operating Officer

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LOCAL MEMBERS

All

BACKGROUND DOCUMENTS

1. 2016/17 Independent Auditor's (KPMG) Annual Governance Report on ESCC Accounts and Value for Money conclusion report

2. 2016/17 Independent Auditor's (KPMG) Annual Governance Report on Pension Fund Accounts

Annual Audit Letter 2016/17

East Sussex County Council

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October 2017

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This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. Public Sector Audit Appointments issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies summarising where the responsibilities of auditors begin and end and what is expected from audited bodies. We draw your attention to this document which is available on Public Sector Audit Appointment's website (www.psaa.co.uk).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Joanne Lees, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers (andrew.sayers@kpmg.co.uk). After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing generalenquiries@psaa.co.uk, by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.

Headlines

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This Annual Audit Letter summarises the outcome from our audit work at East Sussex County Council in relation to the 2016/17 audit year.

Although it is addressed to Members of the Authority, it is also intended to communicate these key messages to key external stakeholders, including members of the public, and will be placed on the Authority's website.

VFM conclusion	We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2016/17 on 29 September 2017. This means we are satisfied that during the year the Authority had appropriate arrangements for securing economy, efficiency and effectiveness in the use of its resources. To arrive at our conclusion we looked at the Authority's arrangements to make informed decision making, sustainable resource deployment and working with partners and third parties.
VFM risk areas	We undertook a risk assessment as part of our VFM audit work to identify the key areas impacting on our VFM conclusion and considered the arrangements you have put in place to mitigate these risks. Our work did not identify any significant matters.
Audit opinion	We issued an unqualified opinion on the Authority's financial statements on 29 September 2017. This means that we believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year. The financial statements also include those of the pension fund.
Financial statements audit	Overall the Council prepared a quality set of accounts well ahead of required deadlines on a basis in accordance with the Department of Communities and Local Government (DCLG). We did not identify recommendation to ESCC's control environment or uncorrected audit adjustments during the course of our audit. We did identify one audit adjustment that the council correct during the year.
Other information accompanying the financial statements	Whilst not explicitly covered by our audit opinion, we review other information that accompanies the financial statements to consider its material consistency with the audited accounts. This year we reviewed the Annual Governance Statement and Narrative Report. We concluded that they were consistent with our understanding and did not identify any issues.
Pension fund audit	There were no significant issues arising from our audit of the pension fund and we issued an unqualified opinion on the pension fund financial statements as part of our audit report.
Whole of Government Accounts	We reviewed the consolidation pack which the Authority prepared to support the production of Whole of Government Accounts by HM Treasury. We reported that the Authority's pack was consistent with the audited financial statements.
Certificate	We have not yet issued the certificate which confirms that we have concluded the audit for 2016/17 in accordance with the requirements of the Local Audit & Accountability Act 2014 and the Code of Audit Practice. This is because there is an objection outstanding which is currently being considered. This means that we are not yet able to issue our certificate.
Audit fee	Our fee for 2016/17 was £110,179 excluding VAT. Further detail is contained in Appendix 2.

Appendix 1: Summary of reports issued

This appendix summarises the reports we issued since our last Annual Audit Letter.

These reports can be accessed via the Audit Committee pages on the Authority's website at www. eastsussex.gov.uk.

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External Audit Plan (January 2017)

The External Audit Plan set out our approach to the audit of the Authority's financial statements and to work to support the VFM conclusion.

Audit Fee Letter (April 2017)

The Audit Fee Letter set out the proposed audit work and draft fee for the 2017/18 financial year.

Auditor's Report (September 2017)

The Auditor's Report included our audit opinion on the financial statements including the pension fund accounts and our VFM conclusion

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Reports to Those Charged with Governance July 2017

The Report to Those Charged with Governance summarised the results of our audit work for 2016/17 including key issues and recommendations raised as a result of our observations. We issued a separate report for the audit of the pension fund.

We also provided the mandatory declarations required under auditing standards as part of this report.

Annual Audit Letter (October 2017)

This Annual Audit Letter provides a summary of the results of our audit for 2016/17.

Appendix 2: Audit fees

This appendix provides information on our final fees for the 2016/17 audit.

To ensure transparency about the extent of our fee relationship with the Authority we have summarised below the outturn against the 2016/17 planned audit fee.

External audit

Our final fee for the 2016/17 audit of the Authority was £83,572, which is in line with the planned fee.

Our final fee for the 2016/17 audit of the Pension Fund was in line with the planned fee of £26,607.

Certification of grants and returns

The grant certification work is still ongoing, the final fee will be confirmed through our reporting on the outcome of that work in November 2017.

Other services

We will charge £4,000 for additional audit-related services for the certification of the Teachers Pension which is outside of Public Sector Audit Appointment's certification regime This work has not yet commenced.

KPMG

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