East Sussex County Council

CABINET

TUESDAY, 23 JANUARY 2018

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 12 December 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 Treasury Management Policy and Strategy 2018/19 *(Pages 5 - 38)*
Report by Chief Operating Officer

6 Reconciling Policy, Performance and Resources *(Pages 39 - 158)*
Report by the Chief Executive

7 Conservators of Ashdown Forest Budget 2018/19 *(Pages 159 - 168)*
Report by Chief Operating Officer

8 Any other items considered urgent by the Chair

9 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

15 January 2018

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

NOTE: As part of the County Council's drive to increase accessibility to its public meetings, this meeting will be broadcast live on its website and the record archived for future viewing. The broadcast/record is accessible at
www.eastsussex.gov.uk/yourcouncil/webcasts/default.htm

CABINET

MINUTES of a meeting of the Cabinet held on 12 December 2017 at Council Chamber, County Hall, Lewes

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

Members spoke on the items indicated

Councillor Barnes	- items 6 and 7 (minutes 38 and 39)
Councillor Bentley	- item 5 (minute 37)
Councillor Philip Daniel	- items 5 and 7 (minutes 37 and 39)
Councillor Elkin	- items 5 and 7 (minutes 37 and 39)
Councillor Field	– items 5 and 6 (minutes 37 and 38)
Councillor Galley	– items 5 and 6 (minutes 37 and 38)
Councillor Shuttleworth	– item 5 (minute 37)
Councillor Standley	– item 5 (minute 37)
Councillor Tidy	- items 5 and 6 (minutes 37 and 38)
Councillor Tutt	- items 5 and 7 (minutes 37 and 39)
Councillor Ungar	– item 5 (minute 37)
Councillor Webb	– items 5 and 6 (minutes 37 and 38)
Councillor Whetstone	- items 5 and 6 (minutes 37 and 38)

35 MINUTES OF THE MEETING HELD ON 10 OCTOBER 2017

35.1 The minutes of the Cabinet meeting held on 10 October 2017 were agreed as a correct record.

36 REPORTS

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

37 COUNCIL MONITORING: QUARTER 2 2017/18

37.1 The Cabinet considered a report by the Chief Executive.

37.2 It was RESOLVED to:

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

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

Reason

37.3 The 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 2017/18 quarter 2.

38 ANNUAL PROGRESS REPORT FOR LOOKED AFTER CHILDREN'S SERVICES

38.1 The Cabinet considered a report by the Director of Children's Services

38.2 It was RESOLVED to note the annual progress report of Looked After Children's Services

Reason

38.3 The report summarised the performance of Looked After Children's Services in 2016/17

39 TREASURY MANAGEMENT - STEWARDSHIP REPORT 2016/17

39.1 The Cabinet considered a report by the Chief Operating Officer

39.2 It was RESOLVED to note the Treasury Management performance in 2016/17 incorporating the mid year review for the first half of 2017/18

Reason

39.3 This report 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.

40 ANNUAL AUDIT LETTER AND FEE UPDATE 2016/17

40.1 The Cabinet considered a report by the Chief Operating Officer

40.2 It was RESOLVED to approve the Annual Audit Letter and fee update for 2016/17

Reason

40.3 The Annual Audit Letter 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

41 ITEMS TO BE REPORTED TO THE COUNTY COUNCIL

41.1 The Cabinet agreed that items 5, 6 and 8 should be reported to the County Council.

[Note: The items being reported refer to minute numbers 37, 38 and 40]

Report to:	**Cabinet**
Date:	**23 January 2018**
By:	**Chief Operating Officer**
Title of report:	**Treasury Management Policy and Strategy 2018/19**
Purpose of report:	**This report proposes the Treasury Management Policy and Strategy for 2018/19. The Council is also required to set Prudential Indicators as set out in the Prudential Code which are included in this strategy for approval.**

RECOMMENDATIONS

Cabinet is recommended to recommend the County Council to:

1) approve the Treasury Management Policy and Strategy Statement for 2018/19;
2) approve the Prudential and Treasury Indicators 2018/19 to 2020/21;
3) approve the Minimum Revenue Provision (MRP) Policy Statement 2018/19;

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1. Background

1.1 A requirement under the Chartered Institute for Public Finance and Accountancy (CIPFA) Code of Practice for Treasury Management in the Public Services is to prepare a Treasury Management Policy and Strategy setting out the Council's policies for managing investments and borrowing.

1.2 The Local Government Act 2003 and supporting regulations requires the Council to 'have regard to' the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

1.3 The summary of changes incorporated within the 2018/19 proposed Treasury Management Strategy is attached as **Appendix 'A'**, and the Treasury Management Policy and Strategy Statement for 2018/19 is presented in **Appendix 'B'** to this report. The strategy includes the Treasury Management Policy Statement, the Treasury Management Strategy Statement, the Annual Investment Strategy, Prudential and Treasury Indicators for the next three years and the annual Minimum Revenue Provision Policy Statement.

1.4 During November 2017, reports were received by the Audit, Best Value and Community Services' RPPR Board outlining various options for increasing investment income and seeking approval for them to be considered for inclusion in the 2018/19 strategy. Details of the changes proposed to investment and borrowing investment strategies include:

- Seek to reduce liquidity where possible and extend duration of investments within current limits. A sensible rebalancing of liquidity requirements will improve yield without significant additional risk;
- Wider use of other Local Authorities and Building Societies where rates are favourable;
- Inclusion of Short Dated Bond Funds and Corporate Bonds;
- Inclusion of pooled property funds and pooled mixed asset funds. Given the low returns from short-term bank investments, the Council will diversify with the use of pooled funds. With the assistance of the Council's treasury advisors (Link Asset Services), a selection process will take place in the new year where members and officers can scrutinise a suitable selection of funds;
- No external borrowing is planned for 2018/19, officers will be monitoring the situation in the next 12 months. Officers continue to regularly review opportunities for debt rescheduling, PWLB debt restructuring is now much less attractive as 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.

1.5 When compared to the SE Group, stretching of risk/return assumptions within the new investment strategy will allow the Council to invest in better performing funds, which will improve the Council performance benchmarks against other County Councils and improve the Council status within the benchmarking group. In addition, changes within the Treasury Management activities are expected to generate an additional income in the region of £1.6m from 2019/20.

2. Supporting Information

Treasury Management Reporting

2.1 As well as this annual strategy, the CIPFA Code requires the Council reports as a minimum:

- A mid-year review;
- An annual report at the close of the year.

2.2 This Council meets this requirement and also presents a treasury management monitoring position to Cabinet four times a year.

Economic Background

2.3 The Council takes advice from Link Asset Services on its treasury management activities. A detailed view of the current economic situation and forecasts, as prepared by Link Asset Services is included in **Appendix 'C'** to this report.

Minimum Revenue Provision (MRP)

2.4 A review of the MRP policy was carried out in 2016/17 and the outcome was to change the method of calculation on debt prior to 2008 from a reducing balance to a straight line fixed period write down, which bring it in line with the post 2008 debt calculation using the asset life method. No major changes are proposed for 2018/19 other than the annual review of asset lives.

CIPFA & DCLG Consultations

2.5 Following consultation, CIPFA is about to publish its updated Prudential Code for Capital Finance and Treasury Management Code of Practice. In addition the DCLG is consulting on its amended investment guidance and minimum revenue provision guidance. The updates are mainly to address the implications of local authorities acting more commercially, their approaches to risk and ensuring financial sustainability.

3 Conclusion and recommendations

3.1 This policy sets out the acceptable limits on ratings, investment periods, amounts to be invested and the borrowing strategy. Cabinet will be aware that the financial position is kept under constant review and if at any time it is felt that any of these limits represent an unacceptable risk appropriate and immediate action will be taken accordingly.

3.2 It is proposed that the Cabinet recommends the 2018/19 Treasury Management Policy and Strategy Statement for approval by the County Council.

KEVIN FOSTER
Chief Operating Officer

Contact Officer: Ola Owolabi, Head of Accounts and Pensions
Tel. No. 01273 482017
Email: Ola.Owolabi@eastsussex.gov.uk

Local Member(s): All

BACKGROUND DOCUMENTS

CIPFA Prudential Code and CIPFA Treasury Management Code
Local Government Act 2003 – Capital Finance
DCLG Statutory Guidance on Local Authority Investments and the Minimum Revenue Provision.

APPENDIX 'A'

Summary of Changes incorporated within the 2018/19 Proposed Treasury Management Strategy

2017/18 Current Strategy	2018/19 Proposed Strategy
Summary Report - The strategy includes the Treasury Management Policy Statement, the Treasury Management Strategy Statement, the Annual Investment Strategy, Prudential and Treasury Indicators for the next three years and the annual Minimum Revenue Provision Policy Statement. Details of changes and considerations for the 2017/18 borrowing and investment strategies include the following – • Revised Minimum Revenue Provision policy statement for 2016/17 and 2017/18, as presented to the ABVCS RPPR Scrutiny Board and as discussed at Cabinet Briefing; • Seek to reduce liquidity where possible and extend duration of investments within current limits. A sensible rebalancing of our liquidity requirements will improve yield without significant additional risk; • The Council will make use of AAA rated Enhanced Money Market / Cash Funds and the high quality banking institutions from the existing counterparty list; • Given the low returns from short-term bank investments, the Council should investigate the option of alternative asset classes (i.e., property funds). Diversification into a property fund will be considered during the period of the 2017/18 strategy with the assistance of the Council's treasury advisors (Capita). No investment in such asset class is proposed at this stage, pending a further report to Cabinet and Council that will take into account the views of Scrutiny;	**Summary Report** - During November 2017, reports were received by RPPR Board outlining various options for increasing investment income and seeking approval for them to be considered for inclusion in the 2018/19 strategy. Details of the changes proposed to investment and borrowing investment strategies include: • Seek to reduce liquidity where possible and extend duration of investments within current limits. A sensible rebalancing of liquidity requirements will improve yield without significant additional risk; • Wider use of other Local Authorities and Building Societies where rates are favourable; • Inclusion of Short Dated Bond Funds and Corporate Bonds; • Inclusion of pooled property funds and pooled mixed asset funds. Given the low returns from short-term bank investments, the Council will diversify with the use of pooled funds. With the assistance of the Council's treasury advisors (Link Asset Services), a selection process will take place in the new year where members and officers can scrutinise a suitable selection of funds; • No external borrowing is planned for 2018/19; officers will be monitoring the situation in the next 12 months. Officers continue to regularly review opportunities for debt rescheduling, PWLB debt restructuring is now much less attractive as 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.
Current Investment & Borrowing Position During 2016/17, the Council had average investments of £275 million, and the forecast for the year end is within the range of £260 to £280 million. The forecast average interest rate for the year is 0.55%, compared to the bank base rate of 0.25%. The investments will provide investment income of approximately £1.8 million in 2016/17.	**Current Investment & Borrowing Position** During 2017/18, the Council had average investments of £260 million, and the forecast for the year end is around £255 million. The forecast average interest rate for the year is 0.60%, bank base rate was increased to 0.50% on 2nd November 2017. The investments will provide investment income of approximately £1.5 million in 2017/18.

<table>
<tr><th>2017/18 Current Strategy</th><th>2018/19 Proposed Strategy</th></tr>
<tr><td>Prospects for Interest Rates
The August quarterly Inflation Report was based on a pessimistic forecast of near to zero GDP growth in quarter 3 i.e. a sharp slowdown in growth from +0.7% in quarter 2, in reaction to the result of the EU referendum in June.</td><td>Prospects for Interest Rates
The Monetary Policy Committee (MPC) delivered a 0.25% increase in Bank Rate at its meeting on 2 November 2017. This removed the emergency cut in August 2016 after the EU referendum. The MPC also gave forward guidance that they expected to increase Bank rate only twice more by 0.25% by 2020 to end at 1.00</td></tr>
<tr><td>Borrowing Strategy - Capital Investment
The Council's 'Draft Revenue Budget and Capital Programme 2016/17 to 2020/21' forecasts £415m of capital investment over the next four years with £334m met from existing or new resources.</td><td>Borrowing Strategy - Capital Investment
The Council's Draft Revenue Budget and Capital Programme 2018/19 to 2021/22 forecasts £294m of capital investment over the next four years with £219m met from existing or new resources</td></tr>
<tr><td>Investment Policy
The Council aims to achieve the optimum return on its investments commensurate with proper levels of security and liquidity. The risk appetite of this Council is low in order to give more priority to the security of its investments.

Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Investment returns expectations (i.e., Bank Rate) is forecast to stay flat at 0.25% until quarter 2 2019 and not to rise above 0.75% by quarter 1 2020. Bank Rate forecasts for financial year ends (March) are:

• 2016/17 0.25%
• 2017/18 0.25%
• 2018/19 0.25%
• 2019/20 0.50%

The suggested budgeted investment earnings rates for returns on investments placed for periods up to 100 days during each financial year are as follows:

<table><tr><th>Year</th><th>Now</th></tr><tr><td>2016/17</td><td>0.25%</td></tr><tr><td>2017/18</td><td>0.25%</td></tr><tr><td>2018/19</td><td>0.25%</td></tr><tr><td>2019/20</td><td>0.50%</td></tr><tr><td>2020/21</td><td>0.75%</td></tr><tr><td>2021/22</td><td>1.00%</td></tr><tr><td>2022/23</td><td>1.50%</td></tr><tr><td>2023/24</td><td>1.75%</td></tr></table>The overall balance of risks to these forecasts is currently probably slightly skewed to the downside in view of the uncertainty over the final terms of Brexit.</td><td>Investment Policy
The Council aims to achieve the optimum return on its investments commensurate with proper levels of security and liquidity, with priority being given to the security of its investments.

Investments will be made with reference to the core balance and cash flow requirements and the outlook for interest rates. Investment returns expectations (i.e., Bank Rate) is forecast to stay flat at 0.50% until quarter 3 2018 and not to rise above 1.00% by quarter 3 2019. Bank Rate forecasts for financial year ends (March) are:
<table><tr><th>2017/18</th><th>2018/19</th><th>2019/20</th><th>2020/21</th></tr><tr><td>0.50%</td><td>0.75%</td><td>1.00%</td><td>1.25%</td></tr></table>The following rates are achievable, as of December 2017, investing in cash deposits with a base rate of 0.50%:
<table><tr><th>1 month</th><th>6 month</th><th>1 year</th><th>2 year</th><th>3 year</th><th>4 year+</th></tr><tr><td>0.40%</td><td>0.55%</td><td>0.70%</td><td>1.10%</td><td>1.20%</td><td>1.30%</td></tr></table>The overall balance of risks to these forecasts is currently skewed to the upside and are dependent on how strong gross domestic product (GDP) growth turns out, how quickly inflation pressures rise and how quickly the Brexit negotiations move forward positively.</td></tr>
</table>

<table>
<tr><th>2017/18 Current Strategy</th><th>2018/19 Proposed Strategy</th></tr>
<tr><td>Strategy for 2017/18
For 2017/18 it is recommended to include sovereign nations and their banks which hold either a AAA or AA+ rating, with the exception of the UK which is currently rated AA by two of the three rating agencies (Aa1 Moody's). Maximum investment limits and duration periods will remain the same as in the previous strategy at £60 million and one year respectively.</td><td>Strategy for 2018/19
Previous Treasury Management Strategies, particularly since the banking crisis in 2008, have focused on the security of funds over liquidity and yield. The policy has been to generally invest in cash deposits that are high rated over short durations with no investments made beyond one year. The low risk based approach has ensured stability over this period but a consequence has been low yields.

Following consultation, the strategy for 2018/19 is to broaden the risk profile by reducing liquidity and to include some suitable, alternative investment products that are held for the medium (2-5 years) to longer term (5 years+). These products can generate better overall returns but there is a higher risk of volatility of performance so a longer term commitment is required. The inclusion of an investment product category in the strategy does not automatically result in investments being placed. Following due diligence, each investment decision considers the relative risks, returns and cash flow requirements within the context of the full investment portfolio.

Table 6 below summarises the changes to the 2018/19 strategy from those approved in 2017/18 and the proposal for the 2019/20 strategy. Each of the new investment products included are described in more detail in the paragraphs below -

<table>
<tr><th>Table 6 - Investment options</th><th>2017/18</th><th>2018/19</th><th>2019/20</th></tr>
<tr><td>Money Market Funds (Including LVNAV)</td><td>✓</td><td>✓</td><td>✓</td></tr>
<tr><td>Bank Notice Accounts</td><td>✓</td><td>✓</td><td>✓</td></tr>
<tr><td>Fixed Term Bank Deposits</td><td>✓</td><td>✓</td><td>✓</td></tr>
<tr><td>UK Local Authorities</td><td>✓</td><td>✓</td><td>✓</td></tr>
<tr><td>Enhanced Money Market Funds (VNAV)</td><td>✓</td><td>✓</td><td>✓</td></tr>
<tr><td>Building Societies</td><td>✗</td><td>✓</td><td>✓</td></tr>
<tr><td>Pooled Property Funds</td><td>✗</td><td>✓</td><td>✓</td></tr>
<tr><td>Corporate Bond Funds</td><td>✗</td><td>✓</td><td>✓</td></tr>
<tr><td>Multi Asset Funds</td><td>✗</td><td>✓</td><td>✓</td></tr>
<tr><td>Equity Funds</td><td>✗</td><td>✗</td><td>✓</td></tr>
</table>
</td></tr>
<tr><td>Criteria for Specified Investments:
Rabobank
Nordea Bank
JP Morgan Chase</td><td>Criteria for Specified Investments:
Nationwide Building Society
Coventry Building Society
Individual Money Market Funds (MMF) CNAV and LVNAV
VNAV MMF's and
Ultra Short Dated Bond Funds</td></tr>
</table>

<table>
<tr><th>2017/18 Current Strategy</th><th>2018/19 Proposed Strategy</th></tr>
<tr><td>

Non-Specified investments

Table 7	Minimum credit criteria	Maximum investments	Max. maturity period
UK Local Authorities	Government Backed	£60m	2 years
Local Capital Finance Company Limited	Local Government Agency Backed	£100k	N/A

</td><td>

Non-Specified investments

Table 8	Minimum credit criteria	Maximum investments	Period
UK Local Authorities	Government Backed	£60m	2 years
Corporate Bond Fund(s)	Investment Grade	£30m	2 - 5 years
Pooled Property Fund(s)	N/A	£30m	5+ years
Mixed Asset Fund(s)	Appropriate rating	£30m	2 - 5 years

</td></tr>
<tr><td>

MINIMUM REVENUE PROVISION POLICY STATEMENT

For borrowing incurred before 1 April 2008, the MRP policy will be on a straight line basis over the next 45 years to coincide with the repayment of external debt.

</td><td>

MINIMUM REVENUE PROVISION POLICY STATEMENT

The policy from 2017/18 and in future years is for borrowing incurred before 1 April 2008, the MRP policy will be on a straight line basis over a maximum of 40 years.

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<tr><td></td><td>

CIPFA & DCLG Consultations

Following consultation, CIPFA is about to publish its updated Prudential Code for Capital Finance and Treasury Management Code of Practice. In addition the DCLG is consulting on its amended investment guidance and minimum revenue provision guidance. The updates are mainly to address the implications of local authorities acting more commercially, their approaches to risk and ensuring financial sustainability.

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</table>

APPENDIX 'B'

TREASURY MANAGEMENT POLICY AND STRATEGY 2018/19

CONTENTS

1. INTRODUCTION

The Treasury Management Policy and Strategy is one of the Council's key financial strategy documents and sets out the Council's approach to the management of its treasury management activities.

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of treasury management is to ensure that cash flow is adequately planned with cash being available when it is needed. Surplus monies are invested in lower risk counterparties or instruments, commensurate with the Council's risk appetite, providing adequate liquidity and considering investment return.

Another part of the treasury management service is the funding of the Council's capital programme. The capital programme provides a guide to longer cash flow planning to ensure that the Council can meet its capital investment requirement.

The Chartered Institute of Public Finance and Accountancy (CIPFA) define treasury management as:

'the management of the authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks'.

The Local Government Act 2003 and supporting regulations require the Council to 'have regard to' the CIPFA Prudential Code and the Treasury Management Code of Practice to set Prudential and Treasury Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

The Act therefore requires the Council to set out its treasury management strategy for borrowing and to prepare an Annual Investment Strategy. This sets out the Council's policies for managing investments and for giving priority to the security and liquidity of those investments.

This strategy is updated annually to reflect changes in circumstances that may affect the strategy.

2. CIPFA REQUIREMENTS

The Council has adopted the Chartered Institute of Public Finance and Accountancy's Code of Practice on Treasury Management (Revised 2011).

The primary requirements of the Code are as follows:

- Creation and maintenance of a Treasury Management Policy Statement stating the policies, objectives and approach to risk management of the Council's treasury management activities (Section 3).

- Creation and maintenance of suitable Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities (Section 4).

- Receipt by Full Council of an annual Treasury Management Strategy Statement (Section 5) including the Annual Investment Strategy (Section 6) and the Minimum Revenue Provision Policy (Section 7) for the year ahead.

- Production of a mid-year review report and an annual report covering activities during the previous year (this Council also presents a quarterly monitoring report to Cabinet).

- Delegation by the Council of responsibilities for implementing and regular monitoring of its treasury management policies and practices and for the execution and administration of treasury management decisions (this Council delegates responsibility for implementation and monitoring treasury management to Cabinet and responsibility for the execution and administration of treasury management decisions to the Section 151 Officer. The role of the Section 151 Officer in treasury management is described in Section 8).

- Delegation by the Council of the role of scrutiny for treasury management strategy and policies to a specific named body (this Council delegates this responsibility to the Audit, Best Value and Community Services Scrutiny Committee).

3. TREASURY MANAGEMENT POLICY STATEMENT

The policies and objectives of the Council's treasury management activities are as follows:

1. This Council defines its treasury management activities as

'The management of the authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks'.

2. This Council regards the successful identification, monitoring and control 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 Council, and any financial instruments entered into to manage these risks.

3. This Council 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 value for money in treasury management, and to employing suitable comprehensive performance management techniques, within the context of effective risk management.

4. TREASURY MANAGEMENT PRACTICES

4.1 In compliance with the CIPFA recommendations, the Council has created and maintains the following Treasury Management Practices (TMPs). These TMPs set out the manner in which the Council will seek to achieve its policies and objectives and how it will manage and control these activities.

TMP 1: Risk Management

TMP 2: Performance Management

TMP 3: Decision making and analysis

TMP 4: Approved instruments, methods and techniques

TMP 5: Organisation, clarity and segregation of responsibilities and dealing arrangements

TMP 6: Reporting requirements and management information arrangements

TMP 7: Budgeting, accounting and audit arrangements

TMP 8: Cash and cash flow management

TMP 9: Money laundering

TMP 10: Training and qualifications

TMP 11: Use of external service providers

TMP 12: Corporate governance

TMP 13: Investment management Practices for non-treasury investments (pending CIPFA consultation)

4.2 These TMPs follow the wording recommended by the latest edition of the CIPFA Treasury Management Code. Schedules are maintained and updated as necessary, being operational procedures and forming an integral part of the Council's treasury management activities.

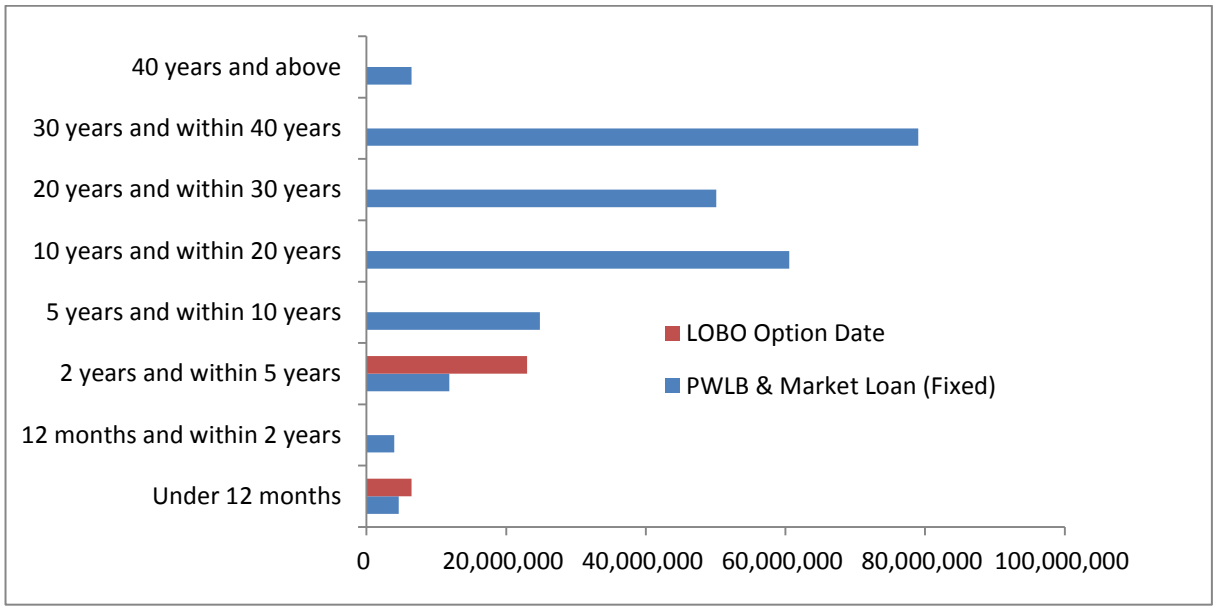
5. TREASURY MANAGEMENT STRATEGY STATEMENT

5.1 Current Investment & Borrowing Position

During 2017/18, the Council had average investments of £260 million, and the forecast for the year end is around £255 million. The forecast average interest rate for the year is 0.60%, bank base rate was increased to 0.50% on 2nd November 2017. The investments will provide investment income of approximately £1.5 million in 2017/18.

The Council's long-term external borrowing (excluding PFI and finance lease arrangements) is projected to be £270.8m at 31 March 2018 with the majority sourced from the Public Works Loan Board (PWLB) at fixed interest rates of between 2.6% - 8.5%, with a weighted average rate of 4.81%. The PWLB allows local authorities to repay loans early and either pay a premium or obtain a discount according to a formula based on current interest rates.

The Council's debt maturity profile as at December 2017, showing the outstanding level of loans each year, is shown in **Graph 1** below:



5.2 Prospects for Interest Rates

The Council has appointed Link Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives our central view.

Table 1	Bank Rate %	PWLB Borrowing Rates % (including certainty rate adjustment)		
		5 year	25 year	50 year
Dec 2017	0.50	1.50	2.80	2.50
Mar 2018	0.50	1.60	2.90	2.60
Jun 2018	0.50	1.60	3.00	2.70
Sep 2018	0.50	1.70	3.00	2.80
Dec 2018	0.50	1.80	3.10	2.90
Mar 2019	0.75	1.80	3.10	2.90
Jun 2019	0.75	1.90	3.20	3.00
Sep 2019	0.75	1.90	3.20	3.00
Dec 2019	1.00	2.00	3.30	3.10
Mar 2020	1.00	2.10	3.40	3.20
Jun 2020	1.00	2.10	3.50	3.30
Sep 2020	1.25	2.20	3.50	3.30
Dec 2020	1.25	2.30	3.60	3.40
Mar 2021	1.25	2.30	3.60	3.40

The Monetary Policy Committee (MPC) delivered a 0.25% increase in Bank Rate at its meeting on 2 November 2017. This removed the emergency cut in August 2016 after the EU referendum. The MPC also gave forward guidance that they expected to increase Bank rate only twice more by 0.25% by 2020 to end at 1.00%. The Link Asset Services forecast as above includes increases in Bank Rate of 0.25% in November 2018, November 2019 and August 2020.

The overall longer run trend is for gilt yields and PWLB rates to rise, albeit gently. It has long been expected, that at some point, there would be a more protracted move from bonds to equities after a historic long-term trend, over about the last 25 years, of falling bond yields. The action of central banks since the financial crash of 2008, in implementing substantial Quantitative Easing, added further impetus to this downward trend in bond yields and rising bond prices. Quantitative Easing has also directly led to a rise in equity values as investors searched for higher returns and took on riskier assets. The sharp rise in bond yields since the US Presidential election in November 2016 has called into question whether the previous trend may go into reverse, especially now the Federal Reserve has taken the lead in reversing monetary policy by starting, in October 2017, a policy of not fully reinvesting proceeds from bonds that it holds when they mature.

Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts (and MPC decisions) will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

The current economic outlook and structure of market interest rates and government debt yields have several key treasury mangement implications:

- Investment returns are likely to remain relatively low during 2018/19 and beyond;

- Borrowing interest rates increased sharply after the result of the general election in June and then also after the September MPC meeting when financial markets reacted by

accelerating their expectations for the timing of Bank Rate increases. Apart from that, there has been little general trend in rates during the current financial year. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in the future when authorities may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt;

- There will remain a cost of carry to any new borrowing unless immediately spent as it will cause an increase in investments and this will incur a revenue loss between borrowing costs and investment returns as well as increased counterparty risks.

5.3 Borrowing Strategy

Capital Investment can be paid for using cash from one or more of the following sources:

i. Cash from existing and/or new capital resources (e.g. capital grants, receipts from asset sales, revenue contributions or earmarked reserves);

ii. Cash raised by borrowing externally;

iii. Cash being held for other purposes (e.g. earmarked reserves or working capital) but used in the short term for capital investment. This is known as 'internal borrowing' as there will be a future need to borrow externally once the cash is required for the other purposes.

Under the CIPFA Prudential Code an authority is responsible for deciding its own level of affordable borrowing within set prudential indicator limits (see section 5.4).

Borrowing does not have to take place immediately to finance its related capital investment and may be deferred or borrowed in advance of need within policy. The Council's primary objective when borrowing is to strike an appropriately low risk balance between securing low interest rates and achieving cost certainty over the period for which funds are required.

The amount that notionally should have been borrowed is known as the **capital financing requirement (CFR)**. The CFR and actual borrowing may be different at a point in time and the difference is either an under or over borrowing amount.

The Council is required to repay an element of the CFR each year through a revenue charge. This is known as the minimum revenue provision (MRP) and is currently estimated (revised) to be £7.9m for 2018/19. MRP will cause a reduction in the CFR annually.

When MRP is not required to repay debt, it will accumulate as cash balances which will then be invested. **Graph 1** (on page 6) shows that most of the Council's debt is long dated and matures from 2045. Investment balances will therefore be increased by MRP each year until the debt is repaid.

External borrowing has not been needed over the past year in order to reduce the cost of carry at a time when investment returns are low and counterparty risks continue to be relatively high.

5.3.1 Strategy for 2018/19

The Council's Draft Revenue Budget and Capital Programme 2018/19 to 2021/22 forecasts £294m of capital investment over the next four years with £219m met from existing or new resources. The amount of new borrowing required over this period is therefore £75m as shown in **Table 2** below.

2017/18 Projected	Table 2	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	Total
£m		£m	£m	£m	£m	£m
92	Capital Expenditure	93	89	65	47	**294**
	Financed by:					
(74)	Capital Reserves, Capital Grants, Capital Receipts, Revenue Contributions	(75)	(59)	(41)	(44)	**(219)**
18	**Borrowing Need**	**18**	**30**	**24**	**3**	**75**

As existing and forecast future resources are insufficient to meet the level of spend, the borrowing need of £75m will initially be met from internal borrowing. This is to use the Council's own surplus funds until external borrowing is required. Internal borrowing reduces borrowing costs and risk as there is less exposure of external investments. The benefits of internal borrowing need to be monitored and weighed against deferring new external borrowing into future years when long-term borrowing rates could rise.

Table 3 below includes the figures from Table 2 and shows the actual external borrowing against the capital financing requirement, identifying any under or over borrowing.

Table 3	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
	£m	£m	£m	£m	£m
Borrowing at 1 April	276	271	266	282	295
add new borrowing	-	-	20	15	-
less loan maturities	(5)	(5)	(4)	(2)	(4)
Borrowing at 31 March	**271**	**266**	**282**	**295**	**291**
CFR at 1 April	242	252	262	283	298
Net Capital Expenditure	18	18	30	24	3
MRP	(8)	(8)	(9)	(9)	(9)
CFR at 31 March	**252**	**262**	**283**	**298**	**292**
Under / (Over) borrowing	**(19)**	**(4)**	**1**	**3**	**1**

The Council is currently maintaining an over-borrowed position as it previously took advantage of historic low borrowing rates. As at the end of 2017/18, the Council is projected to be over borrowed by £19m, moving to an over borrowed position of £4m by 2018/19 and then only moving around the margin until 2021/22. This means that the capital financial requirement has been financed by existing resources and loan debt.

5.3.2 Borrowing other than with the PWLB

The Council has previously borrowed mainly from the PWLB, but will continue to investigate other sources of finance, such as local authority loans and bank loans, that may be available at more favourable rates. Any new borrowing taken out will be completed with regard to the limits, indicators, the economic environment, the cost of carrying this debt ahead of need, and interest rate forecasts. The S151 Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances.

One such other source has been **LOBO** (Lender Option Borrower Option) type loans. A LOBO is called when the Lender (Banks) exercises its right to amend the interest rate on the loan at which point the Borrower (the Council) can accept the revised terms or reject them and repay the loan. LOBO loans present a potential refinancing risk to the Council since the decision to call a LOBO is at the lender's discretion. The Council's debt portfolio contains £29.45m of these products (see **Graph 1**), £6.45m of that portfolio could be "called" during 2018/19. The interest paid on our LOBO debt is between 3.75 - 4.39%.

5.3.3 Policy on Borrowing in Advance of Need

The Council will not borrow purely in order to profit from investment of extra sums borrowed. Any decision to borrow in advance will be within approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds. Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting.

5.3.4 Debt Rescheduling

Officers continue to regularly review opportunities for debt rescheduling, but 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. 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. However, some interest savings might still be achievable through using LOBO loans, and other market loans, in rescheduling exercises rather than using PWLB borrowing as the source of replacement financing.

The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy;
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

The strategy is to continue to seek opportunity to reduce the overall level of Council's debt where prudent to do so, thus providing in future years cost reduction in terms of lower debt repayments costs, and potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt. All rescheduling will be agreed by the S151 Officer.

5.3.5 Continual Review

Treasury officers continue to review 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.

Against this background and the risks within the economic forecast, caution will be adopted with the 2018/19 treasury operations. The Chief Finance Officer will continue to monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- if it was felt that there was a significant risk of a sharp fall in long and short term rates (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.

- if it was felt that there was a significant risk of a much sharper rise in long and short term rates than that currently forecast, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates are still lower than they will be in the next few years.

5.4 Prudential and Treasury Indicators 2018/19 to 2021/22

The Council's capital expenditure plans are a key driver of treasury management activities. The output of the capital expenditure plans are reflected in prudential indicators. Local Authorities are required to 'have regard to' the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable. The Code sets out the indicators that must be used but does not suggest limits or ratios as these are for the authority to set itself.

The Prudential Indicators for 2018/19 to 2021/22 are set out in **Table 4** below:

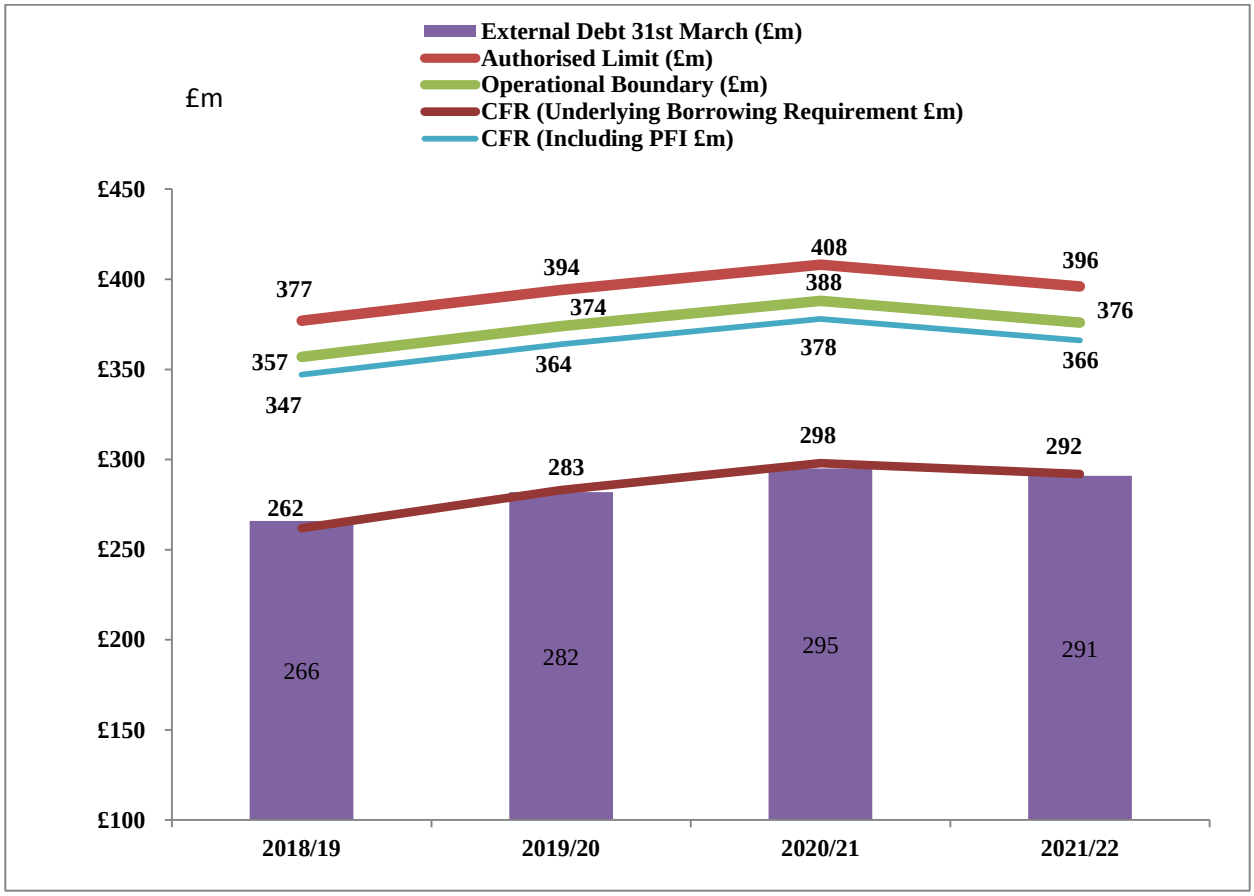
Table 4	**2018/19 Estimate**	**2019/20 Estimate**	**2020/21 Estimate**	**2021/22 Estimate**
Capital Expenditure £m (gross) Council's capital expenditure plans	£93m	£89m	£65m	£47m
Capital Financing Requirement £m Measures the underlying need to borrow for capital purposes (including PFI & Leases)	£347m	£364m	£378m	£366m
Ratio of financing costs to net revenue stream Identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against net revenue stream	*tbc*	*tbc*	*tbc*	*tbc*
Incremental impact of capital investment decisions on council tax £ Identifies the revenue costs associated with proposed changes to the three year programme compared to the existing approved commitments	*tbc*	*tbc*	*tbc*	*tbc*

The Treasury Management Code requires that Local Authorities set a number of indicators for treasury performance in addition to the Prudential Indicators which fall under the Prudential Code. The Treasury Indicators for 2018/19 to 2021/22 are set out in **Table 5** below:

Table 5	**2018/19 Estimate**	**2019/20 Estimate**	**2020/21 Estimate**	**2021/22 Estimate**
Authorised Limit for External Debt £m* The Council is expected to set a maximum authorised limit for external debt. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by Full Council.	£377m	£394m	£408m	£396m
Operational boundary for external debt £m* The Council is required to set an operational boundary for external debt. This is the limit which external debt is not normally expected to exceed. This indicator may be breached temporarily for operational reasons.	£357m	£374m	£388m	£376m

Upper limit for fixed interest rate exposure* Identifies a maximum limit for fixed interest rates for borrowing and investments.	100%	100%	100%	100%
Upper limit for variable interest rate exposure* Identifies a maximum limit for variable interest rates for borrowing and investments.	15%	15%	15%	15%
Maturity Structure of Borrowings* The Council needs to set upper and lower limits with respect to the maturity structure of its borrowing				
Upper limit for under 12 months	25%	25%	25%	25%
Lower limit for under 12 months	0%	0%	0%	0%
Upper limit for 12 months to 2 years	40%	40%	40%	40%
Lower limit for over 12 months to 2 years	0%	0%	0%	0%
Upper limit for 2 years to 5 years	60%	60%	60%	60%
Lower limit for 2 years to 5 years	0%	0%	0%	0%
Upper limit for 5 years to 10 years	70%	70%	70%	70%
Lower limit for 5 years to 10 years	0%	0%	0%	0%
Upper limit for over 10 years	90%	90%	90%	90%
Lower limit for over 10 years	0%	0%	0%	0%
Principal sums invested for longer than 365 days	£60m	£60m	£60m	£60m

Note-
**the Treasury Indicators above have been calculated and determined by Officers in compliance with the Treasury Management Code of Practice.*



6. ANNUAL INVESTMENT STRATEGY

6.1 Investment Policy

The Council's investment policy has regard to the DCLG's Guidance on Local Government Investments and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes. The Council's investment priorities are:

i. the security of capital;
ii. the liquidity of its investments;
iii. the yield (return).

The Council aims to achieve the optimum return on its investments commensurate with proper levels of security and liquidity, with priority being given to the security of its investments.

In accordance with guidance from the CLG and CIPFA, and in order to minimise the risk to investments, the Council stipulates the minimum acceptable credit quality of counterparties for inclusion on the counterparty lending list. Furthermore, the Council recognises that ratings should not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector in relation to the economic and political environments in which institutes operate. The borrowing of monies purely to invest or on-lend and make a return is not permitted and the Council will not engage in such activity.

Investments will be made with reference to the core balance and cash flow requirements and the outlook for interest rates. Investment returns expectations (i.e., Bank Rate) is forecast to stay flat at 0.50% until quarter 3 2018 and not to rise above 1.00% by quarter 3 2019. Bank Rate forecasts for financial year ends (March) are:

2017/18	2018/19	2019/20	2020/21
0.50%	0.75%	1.00%	1.25%

The following rates are achievable, as of December 2017, investing in cash deposits with a base rate of 0.50%:

1 month	6 month	1 year	2 year	3 year	4 year+
0.40%	0.55%	0.70%	1.10%	1.20%	1.30%

The overall balance of risks to these forecasts is currently skewed to the upside and are dependent on how strong gross domestic product (GDP) growth turns out, how quickly inflation pressures rise and how quickly the Brexit negotiations move forward positively.

6.2 Strategy for 2018/19

Previous Treasury Management Strategies, particularly since the banking crisis in 2008, have focused on the security of funds over liquidity and yield. The policy has been to generally invest in cash deposits that are high rated over short durations with no investments made beyond one year. The low risk based approach has ensured stability over this period but a consequence has been low yields.

Following consultation, the strategy for 2018/19 is to broaden the risk profile by reducing liquidity and to include some suitable, alternative investment products that are held for the medium (2-5 years) to longer term (5 years+). These products can generate better overall returns but there is a higher risk of volatility of performance so a longer term commitment is required. The inclusion of an investment product category in the strategy does not automatically result in investments being placed. Following due diligence, each investment decision considers the relative risks, returns and cash flow requirements within the context of the full investment portfolio.

Table 6 below summarises the changes to the 2018/19 strategy from those approved in 2017/18 and the proposal for the 2019/20 strategy. Each of the new investment products included are described in more detail in the paragraphs below.

Table 6 - Investment options	2017/18	2018/19	2019/20
Money Market Funds (Including LVNAV)	✓	✓	✓
Bank Notice Accounts	✓	✓	✓
Fixed Term Bank Deposits	✓	✓	✓
UK Local Authorities	✓	✓	✓
Enhanced Money Market Funds (VNAV)	✓	✓	✓
Building Societies	✗	✓	✓
Pooled Property Funds	✗	✓	✓
Corporate Bond Funds	✗	✓	✓
Multi Asset Funds	✗	✓	✓
Equity Funds	✗	✗	✓

6.3 Specified and Non-Specified Investments

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 364 days);
- 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 (i.e. a minimum credit rating as outlined in this strategy) 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;

6.3.1 Sovereign Ratings

For 2018/19 it is recommended to include sovereign nations and their banks which hold either a AAA or AA+ rating, with the exception of the UK which is currently rated AA by two of the three rating agencies (Aa2 Moody's). Maximum investment limits and duration periods will remain the same as in the previous strategy at £60 million and one year respectively. The list of countries that qualify using this credit criteria (as at the date of this report) are shown below:

AAA Australia, Canada, Denmark, Germany, Netherlands, Singapore, Sweden and Switzerland

AA+ (No Country currently)

AA UK

6.3.2 Creditworthiness Policy

The Treasury Management Strategy needs to set limits on the amount of money and the time period the Council can invest with any given counterparty. In order to do this the Council uses the Credit Rating given to the counterparty by the three main Credit Rating Agencies (Fitch, Moody's and Standard and Poor's). This forms part of the consistent risk based approach that is used across all of the financial strategies.

Treasury Officers regularly review both the investment portfolio and counterparty risk and make use of market data to inform their decision making. The officers are members of various benchmarking groups to ensure the investment portfolio is current and performing as other similar sized Local Authorities.

The Council as part of its due diligence in managing creditworthiness, uses amongst other information, a tool provided by Link Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three credit rating agencies.

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 reliance to just one agency's ratings.

This modelling approach combines credit ratings with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- credit default swaps (CDS) spreads to give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

This weighted scoring system then 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.

The Council (in addition to other due diligence consideration) will use counterparties within the following durational bands provided they have a minimum AA+ soverign rating from three rating agencies:

- Yellow *5 years*
- *Purple* *2 years*
- *Blue* *1 year (semi nationalised UK Bank – NatWest/RBS)*
- *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 5yrs	*Up to 2yrs*	*Up to 1yr*	*Up to 1yrs*	*Up to 6 months*	*Up to 100 days*	*Not to be used*

Typically the minimum credit ratings criteria the Council use will be a Short Term rating (Fitch or equivalents) of F1 and a Long Term rating of A-. 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.

The primary principle governing the Council's investment criteria is the security of its investments, although the return on the investment is also a key consideration. After this main principle, the Council will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in and the criteria for choosing investment counterparties with adequate security, and monitoring their security;
- It has sufficient liquidity in its investments.

All credit ratings are monitored daily. The Council 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 Council's minimum criteria, its further use as a new investment will be withdrawn immediately.

In addition to the use of credit ratings, the Council will be advised of information re 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 Council's lending list. The counterparties in which the Council will invest its cash surpluses is based on officers assessment of investment security, risk factors, market intelligence, a diverse but manageable portfolio and their participation in the local authority market.

Table 7 below summarises the types of specified investment counterparties available to the Council, and the maximum amount and maturity periods placed on each of these. Further details are contained in section 10.

6.3.3 Criteria for Specified Investments:

Table 7	Country/ Domicile	Instrument	Maximum investments	Max. maturity period
Debt Management and Deposit Facilities (DMADF)	UK	Term Deposits (TD)	unlimited	1 yr
Government Treasury bills	UK	TD	unlimited	1 yr
UK Local Authorities	UK	TD	£60m	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
Nationwide Building Society	UK		£60m	1 yr
Coventry Building Society	UK		£60m	1 yr

Table 7	Country/ Domicile	Instrument	Maximum investments	Max. maturity period
Individual Money Market Funds (MMF) CNAV and LVNAV	UK/Ireland/ EU domiciled	AAA rated Money Market Funds	£60m	Instant access
VNAV MMF's and Ultra Short Dated Bond Funds	UK/Ireland/ EU domiciled	AAA Bond Fund Rating	£60m	Liquidity up to 1 yr
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 Bank	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
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
Cooperatieve Rabobank	Netherlands	TD / CD's	£60m	1 yr
ING Bank NV	Netherlands	TD / CD's	£60m	1 yr
DZ Bank AG	Germany	TD / CD's	£60m	1 yr
UBS AG	Switzerland	TD / CD's	£60m	1 yr
Credit Suisse AG	Switzerland	TD / CD's	£60m	1 yr
Danske Bank	Denmark	TD / CD's	£60m	1 yr

6.3.4 Non-Specified investments are any other types of investment that are not defined as specified. The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out in **Table 8** below:

Table 8	Minimum credit criteria	Maximum investments	Period
UK Local Authorities	Government Backed	£60m	2 years
Corporate Bond Fund(s)	Investment Grade	£30m	2 - 5 years
Pooled Property Fund(s)	N/A	£30m	5+ years
Mixed Asset Fund(s)	Appropriate rating	£30m	2 - 5 years

The maximum amount that can be invested will be monitored in relation to the Council surplus monies and the level of reserves. The approved counterparty list will be maintained by referring to an up-to-date credit rating agency reports, and the Council will liaise regularly with brokers for updates. Counterparties may be added to or removed from the list only with the approval of the Chief Finance Officer. A detailed list of specified and non-specified investments that form the counterparty list is shown in section 10.

UK Local Authorities

Should a suitable opportunity in the market occur to lend to other Local Authorities of more than a 1 year duration, at a reasonable level of return the deal would be classed as a low risk Non-Specified Investment.

Corporate Bonds

The Department for Communities and Local Government (DCLG) now regards investment in corporate bonds as normal treasury management investment activities, rather than being classified as capital spending. In essence, companies issue bonds in order to raise long-term capital or funding, rather than issuing equity. These are non-standardised compared to other investment vehicles, each having an individual legal document known as a 'bond indenture'. The document specifies the rights of the holder and the obligations that must be met by the issuer, as well as the characteristics of that particular bond. Investing in a corporate bond usually offers a fixed stream of income (except floating rate notes), known as a coupon, payable twice a year, for a fixed, pre-determined period of time, in exchange for an initial investment of capital.

Investment in Pooled Property Fund(s)

Local authorities have for many years invested in non-liquid assets or property by directly purchasing properties, but a simpler and more efficient route would be to invest in an appropriate property unit trust. This is a more diversified form of investment than an individual purchase of property and would give greater geographic spread and access to assets that the Council could not afford to own through use of its own resources. Property investment should be considered as a long term investment and should only be committed to if the Council is prepared to accept that in some years capital values may decline, but in the longer run capital growth should be possible. If a fund achieves its objectives then the Council will achieve capital growth and reasonable returns. Property Funds offer all the advantages of a professionally managed property portfolio, with broadly diversified exposure to high quality properties in the strongest areas of the market. By investing in the Fund, the Council avoid the potential problems, costs and administrative difficulties of investing in properties directly. Officers in conjunction with the Council's treasury advisors will be reviewing investment options within the area of Property Fund's and make use of them as and when sufficient due diligence has been undertaken.

Mixed Asset Fund(s)

Rather than focus on a particular asset class, these funds will look to invest across a broader range of classes in an effort to provide investors with a smoother performance on a year-to-year basis. Primarily, the asset classes will be equities and fixed income, but the latter will include both corporate and government-level investments. As with pooled property funds the Council will undergo a selection process to select a suitable fund. It is important to have a full understanding of the particular investment fundamentals are understood from the outset.

6.4 Risk and Sensitivity Analysis

Treasury management risks are identified in the Council's approved Treasury Management Practices. The main risks to the Council's treasury activities are:

- liquidity risk (inadequate cash resources);
- market or interest rate risk (fluctuations in interest rate levels and thereby in the value of investments);
- inflation risks (exposure to inflation);
- credit and counterparty risk (security of investments);
- refinancing risks (impact of debt maturing in future years); and
- legal and regulatory risk (i.e. non-compliance with statutory and regulatory requirements, risk of fraud).

Treasury Officers, in conjunction with the treasury advisers, will monitor these risks closely and particular focus will be applied to:

- the global economy – indicators and their impact on interest rates will be monitored closely. Investment and borrowing portfolios will be positioned according to changes in the global economic climate;

- Counterparty risk – the Council follows a robust credit worthiness methodology and continues to monitor counterparties and sovereign ratings closely particularly within the Eurozone.

7. MINIMUM REVENUE PROVISION POLICY STATEMENT

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.

In 2016/17, a review of MRP was undertaken and a change was made to the method of calculating MRP on debt prior to 2008 from a reducing balance to a straight line basis. The change was made to bring the calculation in line with post 2008 debt and resulted in a reprofiling of the MRP charge.

The policy from 2017/18 and in future years is therefore as follows:-

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

- Straight line basis over a maximum of 40 years.

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. A maximum useful economic life of 50 years for land and 40 years for other assets. 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.

Half-yearly review of the Council's MRP Policy will be undertaken and reported to Members as part of the Mid-Year Treasury Management Strategy report.

8. SCHEME OF DELEGATION

1. Full Council

In line with best practice, Full Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of polices, estimates and actuals. These reports are:

i. Treasury Management Policy and Strategy Report

The report covers:

- the capital plans (including prudential indicators);
- a Minimum Revenue Provision Policy (how residual capital expenditure is charged to revenue over time);
- the Treasury Management Strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy (the parameters on how investments are to be managed).

ii. A Mid-Year Review Report and a Year End Stewardship Report

These will update members with the progress of the capital position, amending prudential indicators as necessary, and indicating whether the treasury strategy is meeting the strategy or whether any policies require revision. The report also provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

2. Cabinet

- Approval of the Treasury Management quarterly update reports;
- Approval of the Treasury Management outturn report.

3. Audit, Best Value and Community Services Scrutiny Committee

- Scrutiny of performance against the strategy.

4. Role of the Section 151 Officer

The Section 151 (responsible) Officer:

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.

5. Training

Treasury Management training for committee members will be delivered as required to facilitate more informed decision making and challenge processes.

9. OTHER TREASURY ISSUES

9.1 Banking Services

NatWest, which is part Government owned, currently provides banking services for the Council.

9.2 Policy on the use of External Service Providers

The Council uses Link Asset Services as its external treasury management advisors.
The Council recognises that responsibility for treasury management decisions remains with the Council at all times and will ensure that undue reliance is not placed upon our external service providers. It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

9.3 Lending to third parties

The Council has the power to lend monies to third parties subject to a number of criteria. These are not treasury type investments rather they are policy investments. Any activity will only take place after relevant due diligence has been undertaken. Loans of this nature will be approved by Cabinet. The primary aims of the Investment Strategy are the security of its capital, liquidity of its capital and to obtain a return on its capital commensurate with levels of security and liquidity. These aims are crucial in determining whether to proceed with a potential loan. In order to ensure security of the Council's capital, extensive financial due diligence must be completed prior to any loan or investment being agreed. The Council will use specialist advisors to complete financial checks to ascertain the creditworthiness of the third party. Where deemed necessary, additional guarantees will be sought. This will be via security against assets and/or through guarantees from a parent company.

9.4 MiFID II – (The Markets in Financial Instruments Directive)

MiFID is the EU legislation that regulates firms who provide services to clients linked to 'financial instruments' (shares, bonds, units in collective investment schemes and derivatives), and the venues where those instruments are traded. The new MiFID II environment is set to commence on the 3rd January 2018. Within this new regulation there is a key change affecting Local Authorities. Under the new regime LA's will be deemed 'Retail' clients by default potentially restricting access to certain types of Investment. The Treasury Team has worked closely with our advisors and counterparties in the run up to January 2018 the Council has elected to 'opt-up' to 'Professional' client status.

9.5 EU Money Market Fund Reform

The EU parliament has been striving to reform MMF's that operate within the EU, the key proposal will require funds to move from Constant net asset value (CNAV) to Low Volatility net asset value (LVNAV). The reform will take affect from July 2018 and is referenced within the 2018/19 strategy.

9.6 Updates to Treasury Management & Prudential Code, DCLG guidance on investments & MRP and the introduction of IFRS 9

- **Proposals to amend the CIPFA Treasury Management and Prudential Codes**
  CIPFA is currently conducting a review of the Treasury Management Code of Practice and the Prudential Code. This review will particularly focus on non-treasury investments and especially on the purchase of property with a view to generating income. The Council has been part of the consultation process and will await CIPFA's guidance, amending where necessary for future strategies.

- **CLG Local Investment Code and MRP Provision Guidance**
  Over the past years the regulatory and economic environment has changed significantly and led some Authorities to consider more innovative types of investment activity. The government has also monitored changes in the practices used for calculating MRP. DCLG have also launched a consultation into the reporting and monitoring more innovative investment options and a review of MRP. The Council has been part of the consultation process and will await DCLG's guidance, amending where necessary for future strategies.

- **IFRS 9 – Financial Instruments**
  The introduction of this accounting standard in 2018/19 could have an impact on how the certain financial assets are classified and measured within the final accounts. The full impact will be known once the guidance has been published. There are concerns that the gains and losses for some instruments will impact on reserves and balances unless the DCLG allow a statutory override.

10. Counterparty List 2018/19

Bank with duration colour	Country	Fitch Ratings				Moody's Ratings		S & P Ratings		CDS Price	ESCC Duration	Capita Duration Limit	Money Limit
Specified Investments:		L Term	S Term	Viab.	Supp.	L Term	S Term	L Term	S Term		(Months)	(Months)	(£m)
Lloyds Banking Group:													
Lloyds Bank	UK	A+	F1	a	5	Aa3	P-1	A	A-1	39.04	6	6	60
Bank of Scotland	UK	A+	F1	a	5	Aa3	P-1	A	A-1	49.71	6	6	
RBS/NatWest Group:													
NatWest Bank	UK	BBB+	F2	bbb+	5	A2	P-1	BBB+	A-2	-	12	12	60
Royal Bank of Scotland	UK	BBB+	F2	bbb+	5	A2	P-1	BBB+	A-2	59.66	12	12	
HSBC Bank	UK	AA-	F1+	a+	1	Aa3	P-1	AA-	A-1+	22.03	12	12	60
Barclays Bank	UK	A	F1	a	5	A1	P-1	A	A-1	49.71	6	6	60
Santander (UK)	UK	A	F1	a	2	Aa3	P-1	A	A-1	-	6	6	60
Goldman Sachs IB	UK	A	F1	-	-	A1	P-1	A+	A-1	63.36	6	6	60
Standard Chartered Bank	UK	A+	F1	a	5	A1	P-1	A	A-1	43.55	6	6	60
Nationwide Building Society	UK	A+	F1	a	5	Aa3	P-1	A	A-1	-	6	6	60
Coventry Building Society	UK	A	F1	a	5	A2	P-1	-	-	-	6	6	60
Non UK Counterparties:													
Australia & New Zealand Banking Group	Australia	AA-	F1+	aa-	1	Aa3	P-1	AA-	A-1+	50.01	12	12	60
Commonwealth Bank of Australia	Australia	AA-	F1+	aa-	1	Aa3	P-1	AA-	A-1+	52.61	12	12	60
National Australia Bank	Australia	AA-	F1+	aa-	1	Aa3	P-1	AA-	A-1+	50.65	12	12	60
Westpac Banking Corporation	Australia	AA-	F1+	aa-	1	Aa3	P-1	AA-	A-1+	50.65	12	12	60
Royal Bank of Canada	Canada	AA	F1+	aa	2	A1	P-1	AA-	A-1+	-	12	12	60
Toronto Dominion	Canada	AA-	F1+	aa-	2	Aa2	P-1	AA-	A-1+	-	12	12	60
Dev. Bank of Singapore	Singapore	AA-	F1+	aa-	1	Aa1	P-1	AA-	A-1+	-	12	12	60
Oversea Chinese Banking Corp	Singapore	AA-	F1+	aa-	1	Aa1	P-1	AA-	A-1+	-	12	12	60
United Overseas Bank	Singapore	AA-	F1+	aa-	1	Aa1	P-1	AA-	A-1+	-	12	12	60

Continued Counterparty list **Bank with duration colour**	**Country**	**Fitch Ratings**				**Moody's Ratings**		**S & P Ratings**		**CDS Price**	**ESCC Duration**	**Capita Duration**	**Money Limit**
		L Term	S Term	Viab.	Supp.	L Term	S Term	L Term	S Term		(Months)	(Months)	(£m)
Svenska H	Sweden	AA	F1+	aa	5	Aa3	P-1	AA-	A-1+	-	12	12	60
Nordea Bank AB	Sweden	AA-	F1+	aa-	5	Aa3	P-1	AA-	A-1+	-	12	12	60
ABN AMRO Bank	Netherlands	A+	F1	a	5	A1	P-1	A	A-1	-	6	6	60
Rabobank	Netherlands	AA-	F1+	a+	5	Aa2	P-1	A+	A-1	25.53	12	12	60
ING Bank NV	Netherlands	A+	F1	a+	5	Aa3	P-1	A+	A-1	22.07	12	12	60
UBS	Switzerland	AA-	F1+	a+	5	Aa3	P-1	A+	A-1	21.28	12	12	60
Credit Suisse	Switzerland	A	F1	a-	5	A1	P-1	A	A-1	61.21	6	6	60
DZ Bank	Germany	AA-	F1+			Aa1	P-1	AA-	A-1+	-	12	12	60
Danske Bank	Denmark	A	F1	a	5	Aa3	P-1	A	A-1	28.54	6	6	60

Yellow	***Purple***	***Blue***	***Orange***	***Red***	***Green***	***No Colour***
Up to 5yrs	*Up to 2yrs*	*Up to 1yr (semi nationalised UK bank NatWest/RBS)*	*Up to 1yr*	*Up to 6 months*	*Up to 100 days*	*Not to be used*

Non-Specified Investments:			
	Minimum credit Criteria	**Maximum Investments**	**Period**
UK Local Authorities	Government Backed	£60m	2 years
Corporate Bond Fund(s)	Investment Grade	£30m	2 – 5 years
Pooled Property Fund(s)	N/A	£30m	5+ years
Mixed Asset Fund(s)	Appropriate rating	£30m	2 - 5 years

11. Investment Product Glossary

Bank / Building Society: Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail.

Bank / Building Society Secured (Covered Bonds): These investments are secured on the bank's assets, which limit the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in.

Money Market Funds: An open ended fund that invests in short term debt securities, offers same-day liquidity and very low volatility.

Government: Loans, bonds and bills issued or guaranteed by UK government, local authorities and supranational banks. These investments are not subject to bail-in, and there is a minimal risk of insolvency.

Corporate Bonds: Bonds issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent.

Enhanced Cash / Bond Funds: Fund designed to produce an enhanced return over and above a Money Market Fund. The manager may use a wider range of alternative options to try and generate excess performance. These could include different counterparties, instruments as well as longer dated investments.

Pooled Property Funds: Shares in diversified property investment vehicles. Property funds offer enhanced returns over the longer term, but are more volatile in the short term. The funds have no defined maturity date, but are available for withdrawal after a notice period.

Mixed Asset Fund: Rather than focus on a particular asset class, these funds will look to invest across a broader range of classes in an effort to provide investors with a smoother performance on a year-to-year basis. Primarily, the asset classes will be equities and fixed income, but the latter will include both corporate and government-level investments.

Equity Fund: Equity funds are pooled investment vehicles that will focus investments primarily in UK equities.

APPENDIX 'C'

Link Asset Services on the Economic Background and Forward View

1. The Global Economy

1.1 **The Eurozone**. Economic growth in the EU, (the UK's biggest trading partner), had been lack lustre for several years after the financial crisis despite the ECB eventually cutting its main rate to -0.4% and embarking on a massive programme of QE. However, growth picked up in 2016 and has now gathered substantial strength and momentum thanks to this stimulus. GDP growth was 0.5% in quarter 1 (2.0% y/y), 0.6% in quarter 2 (2.3% y/y) and +0.6% in quarter 3 (2.5% y/y). However, despite providing massive monetary stimulus, the European Central Bank is still struggling to get inflation up to its 2% target and in October inflation was 1.4%. It is therefore unlikely to start on an upswing in rates until possibly 2019. It has, however, announced that it will slow down its monthly QE purchases of debt from €60bn to €30bn from January 2018 and continue to at least September 2018.

1.2 **USA.** Growth in the American economy was notably erratic and volatile in 2015 and 2016. 2017 is following that path again with quarter 1 coming in at only 1.2% but quarter 2 rebounding to 3.1% and quarter 3 coming in at 3.0%. Unemployment in the US has also fallen to the lowest level for many years, reaching 4.2%, while wage inflation pressures, and inflationary pressures in general, have been building. The Fed has started on a gradual upswing in rates with four increases in all and three increases since December 2016; and there could be one more rate rise in 2017, which would then lift the central rate to 1.25 – 1.50%. There could then be another four increases in 2018. At its September meeting, the Fed said it would start in October to gradually unwind its $4.5 trillion balance sheet holdings of bonds and mortgage backed securities by reducing its reinvestment of maturing holdings.

1.3 **Asia**. In China economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and credit systems.

Whilst Japan has been struggling to stimulate consistent significant growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy.

1.4 **The Global Outlook.** World Growth looks to be on an encouraging trend of stronger performance, rising earnings and falling levels of unemployment. In October, the IMF upgraded its forecast for world growth from 3.2% to 3.6% for 2017 and 3.7% for 2018.

In addition, inflation prospects are generally muted and it is particularly notable that wage inflation has been subdued despite unemployment falling to historically very low levels in the UK and US. This has led to many comments by economists that there appears to have been a fundamental shift downwards in the Phillips curve (this plots the correlation between levels of unemployment and inflation e.g. if the former is low the latter tends to be high). In turn, this raises the question of what has caused this? The likely answers probably lay in a combination of a shift towards flexible working, self-

employment, falling union membership and a consequent reduction in union power and influence in the economy, and increasing globalisation and specialisation of individual countries, which has meant that labour in one country is in competition with labour in other countries which may be offering lower wage rates, increased productivity or a combination of the two. In addition, technology is probably also exerting downward pressure on wage rates and this is likely to grow with an accelerating movement towards automation, robots and artificial intelligence, leading to many repetitive tasks being taken over by machines or computers. Indeed, this is now being labelled as being the start of the fourth industrial revolution.

2. The UK Economy

2.1 After the UK surprised on the upside with strong economic growth in 2016, growth in 2017 has been disappointingly weak; quarter 1 came in at only +0.2% (+2.0% y/y), quarter 2 was +0.3% (+1.7% y/y) and quarter 3 was +0.4% (+1.6% y/y). The main reason for this has been the sharp increase in inflation, caused by the devaluation of sterling after the EU referendum, feeding increases in the cost of imports into the economy. This has caused, in turn, a reduction in consumer disposable income and spending power and so the services sector of the economy, accounting for around 80% of GDP, has seen weak growth as consumers cut back on their expenditure.

2.2 However, more recently there have been encouraging statistics from the manufacturing sector which is seeing strong growth, particularly as a result of increased demand for exports. It has helped that growth in the EU, our main trading partner, has improved significantly over the last year while robust world growth has also been supportive. However, this sector only accounts for around 10% of GDP so expansion in this sector will have a much more muted effect on the overall GDP growth figure for the UK economy as a whole.

2.3 While the Bank of England is expected to give forward guidance to prepare financial markets for gradual changes in policy, the Monetary Policy Committee, (MPC), meeting of 14 September 2017 managed to shock financial markets and forecasters by suddenly switching to a much more aggressive tone in terms of its words around warning that Bank Rate will need to rise soon. The Bank of England Inflation Reports during 2017 have clearly flagged up that it expected CPI inflation to peak at just under 3% in 2017, before falling back to near to its target rate of 2% in two years' time. The Bank revised its forecast for the peak to just over 3% at the 14 September meeting MPC. (Inflation actually came in at 3.0% in September and is expected to rise slightly in the coming months.) This marginal revision in the Bank's forecast can hardly justify why the MPC became so aggressive with its wording; rather, the focus was on an emerging view that with unemployment having already fallen to only 4.3%, the lowest level since 1975, and improvements in productivity being so weak, that the amount of spare capacity in the economy was significantly diminishing towards a point at which they now needed to take action.

2.4 In addition, the MPC took a more tolerant view of low wage inflation as this now looks like a common factor in nearly all western economies as a result of automation and globalisation. However, the Bank was also concerned that the withdrawal of the UK from the EU would effectively lead to a *decrease* in such globalisation pressures in the UK, and so this would cause additional inflationary pressure over the next few years.

2.5 At Its 2 November meeting, the MPC duly delivered a 0.25% increase in Bank Rate. It 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.

2.6 However, some forecasters are flagging up that they expect growth to accelerate significantly towards the end of 2017 and then into 2018. This view is based primarily on the coming fall in inflation, (as the effect of the effective devaluation of sterling after the EU referendum drops out of the CPI statistics), which will bring to an end the negative impact on consumer spending power. In addition, a strong export performance will compensate for weak services sector growth. If this scenario was indeed to materialise, then the MPC would be likely to accelerate its pace of increases in Bank Rate during 2018 and onwards.

3. Link Asset Services forward view

3.1 Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts (and MPC decisions) will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

3.2 The overall balance of risks to economic recovery in the UK is probably to the downside, particularly with the current level of uncertainty over the final terms of Brexit.

3.3 Downside risks currently include:

- Bank of England monetary policy takes action too quickly over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- Geopolitical risks, especially North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.
- A resurgence of the Eurozone sovereign debt crisis, possibly Italy, due to its high level of government debt, low rate of economic growth and vulnerable banking system.
- Weak Capitalisation of European banks.
- Rising protectionism under President Trump.
- Monetary policy A sharp Chinese downturn and its impact on emerging market countries

3.4 The potential for upside risks to UK gilt yields and PWLB rates, especially for longer term PWLB rates include:

- The Bank of England is too slow in its pace and strength of increases in Bank Rate and, therefore, allows inflation pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.
- UK inflation returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.
- The Fed causing a sudden shock in financial markets through misjudging the pace and strength of increases in its Fed. Funds Rate and in the pace and strength of reversal of Quantitative Easing, which then leads to a fundamental reassessment by investors of the relative risks of holding bonds, as opposed to equities. This could lead to a major flight from bonds to equities and a sharp increase in bond yields in the US, which could then spill over into impacting bond yields around the world.

3.5 **Brexit timetable and process:**

- March 2017: UK government notifies the European Council of its intention to leave under the Treaty on European Union Article 50
- March 2019: Initial two-year negotiation period on the terms of exit. In her Florence speech in September 2017, the Prime Minister proposed a two year transitional period after March 2019.
- UK continues as a full EU member until March 2019 with access to the single market and tariff free trade between the EU and UK. Different sectors of the UK economy will leave the single market and tariff free trade at different times during the two year transitional period.
- The UK and EU would attempt to negotiate, among other agreements, a bi-lateral trade agreement over that period.
- The UK would aim for a negotiated agreed withdrawal from the EU, although the UK could also exit without any such agreements in the event of a breakdown of negotiations.
- If the UK exits without an agreed deal with the EU, World Trade Organisation rules and tariffs could apply to trade between the UK and EU - but this is not certain.
- On full exit from the EU: the UK parliament would repeal the 1972 European Communities Act.
- The UK will then no longer participate in matters reserved for EU members, such as changes to the EU's budget, voting allocations and policies.

Committee:	**Cabinet**
Date:	**23 January 2018**
Title of Report:	**Reconciling Policy, Performance and Resources (RPPR)**
By:	**Chief Executive**
Purpose of Report:	**To ask Cabinet to approve the draft Council Plan, Council Tax levels, Revenue Budget and Capital Programme for recommendation to the County Council**

RECOMMENDATIONS:

Cabinet is recommended to:

1. Recommend County Council to:

- **i. Approve in principle the draft Council Plan at Appendix 3 and authorise the Chief Executive to finalise the Plan in consultation with the relevant Lead Members;**
- **ii. Increase the Council Tax by 2.99%;**
- **iii. Increase the Adult Social Care precept by 3%;**
- **iv. Issue precepts accordingly to be paid by Borough and District Councils in accordance with the agreed schedule of instalments at Appendix 6;**
- **v. Approve the net Revenue Budget estimate of £371.3m for 2018/19 set out in Appendices 1 (Medium Term Financial Plan [MTFP]) and 2 (Budget Summary) and authorise the Chief Operating Officer, in consultation with the Chief Finance Officer, Leader and Deputy Leader, to make adjustments to the presentation of the Budget Summary to reflect the final settlement and final budget decisions;**
- **vi. Approve the fees and charges set out in Appendix 5;**
- **vii. Approve the Capital Programme for 2017–2023 Appendix 7;**
- **viii. Note the MTFP forecast for the period 2018/19 to 2020/21, as set out in Appendix 1;**
- **ix. Note the comments of the Chief Finance Officer on budget risks and robustness, as set out in Appendix 8;**
- **x. Note the comments from engagement exercises set out in Appendix 9; and**
- **xi. Delegate authority to the Chief Finance Officer to set fees and charges for 2019/20 onwards and to report to Cabinet and County Council on those set at a level above inflation as part of quarterly monitoring.**

2. Agree that Chief Officers consult, where appropriate, on the savings proposals set out in the report.

3. Approve the fees and charges set out in Appendix 5 relating to executive functions and to delegate authority to the Chief Finance Officer to set all fees and charges for 2019/20 onwards and to report on those set at a level above inflation as part of the quarterly monitoring;

4. Continue to lobby Government through all means to provide transitional funding while the Fair Funding Review is being undertaken.

1. Introduction

1.1 The Council's net budget comprises three main funding elements: Council Tax, Business Rates and Government grant. As part of its national deficit reduction plans, the Government has been reducing its grant to local government and will cease to provide a Revenue Support Grant to local government in 2020/21 when Business Rates Retention, incorporating the outcome of the Fair Funding Review, will be introduced.

1.2 The Council's decisions about how to deal with the funding shortfall, which latest estimates show will amount to £17.051m in 2018/19, need to take account of local circumstances. Some of the key factors influencing our choices are:

- the County's residents are poorer than average for England with full time earnings below the national average: this affects health and wellbeing; increases service demand and limits the affordability of Council Tax rises;
- poor transport infrastructure and connectivity which, combined with environmental designations, limits business growth – especially that which generates Business Rates: this leads to poor local wages; poor quality jobs and means that the Council's income gap cannot be filled by business rate growth;
- the county's demography – East Sussex has the second highest proportion of older people in the country. People over the age of 85 are the most likely to need support and the number in this age group will rise by 14% between 2017 and 2021. Whilst the proportion of school age people is only expected to rise marginally, the proportion with recognised high needs Special Educational Needs and Disability SEND is above the national average. The number of children in need of support is also starting to rise.

1.3 The Council has been able to meet the challenge of delivering savings by having a clear focus on our four priority outcomes, which are delivered through our services and service change programmes. Our "One Council" approach has provided a collective view about our priorities and investment choices, and uses strategic commissioning disciplines to direct our activities to maximise the delivery of the agreed priority outcomes of driving sustainable economic growth, keeping vulnerable people safe, helping people help themselves, and making best use of resources.

1.4 Our RPPR process matches available resources with our delivery plans for our priority outcomes. It has enabled us to give relative protection to activity that delivers our priority objectives most effectively. The RPPR process has been applied across all services in the development of the Council Plan (Appendix 3) supported by the MTFP (Appendix 1) and Capital Programme (Appendix 7) set out in this report. We will have made savings of £112m between the beginning of this decade and the end of the 2017/18 financial year. We need to make savings of £17.051m in 2018/19 and an estimated £30.286m across the two following years (subject to the proposed extra 1% increase on Council Tax being agreed).

1.5 Last year, additional short-term funding was available for Adult Social Care (ASC) through the option to apply an ASC Council Tax precept and through the Government's ASC support grant (2017/18 only) and Better Care Fund (reducing to zero by 2020/21). The MTFP includes a 3% ASC precept in 2018/19. The precept was subject to a maximum charge of 6% over the three years to 2019/20. So, as it was levied at 3% in 2017/18, it cannot therefore be levied in 2019/20. It is proposed to retain the current profile given current need.

1.6 As agreed by County Council previously the Capital Programme provides only minimum basic need provision. This includes essential budgets for school places and highways infrastructure.

1.7 This report sets out:

- changes to the national context since the report to Cabinet on 10 October 2017;
- an update on progress on the 2017/18 Council Plan and budget;
- proposals for the 2018/19 revenue budget taking account of changes in the financial picture since October, an increase the Council Tax by 2.99% and an increase the Adult Social Care precept by 3%;
- the savings requirement across the Council including changes since October and final savings proposals;
- the Capital Programme update and the rationale on which it has been developed; and
- feedback from engagement exercises, equalities impacts and proposals for lobbying.

1.8 A list of the contents of the appendices is set out at the end of this cover report.

2. National Context

2.1 The preparations for Brexit continue to dominate the Government's agenda. This means that a number of issues affecting the future sustainability of local government remain unresolved. Whilst the Government is pressing on with its plans for removing its grant to local government, progress has been slow with regard to proposed changes in local government funding, including the Fair Funding Review which will update how Business Rates will be redistributed nationally using a needs based formula.

2.2 As part of the Provisional Local Government Finance Settlement announced on 19 December 2017 the formal consultation on the review of relative needs and resources (the Fair Funding Review) was published. It was also announced that local Business Rates Retention would move from 50% to 75% in 2020/21 and that this would also involve the bringing of Public Health and other grants within the Business Rates Retention methodology, effectively ending the Public Health ring fence and potentially resulting in the Council receiving less income overall. Additionally a reset of the Business Rates Retention system will take place. This will update the redistribution of Business Rates to better reflect how much local authorities are actually collecting in Business Rates (the current system is based on the amount collected in 2010/11 and 2011/12). The Fair Funding Review is essential because there is no link between local Business Rates generation and need. Areas like East Sussex will never be able to support local need adequately from locally raised rates. The Government had been providing some transitional grant to bridge the gap between RSG and the availability of more Business Rates locally, but this ended in 2017/18. Lobbying has continued since the provisional settlement but additional resources cannot be relied on.

2.3 The growth in the elderly population is putting a strain on both local authority and health finances. The Green Paper which was anticipated to look at how services to older people could best be provided has been delayed until the middle of 2018. A permanent solution is unlikely to be available before the temporary funding the Government has made available runs out.

2.4 The Provisional Local Government Finance Settlement also announced that the Government will allow councils to increase Council Tax by a further 1% in 2018/19 and 2019/20 without triggering a referendum i.e. up to 3% rather than 2% and excluding the ASC precept without holding a referendum.

3. ESBT and the Health Economy

3.1 The East Sussex Better Together (ESBT) programme has, since its inception in 2013, implemented integrated community services and demand management schemes in order to reduce the number of patients needing acute care. Over time this has delivered a sustained improvement in performance with growth in demand for acute care in ESBT being significantly lower when compared with other health economies in the region and with the national average. In 2017/18 the NHS has faced a significant restriction on its resources and therefore has required an unprecedented level of demand mitigation to meet its financial targets. Despite improved length of stay performance, acute admissions have risen. This, coupled with increased hospital costs, has created a financial deficit within the local NHS.

3.2 It was envisaged that through the course of the Strategic Investment Plan (SIP), which runs to 2020/21, the alignment of our plans would see social care being, in part, supported by NHS resources. The deficit position of the ESBT health economy in 2017/18 means that no NHS support can be expected in 2018/19. The County Council Adult Social Care contribution to the ESBT SIP in 2018/19 will be 77% of its budget (23% relates to Non ESBT), as previously agreed, which will take account of the RPPR savings requirement of £7.717m of savings for the year.

4. Council Plan and supporting MTFP

4.1 The draft Council Plan (Appendix 3) continues to be built on the Council's four overarching priority outcomes: driving sustainable economic growth; keeping vulnerable people safe; helping people help themselves; and making best use of resources. Making best use of resources is the priority test through which any activity and accompanying resources must pass. The remaining three priority outcomes guide our activities, direct our resources and are reflected in our Council Plan activities and targets. As resources tighten further, our ambition in some areas will be to maintain performance at current levels rather than seeking improvement. Defining clearly the outcomes we wish to achieve and monitoring our success in delivering these outcomes for the county's residents, communities and businesses is critical. We also keep track of a wide range of key data about East Sussex and related to our priority outcomes. These will help us to assess our impact more fully and respond appropriately when we need to do so; key data will be monitored annually as part of the State of the County report.

4.2 The Council Plan provides a summary for each strategic priority including planned actions and targets for the next three years. It is still work in progress until final budget allocations are made and firm targets can be set. It will be published in April 2018 and refreshed in July when final performance outturn figures for 2017/18 are available. Authorisation is sought for the Chief Executive to make final changes pre and post publication in consultation with Lead Members, as appropriate.

4.3 Previously we have been able to have a detailed three year MTFP and savings schedules, but given the uncertainty about the shape of our future finances we have detailed plans for 2018/19 and indicative totals for the final two years. The MTFP is set out in Appendix 1.

5. Progress with Council Plan & Budget 2017/18 since Quarter 2

5.1 Overall progress against Council Plan targets remains as reported at Quarter 2.

5.2 Since the end of quarter 2 the Care Quality Commission (CQC) has carried out an area review looking at the Health and Social Care interface in East Sussex and the impact of shared working, with a particular focus on outcomes for adults aged over 65. A report on the outcomes is expected in January 2018, when there will be the opportunity to check for matters of factual accuracy. Following this, a summit will be held with key partners so the CQC can provide feedback and identify next steps. An action plan will then be formulated to be overseen by the Health and Wellbeing Board.

5.3 A Delayed Transfer of Care (DTOC) Action Plan is being implemented to address the key issues which cause delays. These are

- Patient or Family Choice—an average of 6.0 delays per week, equating to 33% of ASC delays;
- Awaiting care package in own home—an average of 5.8 delays per week, equating to 32% of ASC delays; and

The impact of these actions is being monitored and performance has shown continued improvement since July.

5.4 As part of our library transformation programme, East Sussex Libraries – The Way Forward, a consultation on the proposed changes was held between September and December 2017. During the consultation 3,639 completed questionnaires (1,907 paper, 1,732 online) were received. We will analyse and consider all of the feedback we received as part of the public consultation, prior to revising the strategy for consideration by Cabinet in March 2018.

5.5 At quarter 2, the projected year-end underspend was £1.0m, after applying centrally held contingency. Within service departments there is a projected overspend of £2.4m. Work continues within services to reduce or mitigate the overall overspend. 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, as noted above, the general contingency provision of £3.4m is available to reduce the projected overspend.

5.6 The capital programme has been updated for the quarter 2 position and any subsequent variations and updates that have come to light.

6. Revenue Budget 2018/19

6.1 The RPPR Report to Cabinet on 10th October 2017 detailed the MTFP projections for 2018/19 and subsequent years. A key consideration at the time of the October report was the considerable uncertainty affecting the MTFP projections, therefore at that point no updates to the 2018/19 savings requirements were made.

6.2 The changes to the MTFP since the October cabinet report are set out below and detail is provided in the subsequent paragraphs.

		2018/19	**2019/20**	**2020/21**
		Estimate	**Estimate**	**Estimate**
		£m	**£m**	**£m**
Cabinet 10th October 2017 DEFICIT/(SURPLUS)	**Ref.**	**1.080**	**16.424**	**18.725**
MTFP inclusive of savings plans		***21.869***	***0***	***0***
Proceeds of Business Rate Pooling	1	(0.610)	-	-
Council Tax Base and Collection Fund (net of contribution to balances and reserves)	2	(0.216)	(1.575)	(0.050)
General Contingency (based on agreed formula)	3	0.040	0.010	0.010
Service Inflation	4	0.471	0.118	0.088
Business Rates inflation	5	(0.466)	0.304	0.135
Departmental budget reviews: reassessment of service pressures	6	(2.538)	0.850	(0.250)
Revised Treasury Management Strategy – to be approved by County Council Feb 2018	7	-	(1.600)	0.100
New Homes Bonus	8	0.358	0.167	0.025
NHB to Capital Programme	8	(0.358)	(0.167)	(0.025)
Council Tax: additional 1%	***9***	***(2.579)***	***(2.850)***	***(0.153)***
Revised Savings Requirements		**17.051**	**11.681***	**18.605***

*Savings requirement indicative only at this stage.

6.3 The changes to the MTFP shown above are as follows:-

1. **Proceeds of Business Rate Pooling –** Confirmation has now been received from the Ministry of Housing, Communities and Local Government (MHCLG) (formerly the Department for Communities and Local Government) of the designation of the East Sussex pool. This is following the Council's agreement to re-establish the pool with

District and Borough Councils for 2018/19. The MTFP has been updated with an estimate of pooling proceeds based on their returns at the end of January 2017, considered a prudent position for budget setting. The MTFP also assumes that the county will continue to pool until the Government rolls out Business Rates Retention, the timing of which is expected to be in 2021.

2. **Council Tax base and collection fund** - The estimate has been aligned to the figures provided by District and Borough Councils in January 2018 and changes reflected through reserves.

3. **General Contingency** - The general contingency is calculated at an agreed formula of 1% of net budget less treasury management.

4. **Service Inflation** - The inflation model has been updated for the inflation figures published by the Office of Budget Responsibility (OBR) at the Autumn budget.

5. **Business Rates Inflation** - Business Rates inflation is provided by the OBR at the time of the Autumn budget. For 2019/20 onwards they have reduced their previous inflation projections from 3.5% to 3.1%.

6. **Departmental budget reviews** - re-assessment of service pressures within departments.

7. **Revised Treasury Management Strategy (to be approved by County Council February 2018)** - A change in risk profile to allow the council to invest in better performing funds will generate additional income from 2019/20 estimated in the region of £1.6m.

8. **New Homes Bonus** - For 2017/18, the Government announced a new methodology for calculating New Homes Bonus (NHB) whereby a threshold of 0.4% growth in housing stock per annum must be achieved before any NHB grant is calculated. A further consultation on the scheme was undertaken in the autumn, but the government is not proposing any changes for 2018/19. NHB figures have therefore only altered for the District and Borough data on actual housing growth**.**

9. **Council Tax: Additional 1%** - At the Provisional Local Government Financial Settlement on 19th December 2017 it was announced that the Government would allow council to increase Council Tax by a further 1% in 2018/19 and 2019/20 without triggering a referendum. i.e.3% rather than 2% and excluding the ASC precept.

6.4 There continues to be uncertainty regarding the replacement funding mechanisms from 2020/21. At the provisional Local Government Finance Settlement the Fair Funding Review consultation was issued and will run for a period of 12 weeks until 12 March 2018. Alongside the implementation of the outcome from the Fair Funding Review, the Government will aim for local authorities to retain 75% of Business Rates from 2020/21, including existing grants such as Public Health and Revenue Support Grant. What this will mean for the Council is as yet unknown.

6.5 With the significant programme of savings already planned a balanced budget proposed for 2018/19. The estimated deficit is £30.286m by 2020/21. This combined with ongoing uncertainties that could have significant financial impact on future years, mean that the serious financial challenge faced by the Council will continue unabated.

7. Final Savings Proposals

7.1 In October 2017 the savings needed to give a balanced budget were £21.869m. The revised MTFP enables the savings requirement to be reduced to £17.051m. Savings proposals have therefore been reviewed. Reductions in savings targets have been directed towards priority areas, mainly in Children's Services and Adult Social Care. They are set out in detail in Appendix 4. The table below summarises the movements.

2018/19 Savings £m					
Department	**Oct-17**	**Jan-18**	**Movt Oct-Jan**	**Explanation for Movements**	**Impact of Change on savings targets**
Business Services/Orbis	1.396	1.396	0.000		
Children's Services (excl. schools)	5.404	4.029	(1.375)	MTFP RPPR update (£0.836m); 1% Council Tax increase (£0.539m).	Reduce Support Services (£0.017m); remove Locality (£0.226m); reduce SWIFT and YOT (£0.134m); remove LAC (£0.267m); reduce SLES (£0.050m); reduce ISEND and ESBAS (£0.321m); remove Unallocated (£0.360m). *NB: Early Help savings of £1.561m have also been slipped to 19/20 and will be mitigated in 18/19 through use of reserves.*
Communities, Economy & Transport	2.119	1.542	(0.577)	MTFP RPPR update (£0.370m); 1% Council Tax increase (£0.207m).	Reduce Waste (£0.080m); remove grass cutting (£0.400m); reduce Libraries (£0.097m). *NB: elements of two savings have been slipped to 19/20 and will be mitigated in 18/19 through use of reserves: Libraries (£0.025m) and Waste (£0.162m).*
Governance Services	0.084	0.084	0.000		
Adult Social Care Non-ESBT	2.960	2.283	(0.677)	MTFP RPPR update (£0.364m); 1% Council Tax increase (£0.313m).	Remove Community Care (£0.677m).
East Sussex Better Together - ASC	9.906	7.717	(2.189)	MTFP RPPR update (£1.177m); 1% Council Tax increase (£1.012m).	Remove Community Care (£1.995m); reduce Assessment & Care Management (£0.194m).
TOTAL	**21.869**	**17.051**	**(4.818)**		

8. Fees and Charges

8.1 As part of setting the budget, the Council is required to review the charges it makes for services and approve a schedule of revised charges. Current policy is:

- The Chief Finance Officer has delegated authority to approve any increase in fees up to 2% for 2018/19.

- Any individual fee or charge that is increased up to this prescribed rate does not require any formal approval as part of the budget report, only those that have a higher rate applied to them will require specific approval.
- Where there is a statutory requirement for the Council to formally approve an increase, or new charges are being proposed, or the level of the proposed fee or charge is to be reduced, then these will continue to be reported for specific approval as part of the annual budget report. This removes the need for individual fees & charges to be reported, but they will be required to be reported as part of any formal review of the policy to which to they relate.

8.2 It is proposed that for 2019/20 onwards, delegated authority is given to the CFO to set the level of fees and charges and to report to Cabinet and County Council as part of the quarterly monitoring report on those set at a level above inflation.

8.3 The schedule of the fees and charges requiring specific approval is set out in Appendix 5.

9. Council Tax requirement

9.1 The Government has provided for relevant authorities to charge up to 3% on the ASC precept, subject to a maximum of 6% across the 3 year period 2017/18 to 2019/20. The Council Tax requirement in the MTFP is based on the proposal that this option is taken to maximise the mitigation available across health and social care.

9.2 In the Provisional Local Government Finance Settlement on 19 December the Government announced that Councils could apply a Council Tax increase of up to 3% in each of the next 2 years without triggering a referendum. This was described as following inflation. The Council can therefore increase Council Tax by 5.99% in 2018/19 (including the 3% ASC precept) and 2.99% in 2019/20.

9.3 It is therefore proposed that the Council be asked to consider increasing Council Tax in 2018/19 by 2.99%. It is also proposed that there should be a further 3% increase in respect of the ASC precept. If agreed the proposed band D charge for 2018/19 would therefore be:

Changes in Council Tax	Council Tax Annual	Council Tax Weekly
Band D 2017/18	£1,314.36	£25.28
1.99% Council Tax increase*	£26.19	£0.50
1.00% Additional Council Tax increase*	£13.14	£0.25
3% ASC precept*	£39.42	£0.76
Indicative Band D 2018/19*	£1,393.11	£26.79

* Council Tax and ASC precept are rounded as they are required to be divisible by nine.

9.4 The formal precept notice for issuing to the Borough and District Councils will follow for formal recommendation to council. This will be subject to change following the final settlement and confirmation of Business Rates for 2018/19. The draft precept calculation and dates are at Appendix 6.

10. 2019/20 & 2020/21 and beyond

10.1 The level of uncertainty about the Government's plans and funding for services provided by Local Government means that there could be fundamental changes in both the resources the Council has available and its expectations for service delivery, so the process for the latter two years of the Council's MTFP will, necessarily be iterative. Currently, the MTFP is predicated on the need to make £30.286m of savings during these two years.

10.2 If there are no new resources from Government, by 2021/22 the Council will be left with a minimum service offer. It will provide safeguarding for all ages, will still meet critical and substantial need in ASC and will deal with the highest level of need and risk cases in Children's Services. We will continue to use our influence to assist with the economic development of the county, but will not be able to invest directly in the way we have in the past. We will be able to carry out maintenance on our roads so that they are safe for users. Central services will be reduced to a democratic core with minimum support for departments and more self-service. We will not be able to fund early intervention or prevention services in Adult and Children's Social Care or support to schools to improve attainment. We will have to move away from assets management in highways towards more reactive maintenance, leading to long-term deterioration of condition.

10.3 This challenging outlook places a premium on our lobbying work and the need to explore all our options. Cabinet is asked to endorse a renewed focus on commercialisation and income generation, partnership working and the following areas of search for savings in future years, in order that a balanced budget, focused on priorities, can be achieved in 2019/20 and 2020/21:

- All areas of ASC not directly involved in providing for critical and substantial need;
- Standards and Learning Effectiveness Service;
- Remaining Children's early help offer;
- Highways maintenance;
- Public transport and concessionary fares;
- Road safety and school crossing patrols; and
- All support services.

11. Capital Programme

11.1 Due to the ongoing financial pressures the Council is facing, the Capital Programme 2017/23, as agreed at Full Council on 7th February 2017, focuses on a strategy to deliver core need as efficiently as possible. Where there are other service developments and investment opportunities that require capital investment (that are not identified as core need), they will be required to be either match funded or would require a business case that demonstrates benefits. Approved bids are added to the programme in line with the current variation policy.

11.2 The areas of essential core need included in the 2017-2023 programme are:

- Schools Places (early years, primary, secondary and special);
- Highways Structural Maintenance, Bridge Strengthening; Street Lighting; Rights of Way and Bridge Replacement Programme;
- Property Building Maintenance;
- ICT Strategy;
- Adults' and Children's House Adaptations Programme; and
- Libraries

11.3 In addition to the core need, there are a number of other fully funded schemes which are either funded through our Local Enterprise Partnerships, or for the provision of grants and loans. These were originally pump primed in the 2013-2018 programme and include the Economic Intervention Fund which, by 2021/22, will become self-funding.

11.4 The approved programme has now been updated to include the Quarter 2 position and other approved variations and updates, the details of which are set out Appendix 7.

12. Robustness and Opportunity Cost of Reserves

12.1 The State of the County report gave an estimated total earmarked reserves balance of £45.2m at 31.03.21. Since then there have been some updates and the estimated

position by 31.03.21 is now £44.2m. The current reserves position is shown in the table below.

	01.04.18 Estimate £m	**31.03.21 SoC Estimate £m**	**31.03.21 Estimate £m**
Held on behalf of others or statutorily ring-fenced	19.9	17.0	13.9
Waste Reserve	12.8	12.8	12.8
Set aside for the new Capital Programme 2018/23	21.0	0.0	0.0
Insurance	5.5	5.9	5.5
Strategic Reserves:			
Risk	3.1	2.8	4.5
Priority Outcomes and Transformation	7.8	3.0	3.4
Financing	18.5	3.7	4.1
Total Strategic Reserves	29.4	9.5	12.0
Total ESCC service specific reserves	**68.7**	**28.2**	**30.3**
Total Reserves	**88.6**	**45.2**	**44.2**

12.2 Additionally, there is a General Fund balance held by the Council of £10m. This is a minimum general balance that is assessed annually in relation to risks facing the Council. The £10m is lower proportionately than most other Authorities.

12.3 Following the review and policy update conducted for the State of the County in June, the level of reserves held by the Council is considered appropriate. It is becoming increasingly important to hold sufficient reserves for the future given the financial uncertainty ahead. It is proposed that where possible resources are transferred to the Financing and Risk reserves e.g. the net underspend from 2017/18. Details of the reserves held can be found in Appendix 2. The Chief Finance Officer Statement on Budget Robustness can be found at Appendix 8.

13. Equalities

13.1 A high level Equalities Impact Assessment (EqIA) of the revenue savings proposals has been undertaken and is set out in Appendix 4. Further EqIAs will be undertaken where appropriate before individual proposals are implemented. EqIAs have been undertaken of the proposed Capital spending. These are summarised in Appendix 7a. In considering the proposals in this report, Cabinet Members are required to have ‘due regard’ to the duties set out in Section 149 of the Equality Act 2010 (the Public Sector Equality Duty). EqIAs are carried out to identify any adverse impacts that may arise as a result of the proposals for those with protected characteristics and to identify appropriate mitigations. The full version of relevant completed EqIAs have been placed in the Members’ and Cabinet Room and are available on the Cabinet pages of the County Council’s website. They can be inspected upon request at County Hall. Members must read the full version of the EqIAs and take their findings into consideration when determining these proposals.

13.2 Whilst Cabinet and County Council is being asked to agree the Revenue Budget and Capital Programme, there remains scope for reconsideration of individual proposals in the light of new information and changing circumstances during the year (for example the outcome of EqIAs). When specific executive decisions come to be taken, the full equalities implications of doing one thing rather than another can be considered in appropriate detail. If it is considered necessary, in light of equalities or other considerations, it is open to those taking the decisions to spend more on one activity and less on another within the overall resources available to it.

14. Staffing Impacts and Implications

14.1 The savings proposals for the next year could lead to the reduction in the region of 200 fte staff. The County Council has established robust employment protection policies and will continue to try and avoid making compulsory redundancies, wherever possible.

15. Engagement Feedback and Future Consultation

15.1 The views of the Scrutiny Committees and the outcomes of engagements events with young people and partners are set out at Appendix 9. The views of Trades Unions will be tabled at the meeting and those of representatives of business ratepayers will be tabled at the County Council following their respective consultation events.

15.2 The timing of different decisions is dependent on a range of circumstances including the complexity and level of interest. The options open to the Council include:

- the budget is set by County Council, following which the Cabinet will make decisions relating to service delivery, and as part of that decision making process a consultation will be undertaken prior to the final decision; and
- the consultation starts to explore proposals, and in the meantime a separate decision is taken by full Council in relation to setting the budget; and following the closure of the consultation Cabinet then considers the responses and makes a decision relating to service delivery. It is really important to stress that just because the consultation is ongoing at the time the budget is set does not mean any decision has been taken by the Cabinet about the outcome of the consultation or how services will be delivered. When the Cabinet considers the issue (including the results of the consultation) after the budget has been set it is still open to the Cabinet to decide to spend, the same, more or less on an area. The constitution contains rules allowing amounts to be transferred between various budget heads and if necessary a referral back to County Council can be made to reconsider allocations.

16. Lobbying

16.1 Cabinet Members and officers have been and will continue to lobby for the best interests of the residents of East Sussex directly with the Government, through meetings and briefings with our local MPs, through contact with Government officials and through the various partnerships in which we participate. We have used all these channels to try to ensure that, for example, the implications of the proposed changes to local government finance to the sustainability of services in East Sussex is clear. This year our lobbying has included the Stand Up for East Sussex petition, which garnered nearly 6,000 signatures and was submitted to the Prime Minister in December.

17. Conclusion

17.1 The financial challenge the Council faces is considerable and the choices between saving and spending areas are difficult. In making recommendations to Cabinet, officers have tried to be as transparent as possible about their thinking and how they have tried to balance the needs of all residents and businesses in the County for services and the affordability of those services to Council Tax payers.

BECKY SHAW
Chief Executive

Navigating this report

The contents of this Reconciling Policy, Performance and Resources report appendices are set out below.

Appendix 1 – Medium Term Financial Plan

Appendix 2 - Budget Summary 2018/19
Details of draft Revenue Budget 2018/19, Medium Term Financial Plan future four years 2017/18 – 2020/21, Capital Programme to 2022/23

Appendix 3 - Council Plan
Draft plan, priority outcomes narrative, performance measures and targets 2018/19 – 2020/21

Appendix 4 – Final Savings Proposals
Details of savings 2018/19, summary impacts and overall equalities impact assessment for the Revenue Budget. Based on an overall Council Tax increase for 2018/19 of 5.99% (includes 3% Adult Social Care precept) and summary of the equality impact assessment of the Revenue Savings out in appendix 4

Appendix 5 - Fees and Charges
Schedule of fees and charges for 2018/19 requiring approval as part of the annual budget report

Appendix 6 - Council Tax Precepts
Details of draft Council Tax charges by band for East Sussex County Council and precepts for each billing authority

Appendix 7 - Capital Programme Supporting Information
Background and supporting information for the Capital Programme; financial details are in Appendix 2

Appendix 7a - Equality Impact Assessment for Capital Programme Summary of the equality impact assessment of the Capital Programme set out in Appendix 2

Appendix 8 - Chief Finance Officer Statement on the Budget Robustness
Comments on budget risks and robustness by the Chief Finance Officer and details of reserves

Appendix 9 – Engagement Feedback
Summary of the views of Scrutiny Committees and engagement events with partners, trade unions and businesses.

Appendix 1

Medium Term Financial Plan	17/18 Approved Budget £m	18/19 Estimate £m	*19/20 Estimate £m*	*20/21 Estimate £m*
CORPORATE FUNDING				
Business Rates	(71.879)	(74.706)	*(77.331)*	*(78.727)*
Revenue Support Grant	(26.727)	(14.966)	*(3.491)*	
Council Tax	(254.044)	(269.968)	*(287.423)*	*(297.180)*
Council Tax - additional 1% increase (settlement)		(2.599)	*(2.850)*	*(0.153)*
Council Tax - Adult Social Care Precept	(7.355)	(7.834)		
Transition Grant	(2.696)			
New Homes Bonus	(2.250)	(1.231)	*(0.999)*	*(0.950)*
TOTAL CORPORATE FUNDING	**(364.951)**	**(371.304)**	*(372.094)*	*(377.010)*
PLANNED EXPENDITURE				
Service Expenditure *('prior year' A-B)	*323.335	*345.184	**342.541*	*359.748*
Pay Award/Inflation	9.767	10.861	*10.977*	*12.936*
Adult Social Care				
Growth & Demography	5.119	4.500	*5.000*	*5.300*
ESBT/C4Y investment	4.500			
Spending funded by additional IBCF	11.027	(3.239)		
Childrens Services				
Extension of Foster Care to 21	0.900	0.700		
Childrens Services pressures	1.800			
Dedicated Schools Grant		2.500	*1.100*	
Youth Services	0.130			
Transition Funding for Schools	0.750	(0.750)		
Communities, Environment & Transport				
Waste Housing Growth	0.119	0.177	*0.130*	*0.136*
Economic Development Grants	1.000	(1.000)		
Home to School Transport	0.200			
Highways	1.300			
Community Match	0.150			
Streetlighting Electricity		0.107		
Trading Standards		0.025		
The Keep rates and utilities		0.061		
Libraries Hastings rates and utilities		0.045		
Business Services				
Data Centre		0.250		
Contract pressures		0.112		
Governance Services				
Legal pressures		0.059		
Gross Service Expenditure (A)	**360.097**	**359.592**	***359.748***	***378.120***
Education Services Grant	(2.158)	(0.980)	*(0.980)*	*(0.980)*
ASC Support Grant	(2.597)			
Improved Better Care Fund	(0.286)	(7.814)	*(14.902)*	*(14.902)*
Improved Better Care Fund - Supplementary	(11.027)	(7.343)	*(3.649)*	
NET SERVICE EXPENDITURE	**344.029**	**343.455**	***340.217***	***362.238***
Treasury Management	22.936	21.436	*20.336*	*20.936*
Funding Cap Programme - base contribution	4.000	4.000	*4.000*	*4.000*
Funding Cap Programme - New Homes Bonus	2.250	1.231	*0.999*	*0.950*
General Contingency	3.440	3.500	*3.500*	*3.550*
National Living Wage		4.700	*4.700*	*4.700*
Contribution to balances and reserves	(2.668)	1.460	*0.648*	*0.648*
Pensions	6.456	7.202	*7.986*	*8.871*
Apprenticeship Levy	0.600	0.600	*0.600*	*0.600*
Levies	0.574	0.524	*0.542*	*0.556*
Other	0.247	0.247	*0.247*	*0.247*
TOTAL CORPORATE EXPENDITURE	**37.835**	**44.900**	***43.558***	***45.058***
TOTAL PLANNED EXPENDITURE, before savings	**381.864**	**388.355**	***383.775***	***407.296***
DEFICIT/(SURPLUS) (B)	**16.913**	**17.051**	***11.681***	***30.286***
Savings	**(16.913)**	**(17.051)**		
TOTAL PLANNED EXPENDITURE, after savings	**364.951**	**371.304**	***383.775***	***407.296***
ANNUAL DEFICIT/(SURPLUS)	**0.000**	**0.000**	***11.681***	***18.605***

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Budget Summary 2018/19

Appendix 2

Revenue Budget 2018/19
Medium Term Financial Plan
2018/19 to 2020/21 and
Capital Programme to 2022/23

East Sussex
County Council

eastsussex.gov.uk

Contents

Further information can also be obtained from our website:
eastsussex.gov.uk

or by writing to:
Ian Gutsell
Chief Finance Officer
East Sussex County Council
County Hall, St Anne's Crescent
Lewes
East Sussex BN7 1UE
or by email to:
finance@eastsussex.gov.uk

Chief Finance Officer's Foreword

Introduction

This budget summary provides detail on the 2018/19 revenue budget and the Capital Programme to 2022/23. It gives analysis of expenditure by type and also by accountability, along with detail of our resources to finance that expenditure. The summary provides a useful source of information for Council officers, elected members and the public alike.

The 2018/19 Approved Budget

In 2018/19 the Council (including schools) will spend £790.9m to deliver services to the people of East Sussex, with a further £99.3m of investment in infrastructure and assets through its capital programme. The Council's stated priorities outcomes are:-

- *Economic Growth*
- *Helping people to help themselves*
- *Keeping vulnerable people safe*
- *Making the best use of resources*

Revenue Budget

Making best use of our resources means achieving all stated outcomes within the context of increasing demand and diminishing resources available to the Council. For 2018/19, savings of £17.051m will be delivered. While for 2018/19 the budget is balanced, there is significant uncertainty regarding government funding in future years and a budget gap by 2019/20. Work will be ongoing to address this. At the same time, key services have been protected as far as possible from the effects of increased prices and demand.

Government grants amount to £289.9m (36.7%) of the total expenditure of the Council.

Council Tax finances approximately 35% of the total expenditure of the Council. For 2018/19 the council tax will be increased by 5.99%; 3% of which relates to the Adult Social Care precept. Band D council tax will therefore be £1,393.11p per annum, an increase of 78.75p on the current year.

Capital Programme

The programme to 2022/23 is £444.2m gross, £341.7m net over 6 years. The future programme focusses on a strategy to deliver core need, in support of the delivery of priority outcomes, as efficiently as possible. Of this, 36% will be funded by Central Government grants.

Ian Gutsell
Chief Finance Officer
February 2018

Medium Term Financial Planning

£'m	2017/18 Budget	2018/19 Budget	2019/20 Estimate	2020/21 Estimate
CORPORATE FUNDING				
Business Rates	(71.879)	(74.706)	(77.331)	(78.727)
Revenue Support Grant	(26.727)	(14.966)	(3.491)	
Council Tax	(261.399)	(280.401)	(290.273)	(297.333)
New Homes Bonus / Transition Grant	(4.946)	(1.231)	(0.999)	(0.950)
TOTAL CORPORATE FUNDING	**(364.951)**	**(371.304)**	**(372.094)**	**(377.010)**
PLANNED EXPENDITURE				
Service Expenditure	331.415	345.184	342.541	359.748
Pay Award/Inflation/National Living Wage	9.767	10.861	10.977	12.936
Adult Social Care				
Growth & Demography	5.119	4.500	5.000	5.300
Spending funded by Improved Better Care Fund	11.027	(3.239)		
Children's Services				
Extension of Foster Care to 21	0.900	0.700		
Dedicated Schools Grant		2.500	1.100	
Transition funding for Schools	0.750	(0.750)		
Communities, Environment & Transport				
Waste Housing Growth	0.119	0.177	0.130	0.136
Economic Development Grants	1.000	(1.000)		
Streetlighting Electricity		0.107		
Trading Standards		0.025		
The Keep rates and utilities		0.061		
Libraries Hastings rates and utilities		0.045		
Business Services				
Data Centre		0.250		
Contract pressures		0.112		
Governance Services				
Legal pressures		0.059		
Education Services Grant	(2.158)	(0.980)	(0.980)	(0.980)
ASC Support Grant	(2.597)			
Improved Better Care Fund	(0.286)	(7.814)	(14.902)	(14.902)
Improved Better Care Fund - Supplementary	(11.027)	(7.343)	(3.649)	
Total Net Service Expenditure	344.029	343.455	340.217	362.238

Medium Term Financial Planning

£'m	2017/18 Budget	2018/19 Budget	2019/20 Estimate	2020/21 Estimate
Corporate Budgets				
Treasury Management	22.936	21.436	20.336	20.936
Funding Cap Programme - base contribution	4.000	4.000	4.000	4.000
Funding Cap Programme - New Homes Bonus	2.250	1.231	0.999	0.950
Contingency	3.440	3.500	3.500	3.550
Pay & inflation provision (incl National Living Wage)		4.700	4.700	4.700
Contribution to balances and reserves	(2.668)	1.460	0.648	0.648
Pensions	6.456	7.202	7.986	8.871
Apprenticeship Levy	0.600	0.600	0.600	0.600
Levies	0.574	0.524	0.542	0.556
Other	0.247	0.247	0.247	0.247
Total Corporate Expenditure	37.835	44.900	43.558	45.058
TOTAL PLANNED SPENDING	**381.864**	**388.355**	**383.775**	**407.296**
CUMULATIVE DEFICIT/(SURPLUS)	**16.913**	**17.051**	**11.681**	**30.286**
SAVINGS	**(16.913)**	**(17.051)**	**0.000**	**0.000**
ANNUAL DEFICIT/(SURPLUS)	**0.000**	**0.000**	**11.681**	**18.605**

Resources - funding / core spending power

Settlement Funding Assessment 2018/19

The Government's primary economic objective remains to reduce the national deficit and so Government funding to local authority services continues to decrease year on year.

Settlement Funding Assessment (SFA):

Funding	2017/18 £'000	2018/19 £'000	1 year change £'000	1 year change %
Business Rates Retention	11,462	11,855	393	3.4
Business Rates Top-up	58,638	60,351	1,713	2.9
Total Business Rates	70,100	72,206	2,106	3.0
Revenue Support Grant (RSG)	26,727	14,966	-11,761	-44.0
Total - ESCC	**96,827**	**87,172**	**-9,655**	**-10.0**

The SFA represents the general funding level provided by Government to local authorities. For 2018/19, the reduction in SFA is £9.7m or 10.0%. This closely follows the reductions expected from last year's Settlement. The decrease would be higher if Government were not currently estimating slightly improved business rates revenues of £91k for 2018/19.

Business rates retention is based on the Government's national assessment of business rate yield. The County Council's budget for business rates retention reflects its 9% share of locally collected business rates from information provided by the District and Borough Councils.

Resources - funding / core spending power

Core Spending Power

Core Spending Power represents the Government's assessment of the funding they provide to us. It includes their assumptions on growth and inflation. The calculation is designed to give their view as to how local authority spending is changing overall.

The Government revises this measure each year. This year it includes Revenue Support Grant, Retained Business Rates, income from New Homes Bonus, the Rural Services Delivery Grant, Better Care Funding, compensation for Business Rates capping and Council Tax. The inclusion of Better Care funding, compensation for Business Rates capping and increases in Council Tax masks the withdrawal of core Government Grant (RSG).

The table below details changes to the County Council's Spending Power for 2015/16 to 2019/20.

2015/16 £'000	Core Spending Power	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	4 Year Change £'000	%
11,302	Business Rates retention	11,396	11,462	11,855	73,808	5,678	8.3%
56,828	Business Rates Top-Up	57,302	58,638	60,351			
68,875	Revenue Support Grant	45,107	26,727	14,966	3,491	-65,384	-94.9%
137,005	**Settlement Funding Assessment**	**113,805**	**96,827**	**87,172**	**77,299**	**-59,706**	**-43.6%**
2,275	New Homes Bonus	2,720	2,078	1,231	999	-1,276	-56.1%
222	New Homes Bonus returned funding	159	168			-222	-100.0%
	Transition Grant	2,704	2,696				
	Adult Social Care Support Grant		2,597				
	Improved Better Care Fund		11,313	15,157	18,551	18,551	
994	Compensation for business rates capping	994	903	1,504	2,259	1,265	127.4%
227,221	Council Tax	242,632	257,380	276,959	289,601	62,380	27.5%
367,716	**ESCC Core Spending Power**	**363,012**	**373,963**	**382,023**	**388,709**	**20,993**	**5.7%**

For East Sussex, this year's Settlement is the third year of a 4 year deal. Last year the Spending Power calculation showed that our spending would increase by £15.0m or 4.1%, over the life of the 4 year deal. This year's calculation suggests a 4 year increase in Spending Power of £20.9m or 5.7%. The increase is mostly due to the Government's anticipated Council Tax growth and assumes that councils will take up the allowance to increase general Council Tax by 3% in 18/19 and 19/20. Prior to the provisional local government financial settlement in December 2017 increases were capped at 2%. Additionally the new inclusion into the calculation of compensation for Business Rates capping also explains the increase, this funding previously hasn't been part of Core Spending Power.

As outlined above the combination of additional inclusions and changes to Core Spending Power mean the Government's presentation of Core Spending Power may lead to public confusion with regards to the County Council's financial position.

Resources - specific and special grant funding

Direct impact on County Council Services

	Rebased Budget 2017/18 £'000	Estimate 2018/19 £'000	Change £'000
Adult Social Care/Public Health			
Public Health Grant	27,990	27,270	(720)
Adult Social Care Support Grant	2,597	0	(2,597)
Improved Better Care Fund	11,313	15,157	3,844
Former Independent Living Fund (ILF) Recipient Grant	1,018	986	(32)
Social Care Prisons Grant	98	105	7
Local Reform and Community Voices Grant	52	54	2
L R and C V Grant - War Pensions scheme disregard	0	149	149
	43,068	43,721	653
Children's Services			
Education Services Grant (18/19 merged with DSG)	2,158	0	(2,158)
Troubled Families Grant	1,257	1,436	179
SEND Implementation Grant	778	0	(778)
Extended Rights to Free Transportation	453	563	110
Unaccompanied Asylum Seeking Children (UASC)	451	760	309
Youth Justice Good Practice Grant	341	389	48
Staying Put	278	278	0
Remand Allocation Grant	69	72	3
Junior Attendance Centre Grant	27	27	0
KS2 moderation and phonics	24	24	0
Hastings Opportunitty Area Fund	0	400	400
SLES Specific Grants	0	143	143
	5,836	4,092	(1,744)
Communities Economy and Transport			
PFI Grant - Waste	2,996	2,996	0
Pothole Fund	846	846	0
Bus Service Operators Grant	443	443	0
ACCESS Fund	337	492	155
DEFRA - AONB - High Weald	265	291	26
Bikeability Grant for Local Highway Authorities	101	106	5
Lead Local Flood Authority Grant	42	45	3
Woman in Broadband Grant	51	0	(51)
European Regional Development Fund	23	25	2
	5,104	5,244	140
Governance Services			
Local Reform and Community Voices Grant	295	295	0
	295	295	0
Business Services			
PFI Grant - Peacehaven Schools	1,759	1,759	0
	1,759	1,759	0
Corporate items			
Inshore Fisheries Conservation Authorities Grant	58	58	0
	58	58	0
Direct Impact	56,120	55,169	(951)

Indirect impact - where the Council acts as "agent" to transfer funds

	Rebased Budget 2017/18 £'000	Estimate 2018/19 £'000
Children's Services		
Higher Education Funding Council grant	964	845
Dedicated Schools Grant	230,655	212,262
Pupil Premium Grant	10,183	8,785
Universal Infant Free School Meals	3,954	3,980
PE and Sport Grant	476	891
Community Learning	195	195
Sixth Form Funding from the Education Funding Agency	4,247	550
	250,674	227,508
Communities Economy and Transport		
Skills Funding Agency	586	561
Adult Social Care/Public Health		
Disabled Facilities Grant	6,109	6,634
Indirect Impact	257,369	234,703

Grant Funding Summary

Government Specific and Special Grants		
Direct Impact	56,120	55,169
Indirect Impact	257,369	234,703
	313,489	**289,872**
Grants from other agencies		
Federation of Music - Arts Council	650	643
Initial teacher Training Grant - Teacher Training Agency	138	162
English Heritage Grant	0	0
	788	**805**
Total	314,277	290,677

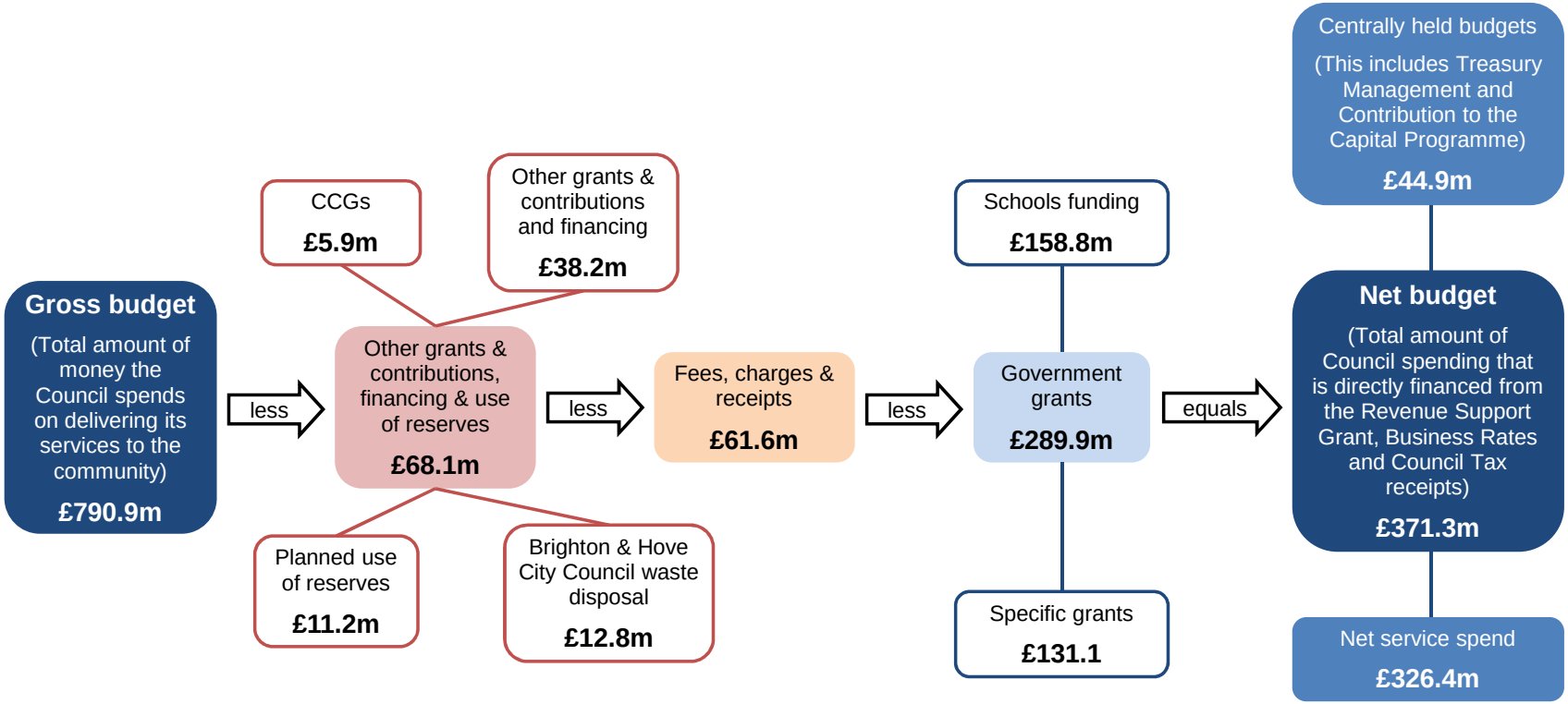
Summary by department		
Adult Social Care	49,177	50,355
Children's Services	256,510	231,600
Communities Economy and Transport	5,690	5,805
Governance Services	295	295
Business Services	1,759	1,759
	313,431	**289,814**
Corporate items	58	58
	313,489	289,872
Grants from other agencies	788	805
Total	314,277	290,677

(please note, at this stage not all grants are confirmed)

Revenue Budget Summary 2018/19

ESCC Budget	2017/18 Budget £000	2018/19 Budget £000	Change £000	%
Gross Expenditure	**783,230**	**790,892**	**7,662**	**0.98%**
Less:				
Fees, Charges & Receipts	(57,404)	(61,572)	(4,168)	
Specific Government Grants	(296,353)	(289,872)	6,481	
Financing and Planned use of reserves	(9,821)	(14,805)	(4,984)	
Other grants and contributions	(54,701)	(53,339)	1,362	
Net Expenditure	**364,951**	**371,304**	**6,353**	**1.74%**
Made up of:-				
Net Service Expenditure	**329,116**	**326,404**	**(2,712)**	
Treasury Management	20,936	21,436	500	
Contributions to Capital Programme	6,250	5,231	(1,019)	
Contingency	3,440	3,500	60	
Pay & inflation provision (incl National Living Wage)		4,700	4,700	
Contribution to balances and reserves	(2,795)	1,460	4,255	
Transformation & Risk Delivery Provision	127		(127)	
Pensions	6,456	7,202	746	
Apprenticeship Levy	600	600	0	
Levies	574	524	(50)	
Contribution to Collection & Hardship	305	305	0	
Corporate Grants - Fisheries & Conservation Authority	(58)	(58)	0	
Net corporate expenditure	**35,835**	**44,900**	**9,065**	**25.30%**
Net Budget	**364,951**	**371,304**	**6,353**	**1.74%**
Funded by:-				
Business Rates & S31 Grants	(72,139)	(75,046)	(2,907)	
Revenue Support Grant	(26,727)	(14,966)	11,761	
Transition Grant	(2,696)		2,696	
New Homes Bonus	(2,250)	(1,231)	1,019	
Collection Fund: Business Rates (Surplus)/ Deficit	260	340	80	
Collection Fund: Council Tax (Surplus)/ Deficit	(4,000)	(3,681)	319	
Funding Other Than Council Tax	**(107,552)**	**(94,584)**	**12,968**	**-12.06%**
Council Tax Requirement	**257,399**	**276,720**	**19,321**	**7.51%**
Taxbase: Number of "Band D" equivalent dwellings	195,822	198,635		
Band D Council Tax	**£1,314.36**	**£1,393.11**		**5.99%**

Revenue Budget Summary 2018/19 - gross budget to net budget



Revenue Budget Summary - departmental budget movements 2014/15 to 2017/18

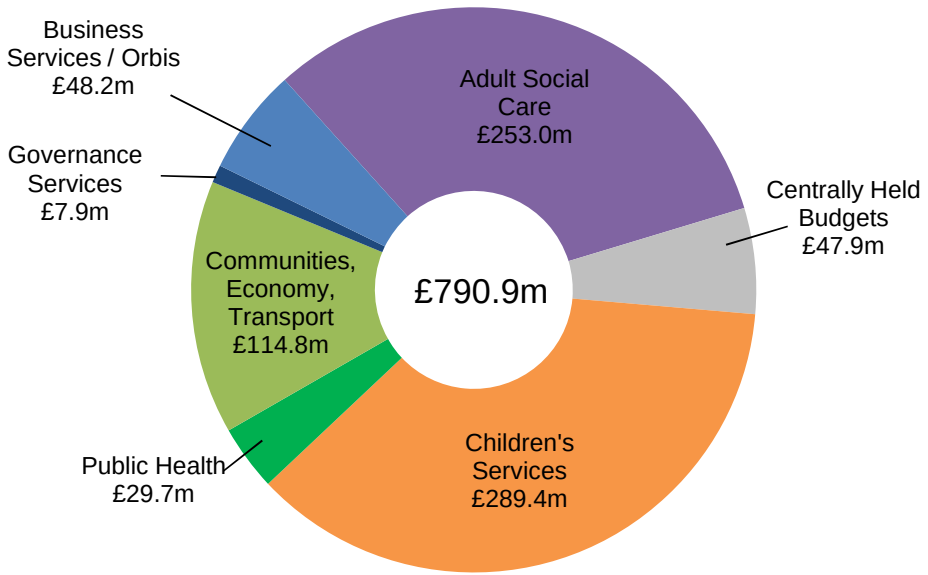
	2014/15 Rebased Budget £'000	Net Movt %	2015/16 Rebased Budget £'000	Net Movt %	2016/17 Rebased Budget £'000	Net Movt %	2017/18 Rebased Budget £'000	Net Movt 14/15 to 17/18 %
Adult Social Care	158,385	-0.43%	157,710	3.72%	163,572	3.08%	168,608	6.45%
Public Health	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Business Services / Orbis	23,208	-13.61%	20,049	7.74% [1]	21,601	-1.48%	21,282	-8.30%
Children's Services (inc. schools)	66,870	-3.29%	64,671	-0.12%	64,593	6.14%	68,562	2.53%
Communities, Economy & Transport	61,456	-4.31%	58,807	3.42%	60,818	4.22%	63,384	3.14%
Governance Services	7,213	5.09%	7,580	-1.07%	7,499	-2.92%	7,280	0.93%
Total Departments	**317,132**	**-2.62%**	**308,817**	**3.00%**	**318,083**	**3.47%**	**329,116**	**3.78%**

[1] BSD received an allocation of £1.9m during 16/17 budget setting for:

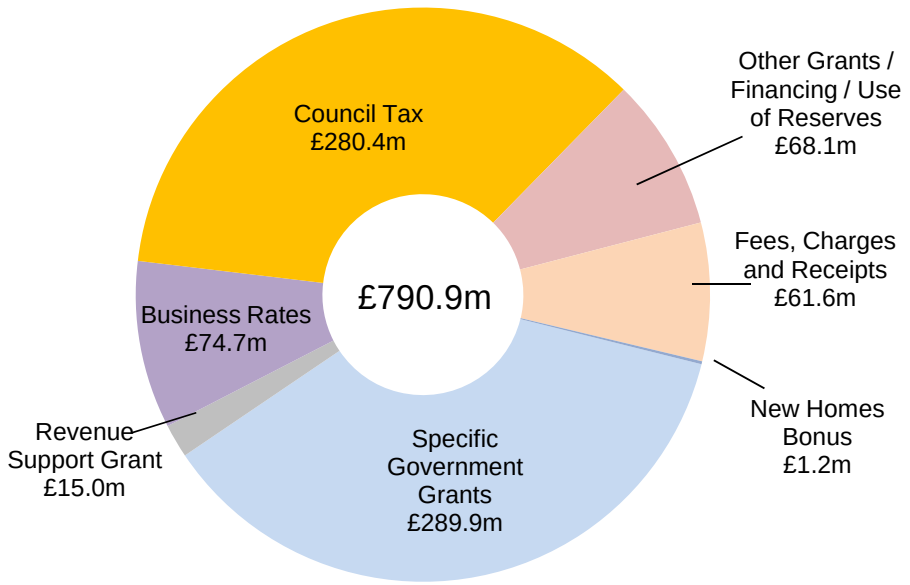
Insurance Premium	£0.4m	From Corporate.
Property	£1.0m	From capital programme, relating to building maintenance & EFA ringfence.
ICT	£0.5m	From capital programme to cover Microsoft licences.

Revenue Budget Summary 2018/19 - gross revenue budget

How we will spend your money (gross)

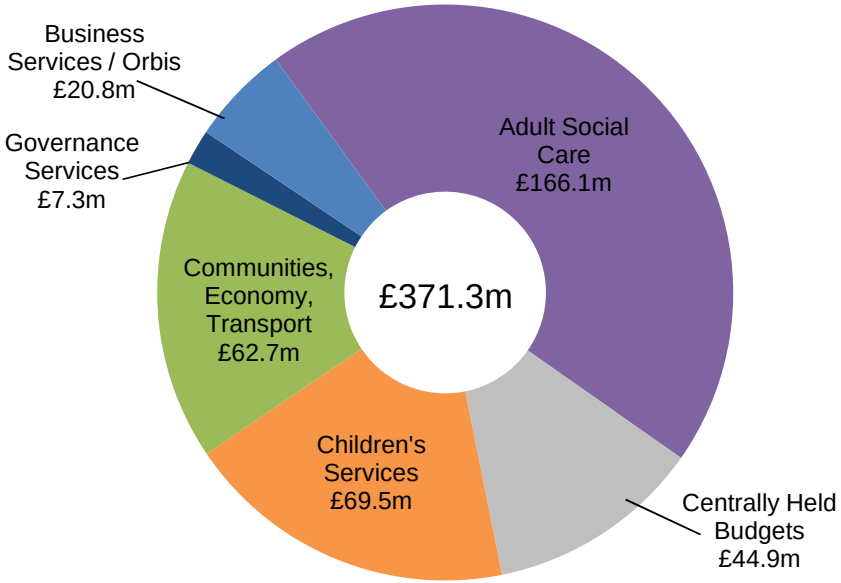


Where the money comes from (gross)

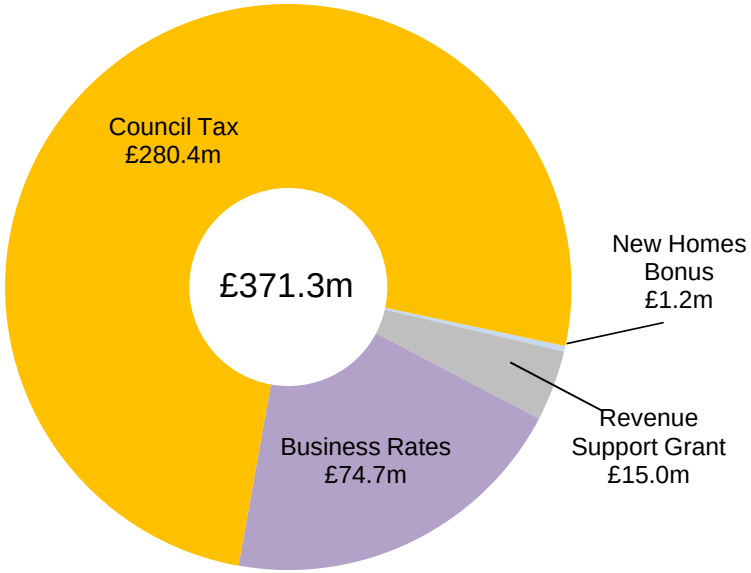


Revenue Budget Summary 2018/19 - net revenue budget

How we will spend your money (net)



Where the money comes from (net)



Revenue Budget Summary 2018/19 - budget changes 2017/18 to 2018/19

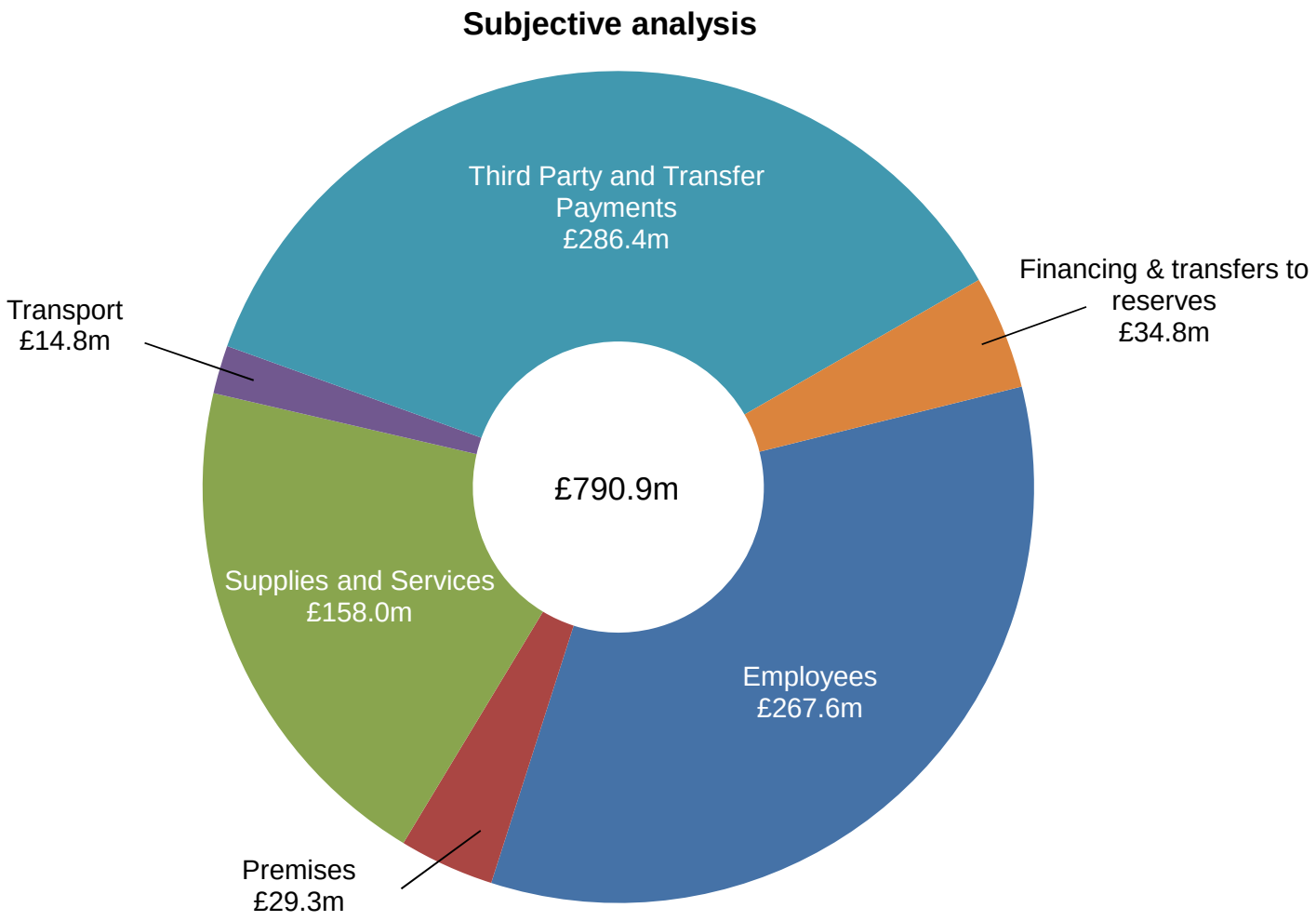
	2017/18 Rebased Net Budget £'000	Additions £'000	Reductions £'000	2018/19 Net Budget £'000	Change £'000	Change %
Adult Social Care	168,608	7,573	(10,039)	166,142	(2,466)	-1.46%
Public Health	-	-	-	-	-	0.00%
Business Services / Orbis	21,282	1,217	(1,718)	20,781	(501)	-2.35%
Children's Services (inc. schools)	68,562	4,926	(4,029)	69,459	897	1.31%
Communities, Economy & Transport	63,384	899	(1,542)	62,741	(643)	-1.01%
Governance Services	7,280	105	(104)	7,281	1	0.01%
Total Departments	**329,116**	**14,720**	**(17,432)**	**326,404**	**(2,712)**	**-0.82%**
Corporate Budgets [1]	37,835	9,634	(2,569)	44,900	7,065	18.67%
Total	**366,951**	**24,354**	**(20,001)**	**371,304**	**4,353**	**1.19%**

[1] Additions includes £4.7m provision for Pay & Inflation including National Living Wage

Revenue Budget Summary 2018/19 - subjective analysis

Department	Employees	Premises	Transport	Supplies & Services	Transfers & Third Party Payments	Financing & Transfers to Reserves	**Total Expenditure**	Government Grants	Other Grants & Contributions	Fees, Charges & Receipts	Financing & Planned Use of Reserves	**Total Income**	Internal Recharges (exp & inc)	**Net Service Expenditure**
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adult Social Care	12,008	250	337	2,420	44,120	-	59,135	(5,581)	(7,034)	(7,570)	(161)	(20,346)	427	39,216
Adult Social Care - ESBT*	39,035	886	805	1,462	151,693	4	193,885	(17,504)	(22,606)	(26,953)	(357)	(67,420)	461	126,926
Total Adult Social Care/ESBT	**51,043**	**1,136**	**1,142**	**3,882**	**195,813**	**4**	**253,020**	**(23,085)**	**(29,640)**	**(34,523)**	**(518)**	**(87,766)**	**888**	**166,142**
Public Health	794	-	7	36	8,355	-	9,192	(8,454)	-	-	(861)	(9,315)	123	-
Public Health - ESBT*	1,765	-	18	81	18,596	-	20,460	(18,816)	-	-	(1,917)	(20,733)	273	-
Total Public Health/ESBT	**2,559**	**-**	**25**	**117**	**26,951**	**-**	**29,652**	**(27,270)**	**-**	**-**	**(2,778)**	**(30,048)**	**396**	**-**
Business Services / Orbis	**717**	**11,451**	**75**	**33,475**	**2,520**	**5**	**48,243**	**(1,759)**	**(1,540)**	**(9,192)**	**(1,365)**	**(13,856)**	**(13,606)**	**20,781**
Children's Services	175,119	11,673	1,482	38,153	52,369	-	278,796	(231,444)	(4,306)	(4,846)	(3,379)	(243,975)	26,126	60,947
Children's Services - ESBT*	5,176	377	105	1,107	3,862	-	10,627	(156)	(748)	(249)	(268)	(1,421)	(694)	8,512
Total Children's Services/ESBT	**180,295**	**12,050**	**1,587**	**39,260**	**56,231**	**-**	**289,423**	**(231,600)**	**(5,054)**	**(5,095)**	**(3,647)**	**(245,396)**	**25,432**	**69,459**
Communities Economy & Transport	**15,729**	**4,290**	**11,899**	**75,380**	**3,716**	**3,741**	**114,755**	**(5,805)**	**(16,952)**	**(12,635)**	**(3,542)**	**(38,934)**	**(13,080)**	**62,741**
Governance Services	**4,797**	**352**	**75**	**2,374**	**288**	**-**	**7,886**	**(295)**	**(153)**	**(127)**	**-**	**(575)**	**(30)**	**7,281**
Services	255,140	29,279	14,803	154,488	285,519	3,750	742,979	(289,814)	(53,339)	(61,572)	(11,850)	(416,575)	-	326,404
Centrally held budgets	12,502	-	-	3,500	829	31,082	**47,913**	(58)	-	-	(2,955)	**(3,013)**	-	**44,900**
Total	267,642	29,279	14,803	157,988	286,348	34,832	790,892	(289,872)	(53,339)	(61,572)	(14,805)	(419,588)	-	371,304
***East Sussex Better Together:**														
Adult Social Care	39,035	886	805	1,462	151,693	4	**193,885**	(17,504)	(22,606)	(26,953)	(357)	**(67,420)**	461	**126,926**
Public Health	1,765	-	18	81	18,596	-	**20,460**	(18,816)	-	-	(1,917)	**(20,733)**	273	**-**
Children's Services	5,176	377	105	1,107	3,862	-	**10,627**	(156)	(748)	(249)	(268)	**(1,421)**	(694)	**8,512**
Total ESBT	**45,976**	**1,263**	**928**	**2,650**	**174,151**	**4**	**224,972**	**(36,476)**	**(23,354)**	**(27,202)**	**(2,542)**	**(89,574)**	**40**	**135,438**

Revenue Budget Summary 2018/19 - subjective analysis



Revenue Budgets - Adult Social Care

2017/18 Rebased Net Budget £'000		Employees £'000	Premises £'000	Transport £'000	Supplies & Services £'000	Transfers & Third Party Payments £'000	Financing & Transfers to Reserves £'000	**Total Expenditure £'000**	Government Grants £'000	Other Grants & Contributions £'000	Fees, Charges & Receipts £'000	Financing & Planned Use of Reserves £'000	**Total Income £'000**	Internal Recharges (exp & inc) £'000	**Net Service Expenditure £'000**
	Physical Support, Sensory Support and Support for Memory & Cognition														
46,513	Residential & Nursing	3,597	334	108	605	69,942	-	**74,586**	-	(1,678)	(18,732)	-	**(20,410)**	51	**54,227**
4,723	Supported & Other Accommodation	-	-	-	-	4,822	-	**4,822**	-	-	-	-	**-**	-	**4,822**
23,765	Home Care	5,545	1	320	101	19,834	-	**25,801**	-	(840)	-	-	**(840)**	63	**25,024**
1,859	Day Care	297	110	5	28	1,558	-	**1,998**	-	-	(416)	-	**(416)**	257	**1,839**
14,353	Direct Payments	-	-	-	-	15,043	-	**15,043**	-	-	-	-	**-**	-	**15,043**
(11,279)	Other Services	1,573	21	52	1,032	1,123	-	**3,801**	(1,047)	(12,835)	(2)	-	**(13,884)**	(715)	**(10,798)**
(8,611)	Fairer Charging *	-	-	-	-	-	-	**-**	-	-	(8,611)	-	**(8,611)**	-	**(8,611)**
464	Meals in the Community	14	-	-	469	-	-	**483**	-	-	-	-	**-**	-	**483**
71,787	**Subtotal**	**11,026**	**466**	**485**	**2,235**	**112,322**	**-**	**126,534**	**(1,047)**	**(15,353)**	**(27,761)**	**-**	**(44,161)**	**(344)**	**82,029**
	Learning Disability Support														
31,240	Residential & Nursing	1,603	103	13	68	32,876	-	**34,663**	-	-	(2,559)	-	**(2,559)**	28	**32,132**
11,685	Supported & Other Accommodation	1,792	79	28	32	10,542	-	**12,473**	-	(21)	(114)	-	**(135)**	(228)	**12,110**
1,051	Home Care	-	-	-	-	1,169	-	**1,169**	-	-	-	-	**-**	-	**1,169**
3,804	Day Care	2,359	145	33	5	1,398	4	**3,944**	-	(32)	(360)	-	**(392)**	322	**3,874**
3,942	Direct Payments	-	-	-	-	4,131	-	**4,131**	-	-	-	-	**-**	-	**4,131**
2,004	Other Services	1,720	2	87	98	643	-	**2,550**	(157)	(91)	(114)	-	**(362)**	5	**2,193**
(1,292)	Fairer Charging *	-	-	-	-	-	-	**-**	-	-	(1,292)	-	**(1,292)**	-	**(1,292)**
52,434	**Subtotal**	**7,474**	**329**	**161**	**203**	**50,759**	**4**	**58,930**	**(157)**	**(144)**	**(4,439)**	**-**	**(4,740)**	**127**	**54,317**
	Mental Health Support														
3,755	Residential & Nursing	-	-	-	-	4,710	-	**4,710**	-	-	(744)	-	**(744)**	-	**3,966**
2,159	Supported & Other Accommodation	-	-	-	-	2,241	-	**2,241**	-	-	-	-	**-**	-	**2,241**
385	Home Care	-	-	-	-	428	-	**428**	-	-	-	-	**-**	-	**428**
61	Day Care	-	3	-	-	42	-	**45**	-	-	(4)	-	**(4)**	-	**41**
839	Direct Payments	-	-	-	-	879	-	**879**	-	-	-	-	**-**	-	**879**
(19)	Other Services	-	-	-	-	189	-	**189**	(35)	(136)	-	-	**(171)**	-	**18**
(501)	Fairer Charging *	-	-	-	-	-	-	**-**	-	-	(501)	-	**(501)**	-	**(501)**
6,679	**Subtotal**	**-**	**3**	**-**	**-**	**8,489**	**-**	**8,492**	**(35)**	**(136)**	**(1,249)**	**-**	**(1,420)**	**-**	**7,072**

Revenue Budgets - Adult Social Care

2017/18 Rebased Net Budget £'000		Employees £'000	Premises £'000	Transport £'000	Supplies & Services £'000	Transfers & Third Party Payments £'000	Financing & Transfers to Reserves £'000	**Total Expenditure £'000**	Government Grants £'000	Other Grants & Contributions £'000	Fees, Charges & Receipts £'000	Financing & Planned Use of Reserves £'000	**Total Income £'000**	Internal Recharges (exp & inc) £'000	**Net Service Expenditure £'000**
	Substance Misuse Support														
456	Other Services	-	-	-	-	609	-	**609**	-	(133)	-	-	**(133)**	-	**476**
456	**Subtotal**	**-**	**-**	**-**	**-**	**609**	**-**	**609**	**-**	**(133)**	**-**	**-**	**(133)**	**-**	**476**
	Other Adult Services														
2,151	Other Services	824	5	12	2,240	3,984	-	**7,065**	-	(4,826)	-	-	**(4,826)**	78	**2,317**
50	AIDS/HIV	-	-	-	-	50	-	**50**	-	-	-	-	**-**	-	**50**
2,201	**Subtotal**	**824**	**5**	**12**	**2,240**	**4,034**	**-**	**7,115**	**-**	**(4,826)**	**-**	**-**	**(4,826)**	**78**	**2,367**
2,885	**Equipment & Assistive Technology**	50	-	-	4,724	2,466	-	**7,240**	-	(3,386)	(544)	-	**(3,930)**	-	**3,310**
8,093	**Supporting People**	166	13	4	7	7,979	-	**8,169**	-	-	-	(518)	**(518)**	642	**8,293**
386	**Safer Communities**	332	-	3	278	185	-	**798**	-	(416)	-	-	**(416)**	4	**386**
24,214	**Assessment & Care Management**	25,232	71	427	448	1,182	-	**27,360**	(54)	(2,613)	(420)	-	**(3,087)**	155	**24,428**
(527)	**Management & Support**	5,939	249	50	(6,253)	7,788	-	**7,773**	-	(2,633)	(110)	-	**(2,743)**	226	**5,256**
-	Improved Better Care Fund and Disabled Facilities Grant	-	-	-	-	-	-	**-**	(21,792)	-	-	-	**(21,792)**	-	**(21,792)**
168,608	**Total**	**51,043**	**1,136**	**1,142**	**3,882**	**195,813**	**4**	**253,020**	**(23,085)**	**(29,640)**	**(34,523)**	**(518)**	**(87,766)**	**888**	**166,142**

* Fairer Charging is income from clients for non residential/nursing services. This represents contributions towards packages of care that may include a combination of Supported Accommodation, Home Care, Day Care, Direct Payments or Other Services.

	ESBT included above	39,035	886	805	1,462	151,693	4	**193,885**	(17,504)	(22,606)	(26,953)	(357)	**(67,420)**	461	**126,926**

Main changes between years	£'000
Rebased Net Budget 2017/18	**168,608**
Growth & Demography	14
Inflation	7,077
Pay award	482
Savings	(10,000)
Transfers between	(39)
Departmental Estimate 2018/19	**166,142**

Revenue Budgets - East Sussex Better Together

2017/18 Rebased Net Budget £'000		Employees £'000	Premises £'000	Transport £'000	Supplies & Services £'000	Transfers & Third Party Payments £'000	Financing & Transfers to Reserves £'000	**Total Expenditure £'000**	Government Grants £'000	Other Grants & Contributions £'000	Fees, Charges & Receipts £'000	Financing & Planned Use of Reserves £'000	**Total Income £'000**	Internal Recharges (exp & inc) £'000	**Net Service Expenditure £'000**
	Adult Social Care														
	Physical Support, Sensory Support and Support for Memory & Cognition														
35,917	Residential & Nursing	3,112	320	87	517	53,604	-	**57,640**	-	(1,678)	(14,648)	-	**(16,326)**	42	**41,356**
3,832	Supported & Other Accommodation	-	-	-	-	3,914	-	**3,914**	-	-	-	-	**-**	-	**3,914**
18,951	Home Care	4,067	-	208	81	16,185	-	**20,541**	-	(552)	-	-	**(552)**	46	**20,035**
1,477	Day Care	297	97	5	28	1,161	-	**1,588**	-	-	(306)	-	**(306)**	178	**1,460**
10,787	Direct Payments	-	-	-	-	11,304	-	**11,304**	-	-	-	-	**-**	-	**11,304**
(8,856)	Other Services	1,258	21	42	812	840	-	**2,973**	(613)	(10,267)	(2)	-	**(10,882)**	(573)	**(8,482)**
(6,747)	Fairer Charging *	-	-	-	-	-	-	**-**	-	-	(6,746)	-	**(6,746)**	-	**(6,746)**
372	Meals in the Community	11	-	-	376	-	-	**387**	-	-	-	-	**-**	-	**387**
55,733	**Physical Support, Sensory Support and Support for Memory & Cognition**	**8,745**	**438**	**342**	**1,814**	**87,008**	**-**	**98,347**	(613)	(12,497)	(21,702)	-	**(34,812)**	(307)	**63,228**
	Learning Disability Support														
25,305	Residential & Nursing	1,603	103	13	68	26,298	-	**28,085**	-	-	(2,065)	-	**(2,065)**	28	**26,048**
8,578	Supported & Other Accommodation	651	0	17	9	8,433	-	**9,110**	-	(17)	(8)	-	**(25)**	(198)	**8,887**
841	Home Care	-	-	-	-	935	-	**935**	-	-	-	-	**-**	-	**935**
2,626	Day Care	1,548	101	19	(2)	1,118	4	**2,788**	-	(32)	(226)	-	**(258)**	132	**2,662**
3,154	Direct Payments	-	-	-	-	3,305	-	**3,305**	-	-	-	-	**-**	-	**3,305**
1,479	Other Services	1,275	1	55	71	515	-	**1,917**	(126)	(73)	(73)	-	**(272)**	11	**1,656**
(1,034)	Fairer Charging *	-	-	-	-	-	-	**-**	-	-	(1,033)	-	**(1,033)**	-	**(1,033)**
40,949	**Learning Disability Support**	**5,077**	**205**	**104**	**146**	**40,604**	**4**	**46,140**	(126)	(122)	(3,405)	-	**(3,653)**	(27)	**42,460**
	Mental Health Support														
3,002	Residential & Nursing	-	-	-	-	3,768	-	**3,768**	-	-	(595)	-	**(595)**	-	**3,173**
1,728	Supported & Other Accommodation	-	-	-	-	1,793	-	**1,793**	-	-	-	-	**-**	-	**1,793**
308	Home Care	-	-	-	-	342	-	**342**	-	-	-	-	**-**	-	**342**
50	Day Care	-	2	-	-	34	-	**36**	-	-	(3)	-	**(3)**	-	**33**
672	Direct Payments	-	-	-	-	704	-	**704**	-	-	-	-	**-**	-	**704**
(8)	Other Services	-	-	-	-	151	-	**151**	(28)	(109)	-	-	**(137)**	-	**14**
(401)	Fairer Charging *	-	-	-	-	-	-	**-**	-	-	(401)	-	**(401)**	-	**(401)**
5,351	**Mental Health Support**	**-**	**2**	**-**	**-**	**6,792**	**-**	**6,794**	(28)	(109)	(999)	-	**(1,136)**	-	**5,658**
	Substance Misuse Support														
-	Residential & Nursing	-	-	-	-	-	-	**-**	-	-	-	-	**-**	-	**-**
-	Supported & Other Accommodation	-	-	-	-	-	-	**-**	-	-	-	-	**-**	-	**-**
-	Home Care	-	-	-	-	-	-	**-**	-	-	-	-	**-**	-	**-**
365	Other Services	-	-	-	-	487	-	**487**	-	(106)	-	-	**(106)**	-	**381**
365	**Substance Misuse Support**	**-**	**-**	**-**	**-**	**487**	**-**	**487**	-	(106)	-	-	**(106)**	-	**381**

Revenue Budgets - East Sussex Better Together

2017/18 Rebased Net Budget £'000		Employees £'000	Premises £'000	Transport £'000	Supplies & Services £'000	Transfers & Third Party Payments £'000	Financing & Transfers to Reserves £'000	**Total Expenditure £'000**	Government Grants £'000	Other Grants & Contributions £'000	Fees, Charges & Receipts £'000	Financing & Planned Use of Reserves £'000	**Total Income £'000**	Internal Recharges (exp & inc) £'000	**Net Service Expenditure £'000**
	Other Adult Services														
1,701	Other Services	637	4	10	1,704	2,766	-	**5,121**	-	(3,451)	-	-	**(3,451)**	62	**1,732**
-	AIDS/HIV	-	-	-	-	38	-	**38**	-	-	-	-	**-**	-	**38**
1,701	**Other Adult Services Total**	**637**	**4**	**10**	**1,704**	**2,804**	**-**	**5,159**	-	(3,451)	-	-	**(3,451)**	62	**1,770**
2,097	Equipment & Assistive Technology	40	-	-	3,400	1,806	-	**5,246**	-	(2,420)	(435)	-	**(2,855)**	-	**2,391**
5,584	Supporting People	115	9	3	5	5,506	-	**5,638**	-	-	-	(357)	**(357)**	443	**5,724**
-	Safer Communities	-	-	-	-	-	-	**-**	-	-	-	-	**-**	-	**-**
19,163	Assessment & Care Management	19,976	56	313	352	949	-	**21,646**	(43)	(2,079)	(336)	-	**(2,458)**	130	**19,318**
(2,128)	Management & Support	4,445	172	33	(5,959)	5,737	-	**4,428**	-	(1,822)	(76)	-	**(1,898)**	160	**2,690**
-	Improved Better Care Fund and Disabled Facilities Grant	-	-	-	-	-	-	**-**	(16,694)	-	-	-	**(16,694)**	-	**(16,694)**
128,815	**Total Adult Social Care**	**39,035**	**886**	**805**	**1,462**	**151,693**	**4**	**193,885**	**(17,504)**	**(22,606)**	**(26,953)**	**(357)**	**(67,420)**	**461**	**126,926**
	Children's Services														
-	Children's Centres	3,190	319	81	207	257	-	**4,054**	-	(688)	(244)	-	**(932)**	68	**3,190**
808	Early Help & Social Care - Policy Support & Commissioned Services	50	-	1	143	579	-	**773**	(156)	(23)	-	-	**(179)**	148	**742**
4,556	ISEND	1,692	58	21	716	3,016	-	**5,503**	-	(26)	-	(268)	**(294)**	(927)	**4,282**
121	Admissions & Transport	-	-	-	-	-	-	**-**	-	-	-	-	**-**	120	**120**
176	Management & Support	244	-	2	41	10	-	**297**	-	(11)	(5)	-	**(16)**	(103)	**178**
5,661	**Total Children's Services**	**5,176**	**377**	**105**	**1,107**	**3,862**	**-**	**10,627**	**(156)**	**(748)**	**(249)**	**(268)**	**(1,421)**	**(694)**	**8,512**

Revenue Budgets - East Sussex Better Together

2017/18 Rebased Net Budget £'000		Employees £'000	Premises £'000	Transport £'000	Supplies & Services £'000	Transfers & Third Party Payments £'000	Financing & Transfers to Reserves £'000	**Total Expenditure** £'000	Government Grants £'000	Other Grants & Contributions £'000	Fees, Charges & Receipts £'000	Financing & Planned Use of Reserves £'000	**Total Income** £'000	Internal Recharges (exp & inc) £'000	**Net Service Expenditure** £'000
	Public Health														
2,576	Health Improvement Services	-	-	-	-	2,578	-	**2,578**	-	-	-	-	**-**	-	**2,578**
4,210	Drug & Alcohol Services	-	-	-	-	4,210	-	**4,210**	-	-	-	-	**-**	-	**4,210**
2,871	Sexual Health Services	-	-	-	21	2,815	-	**2,836**	-	-	-	-	**-**	35	**2,871**
6,051	Health Visiting and School Nursing	-	-	-	-	6,051	-	**6,051**	-	-	-	-	**-**	-	**6,051**
520	NHS Health Checks	-	-	-	-	537	-	**537**	-	-	-	-	**-**	-	**537**
(16,228)	Management support and Public Health programmes	1,765	-	18	60	2,405	-	**4,248**	(18,816)	-	-	(1,917)	**(20,733)**	238	**(16,247)**
-	**Total Public Health**	**1,765**	**-**	**18**	**81**	**18,596**	**-**	**20,460**	**(18,816)**	**-**	**-**	**(1,917)**	**(20,733)**	**273**	**-**
134,476	**Total East Sussex Better Together**	**45,976**	**1,263**	**928**	**2,650**	**174,151**	**4**	**224,972**	**(36,476)**	**(23,354)**	**(27,202)**	**(2,542)**	**(89,574)**	**40**	**135,438**

Revenue Budgets - Public Health

2017/18 Rebased Net Budget £'000		Employees £'000	Premises £'000	Transport £'000	Supplies & Services £'000	Transfers & Third Party Payments £'000	Financing & Transfers to Reserves £'000	**Total Expenditure £'000**	Government Grants £'000	Other Grants & Contributions £'000	Fees, Charges & Receipts £'000	Financing & Planned Use of Reserves £'000	**Total Income £'000**	Internal Recharges (exp & inc) £'000	**Net Service Expenditure £'000**
3,733	Health Improvement Services	-	-	-	-	3,736	-	**3,736**	-	-	-	-	**-**	-	**3,736**
6,101	Drug & Alcohol Services	-	-	-	-	6,101	-	**6,101**	-	-	-	-	**-**	-	**6,101**
4,160	Sexual Health Services	-	-	-	30	4,080	-	**4,110**	-	-	-	-	**-**	50	**4,160**
8,769	Health Visiting and School Nursing	-	-	-	-	8,769	-	**8,769**	-	-	-	-	**-**	-	**8,769**
755	NHS Health Checks	-	-	-	-	778	-	**778**	-	-	-	-	**-**	-	**778**
(23,518)	Management support and Public Health programmes	2,559	-	25	87	3,487	-	**6,158**	(27,270)	-	-	(2,778)	**(30,048)**	346	**(23,544)**
-	**Total**	**2,559**	**-**	**25**	**117**	**26,951**	**-**	**29,652**	**(27,270)**	**-**	**-**	**(2,778)**	**(30,048)**	**396**	**-**
	ESBT included above	1,765	-	18	81	18,596	-	**20,460**	(18,816)	-	-	(1,917)	**(20,733)**	273	**-**

Main changes between years	£'000
Rebased Net Budget 2017/18	**-**
Growth	-
Inflation	-
Savings	-
Pay Award	-
Transfers between Departments	-
Departmental Estimate 2018/19	**-**

Revenue Budgets - Business Services / Orbis

2017/18 Rebased Net Budget £'000		Employees £'000	Premises £'000	Transport £'000	Supplies & Services £'000	Transfers & Third Party Payments £'000	Financing & Transfers to Reserves £'000	**Total Expenditure £'000**	Government Grants £'000	Other Grants & Contributions £'000	Fees, Charges & Receipts £'000	Financing & Planned Use of Reserves £'000	**Total Income £'000**	Internal Recharges (exp & inc) £'000	**Net Service Expenditure £'000**
746	Finance	327	766	72	1,527	10	-	**2,702**	-	-	(4)	-	**(4)**	(2,098)	**600**
773	IT & Digital	20	-	1	5,392	-	-	**5,413**	-	(1,402)	(27)	-	**(1,429)**	(2,958)	**1,026**
(79)	HR & Organisational Development	36	-	2	242	-	-	**280**	-	-	(302)	(37)	**(339)**	(83)	**(142)**
(33)	Procurement	-	-	-	-	-	-	**-**	-	-	(36)	-	**(36)**	4	**(32)**
4,606	Property	334	10,685	-	11,961	1,910	5	**24,895**	(1,759)	(138)	(8,823)	(728)	**(11,448)**	(8,471)	**4,976**
-	Orbis Transformation	-	-	-	-	600	-	**600**	-	-	-	(600)	**(600)**	-	**-**
15,269	Contribution to Orbis Partnership	-	-	-	14,353	-	-	**14,353**	-	-	-	-	**-**	-	**14,353**
21,282	**Total**	**717**	**11,451**	**75**	**33,475**	**2,520**	**5**	**48,243**	**(1,759)**	**(1,540)**	**(9,192)**	**(1,365)**	**(13,856)**	**(13,606)**	**20,781**

Main changes between years	£'000
Net expenditure budget 2017/18	**21,282**
Growth	362
Inflation	649
Savings	(1,396)
Pay Award	167
Transfers between Departments	(283)
Departmental Estimate 2018/19	**20,781**

Revenue Budgets - Children's Services

2017/18 Rebased Net Budget £'000		Employees £'000	Premises £'000	Transport £'000	Supplies & Services £'000	Transfers & Third Party Payments £'000	Financing & Transfers to Reserves £'000	**Total Expenditure £'000**	Government Grants £'000	Other Grants & Contributions £'000	Fees, Charges & Receipts £'000	Financing & Planned Use of Reserves £'000	**Total Income £'000**	Internal Recharges (exp & inc) £'000	**Net Service Expenditure £'000**
	Early Help & Social Care														
3,988	Children's Centres	4,132	399	104	291	439	-	**5,365**	-	(1,032)	(306)	-	**(1,338)**	(39)	**3,988**
1,010	Policy Support & Commissioned Services	388	-	7	193	1,730	-	**2,318**	(1,630)	-	(68)	-	**(1,698)**	185	**805**
2,584	Early Help Keywork Service	4,124	78	91	262	-	-	**4,555**	(422)	(371)	(146)	-	**(939)**	(36)	**3,580**
11,382	Locality Social Work & Family Assessment	8,022	-	172	385	3,761	-	**12,340**	(321)	(306)	-	-	**(627)**	562	**12,275**
22,569	Looked After Children	9,195	152	559	944	16,070	-	**26,920**	(1,568)	(426)	(1,458)	(270)	**(3,722)**	91	**23,289**
2,324	Other Children & Families	1,876	63	87	1,323	777	-	**4,126**	(760)	(360)	-	-	**(1,120)**	(196)	**2,810**
554	Youth Justice	1,240	26	41	37	194	-	**1,538**	(609)	(291)	-	-	**(900)**	(96)	**542**
44,411	**Subtotal**	**28,977**	**718**	**1,061**	**3,435**	**22,971**	**-**	**57,162**	**(5,310)**	**(2,786)**	**(1,978)**	**(270)**	**(10,344)**	**471**	**47,289**
	Education & ISEND														
10,265	ISEND	12,618	88	298	1,800	32,570	-	**47,374**	(36,231)	(91)	(631)	(1,302)	**(38,255)**	(1,209)	**7,910**
479	Other Learning & Schools Effectiveness	314	-	-	73	-	-	**387**	(455)	-	-	-	**(455)**	448	**380**
3,323	Standards & Learning Effectiveness	3,018	-	60	23,876	557	-	**27,511**	(26,196)	(280)	(351)	(76)	**(26,903)**	1,853	**2,461**
14,067	**Subtotal**	**15,950**	**88**	**358**	**25,749**	**33,127**	**-**	**75,272**	**(62,882)**	**(371)**	**(982)**	**(1,378)**	**(65,613)**	**1,092**	**10,751**
-	**Schools**	127,010	11,138	62	9,701	57	-	**147,968**	(158,835)	-	-	(234)	**(159,069)**	**11,101**	**-**
	Management & Support														
11,713	Admissions & Transport	426	-	6	22	-	-	**454**	(966)	-	(19)	-	**(985)**	12,017	**11,486**
-	Music	2,040	82	36	237	-	-	**2,395**	-	(643)	(1,708)	(4)	**(2,355)**	96	**136**
(2,878)	Management & Support	4,704	24	23	-	74	-	**4,825**	(3,607)	(1,144)	(400)	(1,761)	**(6,912)**	645	**(1,442)**
1,249	Safeguarding	1,188	-	41	116	2	-	**1,347**	-	(110)	(8)	-	**(118)**	10	**1,239**
10,084	**Subtotal**	**8,358**	**106**	**106**	**375**	**76**	**-**	**9,021**	**(4,573)**	**(1,897)**	**(2,135)**	**(1,765)**	**(10,370)**	**12,768**	**11,419**
68,562	**Total**	**180,295**	**12,050**	**1,587**	**39,260**	**56,231**	**-**	**289,423**	**(231,600)**	**(5,054)**	**(5,095)**	**(3,647)**	**(245,396)**	**25,432**	**69,459**
	ESBT included above	5,176	377	105	1,107	3,862	-	**10,627**	(156)	(748)	(249)	(268)	**(1,421)**	(694)	**8,512**

Main changes between years	£'000
Rebased Net Budget 2017/18	**68,562**
Growth	3,628
Inflation	525
Savings	(4,029)
Pay award	431
Transfers between Departments	342
Departmental Estimate 2018/19	**69,459**

Revenue Budgets - Communities, Economy & Transport

2017/18 Rebased Net Budget £'000		Employees £'000	Premises £'000	Transport £'000	Supplies & Services £'000	Transfers & Third Party Payments £'000	Financing & Transfers to Reserves £'000	**Total Expenditure £'000**	Government Grants £'000	Other Grants & Contributions £'000	Fees, Charges & Receipts £'000	Financing & Planned Use of Reserves £'000	**Total Income £'000**	Internal Recharges (exp & inc) £'000	**Net Service Expenditure £'000**
	Community Services														
(231)	Registration	1,246	76	29	55	-	-	**1,406**	-	(9)	(1,624)	-	**(1,633)**	8	**(219)**
741	Road Safety	874	1	26	143	-	-	**1,044**	(106)	(90)	(75)	-	**(271)**	(25)	**748**
636	Trading Standards	689	-	8	102	-	-	**799**	-	-	(97)	(44)	**(141)**	9	**667**
68	Travellers Sites	190	61	3	50	-	-	**304**	-	(96)	(110)	(35)	**(241)**	7	**70**
161	Emergency Planning	232	-	3	14	-	-	**249**	-	(89)	-	-	**(89)**	4	**164**
1,375	**Subtotal**	**3,231**	**138**	**69**	**364**	**-**	**-**	**3,802**	**(106)**	**(284)**	**(1,906)**	**(79)**	**(2,375)**	**3**	**1,430**
	Customer & Library Services														
4,583	Libraries	2,678	1,300	35	620	-	-	**4,633**	-	(88)	(346)	(124)	**(558)**	(168)	**3,907**
756	Archives & Record	655	559	2	880	-	-	**2,096**	-	(1,198)	(92)	-	**(1,290)**	5	**811**
195	Customer Care	226	-	1	32	-	-	**259**	-	-	-	(61)	**(61)**	1	**199**
5,534	**Subtotal**	**3,559**	**1,859**	**38**	**1,532**	**-**	**-**	**6,988**	**-**	**(1,286)**	**(438)**	**(185)**	**(1,909)**	**(162)**	**4,917**
	Transport & Operational Services														
9,169	Passenger Services	-	-	-	9,922	-	-	**9,922**	(426)	(93)	(36)	(26)	**(581)**	39	**9,380**
-	Home to School and ASC Transport	159	-	10,808	1,241	-	-	**12,208**	(17)	-	(80)	-	**(97)**	(12,111)	**-**
(902)	Parking	732	-	8	2,326	92	2,816	**5,974**	-	(263)	(4,529)	(2,252)	**(7,044)**	177	**(893)**
26,770	Waste Disposal	347	363	8	40,436	3,277	-	**44,431**	(2,996)	(12,802)	(1,129)	(162)	**(17,089)**	4	**27,346**
690	Rights of Way/Countryside Management	732	131	45	261	3	-	**1,172**	-	(95)	(395)	-	**(490)**	16	**698**
266	Other Transport & Operational Services	762	5	838	193	-	75	**1,873**	-	-	(420)	(135)	**(555)**	(1,046)	**272**
35,993	**Subtotal**	**2,732**	**499**	**11,707**	**54,379**	**3,372**	**2,891**	**75,580**	**(3,439)**	**(13,253)**	**(6,589)**	**(2,575)**	**(25,856)**	**(12,921)**	**36,803**

Revenue Budgets - Communities, Economy & Transport

2017/18 Rebased Net Budget £'000		Employees £'000	Premises £'000	Transport £'000	Supplies & Services £'000	Transfers & Third Party Payments £'000	Financing & Transfers to Reserves £'000	**Total Expenditure £'000**	Government Grants £'000	Other Grants & Contributions £'000	Fees, Charges & Receipts £'000	Financing & Planned Use of Reserves £'000	**Total Income £'000**	Internal Recharges (exp & inc) £'000	**Net Service Expenditure £'000**
	Highways														
2,041	Contract Management	1,412	50	7	580	-	850	**2,899**	-	(70)	-	-	**(70)**	6	**2,835**
9,783	Contract Costs (fixed & reactive)	-	-	-	13,122	-	-	**13,122**	(846)	-	(2,150)	(330)	**(3,326)**	-	**9,796**
1,793	Non Contract Works	-	-	-	257	250	-	**507**	-	-	-	-	**-**	-	**507**
31	Structures (electricity and swing bridge opening)	-	45	-	13	-	-	**58**	-	-	-	-	**-**	-	**58**
1,438	Street lighting and signals (electricity)	-	1,561	-	-	-	-	**1,561**	-	-	-	-	**-**	-	**1,561**
850	Other Highways (capital financing)	-	-	-	-	-	-	**-**	-	-	-	-	**-**	-	**-**
15,936	**Subtotal**	**1,412**	**1,656**	**7**	**13,972**	**250**	**850**	**18,147**	**(846)**	**(70)**	**(2,150)**	**(330)**	**(3,396)**	**6**	**14,757**
	Planning & Environment														
276	Environment	298	70	3	64	61	-	**496**	-	-	(212)	(15)	**(227)**	2	**271**
587	Planning	1,298	-	27	398	-	-	**1,723**	(45)	(11)	(1,008)	(113)	**(1,177)**	30	**576**
21	High Weald	303	23	6	370	-	-	**702**	(291)	(421)	-	-	**(712)**	32	**22**
884	**Subtotal**	**1,899**	**93**	**36**	**832**	**61**	**-**	**2,921**	**(336)**	**(432)**	**(1,220)**	**(128)**	**(2,116)**	**64**	**869**
1,861	**Economic Development Skills and Growth**	1,437	41	27	2,378	26	-	**3,909**	(1,078)	(1,473)	(332)	(245)	**(3,128)**	(63)	**718**
1,801	**Management & Support**	1,459	4	15	1,923	7	-	**3,408**	-	(154)	-	-	**(154)**	(7)	**3,247**
63,384	**Total**	**15,729**	**4,290**	**11,899**	**75,380**	**3,716**	**3,741**	**114,755**	**(5,805)**	**(16,952)**	**(12,635)**	**(3,542)**	**(38,934)**	**(13,080)**	**62,741**

Main changes between years	£'000
Net expenditure budget 2017/18	**63,384**
Growth	(585)
Inflation	1,335
Savings	(1,542)
Pay Award	149
Transfers between Departments	-
Departmental Estimate 2018/19	**62,741**

Revenue Budgets - Governance Services

2017/18 Rebased Net Budget £'000		Employees £'000	Premises £'000	Transport £'000	Supplies & Services £'000	Transfers & Third Party Payments £'000	Financing & Transfers to Reserves £'000	**Total Expenditure £'000**	Government Grants £'000	Other Grants & Contributions £'000	Fees, Charges & Receipts £'000	Financing & Planned Use of Reserves £'000	**Total Income £'000**	Internal Recharges (exp & inc) £'000	**Net Service Expenditure £'000**
2,619	**Corporate Governance**	1,554	1	51	1,046	8	-	**2,660**	-	(27)	(1)	-	**(28)**	-	**2,632**
	Corporate Support														
1,012	Communications	1,023	-	3	51	-	-	**1,077**	-	(46)	(6)	-	**(52)**	(77)	**948**
1,691	Legal	1,732	-	14	56	-	-	**1,802**	-	-	(120)	-	**(120)**	27	**1,709**
2,703	**Subtotal**	**2,755**	**-**	**17**	**107**	**-**	**-**	**2,879**	**-**	**(46)**	**(126)**	**-**	**(172)**	**(50)**	**2,657**
	Community Services														
915	Coroners	229	351	4	341	-	-	**925**	-	(11)	-	-	**(11)**	2	**916**
574	Third Sector	69	-	1	559	280	-	**909**	(295)	(69)	-	-	**(364)**	1	**546**
1,489	**Subtotal**	**298**	**351**	**5**	**900**	**280**	**-**	**1,834**	**(295)**	**(80)**	**-**	**-**	**(375)**	**3**	**1,462**
469	**Senior Management & Organisational Development**	190	-	2	321	-	-	**513**	-	-	-	-	**-**	17	**530**
7,280	**Total**	**4,797**	**352**	**75**	**2,374**	**288**	**-**	**7,886**	**(295)**	**(153)**	**(127)**	**-**	**(575)**	**(30)**	**7,281**

Main changes between years	£'000
Net expenditure budget 2017/18	**7,280**
Growth	59
Inflation	-
Savings	(84)
Pay Award	46
Transfers between Departments	(20)
Departmental Estimate 2018/19	**7,281**

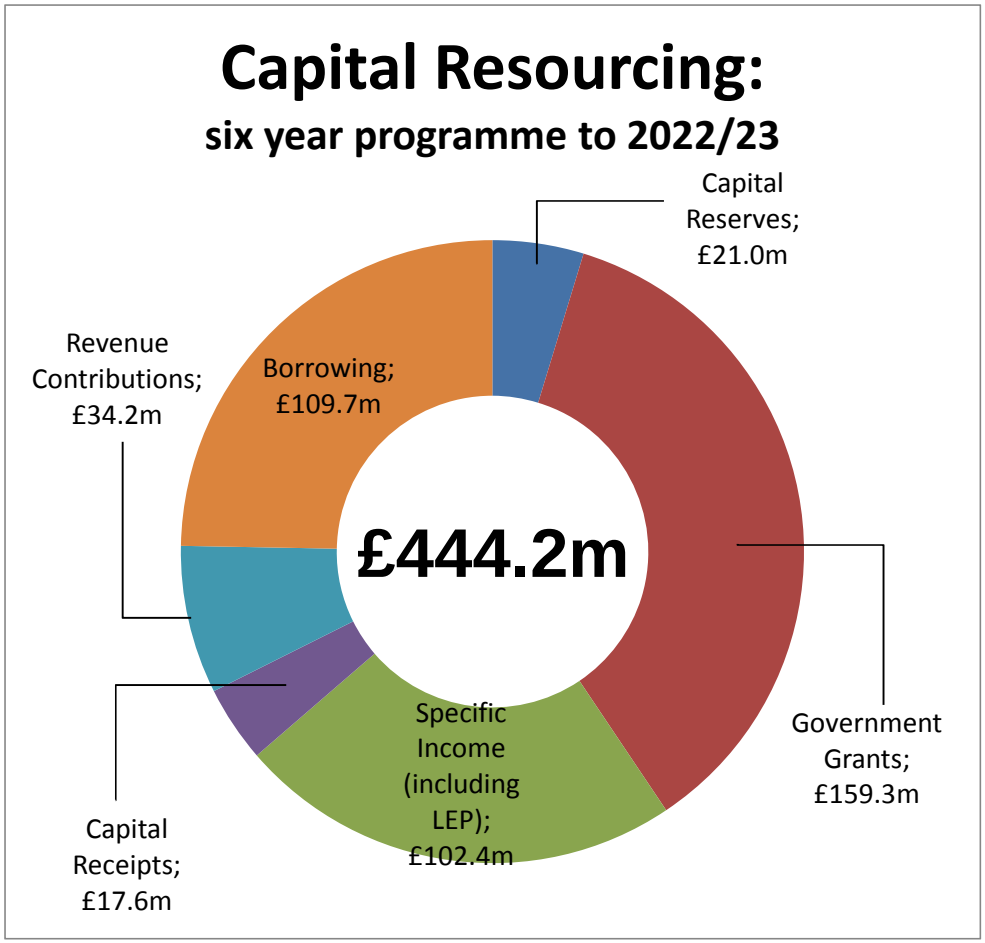
Capital programme to 2022/23

Introduction

The capital programme sets out the Council's investment plans to support its core services in the delivery of the priority outcomes to 2022/23. It includes providing for essential school places, investments in roads and transport infrastructure, enhancing the life of existing assets and ensuring they are fit for purpose, and supporting invest to save schemes.

The proposed programme includes:

- Improvement to roads and transport infrastructure
- Integrated transport schemes;
- Providing necessary school places and school access initiatives, safeguarding and temporary accommodation.
- Capital Building Improvements and energy saving measures;
- Supported accommodation and improvements;
- Essential Libraries work to keep libraries in their current condition and stop them from deteriorating.
- Support of Economic Growth and Strategic Infrastructure investment.



An estimated 59**%** (£261.7million) will be funded from Government grants and scheme-specific income, with the remainder (£182.5million) funded through borrowing, capital receipts and use of reserves set aside for the purpose.

Capital programme - current programme and resources

Capital Programme	Total Budget £'000	Total Previous Years Spend £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	Remaining Budget Total £'000
Adult Social Care	13,070	6,908	1,308	2,154	1,450	450	400	400	6,162
Business Services	297,020	133,000	21,260	27,887	38,597	29,552	21,790	24,934	164,020
Children's Services	14,924	9,016	1,257	987	964	931	900	869	5,908
Communities, Economy & Transport	617,466	349,388	62,326	68,258	47,611	34,080	23,924	31,879	268,078
Gross Expenditure by Department	**942,480**	**498,312**	**86,151**	**99,286**	**88,622**	**65,013**	**47,014**	**58,082**	**444,168**
Scheme Specific Income	(171,578)	(69,159)	(32,085)	(24,940)	(14,591)	(17,758)	(2,886)	(10,159)	(102,419)
Net Expenditure	**770,902**	**429,153**	**54,066**	**74,346**	**74,031**	**47,255**	**44,128**	**47,923**	**341,749**

Current Funding Assumptions	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	Total Resource £'000
Capital Reserves		21,000					21,000
Contributions from Revenue Reserves set aside	780	2,198	550				3,528
Non Specific Grants	31,891	20,955	36,768	18,280	24,677	26,677	159,248
Capital Receipts	1,950				13,077		15,027
VPN Capital Receipts	50	620	1,503	399			2,572
Revenue Contributions	4,000	4,000	4,000	4,000	4,000	4,000	24,000
New Homes Bonus	2,250	1,231					3,481
Payback on Prudential Borrowing	850	850	850	655			3,205
Borrowing	12,295	23,492	30,360	23,921	2,374	17,246	109,688
	54,066	**74,346**	**74,031**	**47,255**	**44,128**	**47,923**	**341,749**

Capital programme - Adult Social Care

Adult Social Care	Total Budget £'000	Total Previous Years Spend £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	Remaining Budget Total £'000
Older People's Service Improvements	536	405		131					131
Greenacres	2,350			1,250	1,050	50			2,350
LD Service Opportunities	5,092	3,427	1,279	386					1,665
Refurbishment of Facilities to meet CQC Standards	2,373	2,357	16						16
House Adaptations	2,719	719	13	387	400	400	400	400	2,000
Gross Expenditure	**13,070**	**6,908**	**1,308**	**2,154**	**1,450**	**450**	**400**	**400**	**6,162**
Scheme Specific Income	**(3,150)**	**(1,900)**		**(1,250)**					**(1,250)**
Net Expenditure	**9,920**	**5,008**	**1,308**	**904**	**1,450**	**450**	**400**	**400**	**4,912**

Capital programme - Business Services

Business Services	Total Budget £'000	Total Previous Years Spend £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	Remaining Budget Total £'000
Core Back Office Services	1,268	847		100	321				421
The Link	2,718	2,649		69					69
SALIX Contract	4,235	1,626	538	671	350	350	350	350	2,609
Property Agile Works	9,606	8,411	918	277					1,195
Early Years	2,890	2,884	6						6
Early Years Nurseries	2,437		1,698	709	30				2,437
Mobile Replacement Programme	8,052	8,043	9						9
Lansdowne Secure Unit Phase 2	178		178						178
Universal Infant Free School Meals	1,901	1,870	31						31
Core Programme: Schools Basic Need	148,171	62,364	7,090	10,992	23,882	19,258	11,027	13,558	85,807
Core Programme: Capital Building Improvements	85,763	34,086	8,568	10,677	9,416	7,185	7,881	7,950	51,677
Core Programme: Libraries Basic Need	2,244			417	615	459	227	526	2,244

Capital programme - Business Services

Business Services	Total Budget £'000	Total Previous Years Spend £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	Remaining Budget Total £'000
Core Programme - IT & Digital Strategy Implementation	27,557	10,220		2,224	3,975	3,983	2,300	2,305	2,550	17,337
Gross Expenditure	297,020	133,000		21,260	27,887	38,597	29,552	21,790	24,934	164,020
Scheme Specific Income	(23,506)	(4,233)		(2,801)	(3,585)	(1,221)	(8,376)	(2,060)	(1,230)	(19,273)
Net Expenditure	273,514	128,767		18,459	24,302	37,376	21,176	19,730	23,704	144,747

Capital programme - Children's Services

Children's Services	Total Budget £'000	Total Previous Years Spend £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	Remaining Budget Total £'000
Lansdowne Secure Unit	261	208	53						53
Seven Sisters Canoe Barn	24	22		2					2
Family Contact	188	156	32						32
House Adaptations for Disabled Children's Carers Homes	1,468	660	122	126	140	140	140	140	808
Schools Delegated Capital	12,688	7,826	899	859	824	791	760	729	4,862
Direct to Schools Capital	65		65						65
Schools Information Hub	230	144	86						86
Gross Expenditure	**14,924**	**9,016**	**1,257**	**987**	**964**	**931**	**900**	**869**	**5,908**
Scheme Specific Income	**(13,038)**	**(8,056)**	**(1,017)**	**(861)**	**(824)**	**(791)**	**(760)**	**(729)**	**(4,982)**
Net Expenditure	**1,886**	**960**	**240**	**126**	**140**	**140**	**140**	**140**	**926**

Capital programme - Communities, Economy & Transport

Communities, Economy & Transport	Total Budget £'000	Total Previous Years Spend £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	Remaining Budget Total £'000
New Archive and Record Office - "The Keep"	20,178	20,128	36	14					50
Registration Ceremonies Website	30		30						30
Rye Library	61	47	14						14
Hastings Library	9,503	5,858	2,255	1,390					3,645
Newhaven Library	1,713	1,674	39						39
Southover Grange (formerly The Maltings)	1,257	1,073	184						184
Library Refurbishment	1,473	1,145	191	137					328
Newhaven S106 - ERF	474	469	5						5
Travellers Site Bridies Tan	1,347	1,332	10	5					15
Broadband	33,800	17,266	2,450	3,250	2,634			8,200	16,534
Bexhill & Hastings Link Road	126,247	119,560	2,172	3,092	601	577	245		6,687
BHLR Complementary Measures	1,800	1,068	300	432					732
Exceat Bridge Replacement	2,633	38	155	345	2,095				2,595

Capital programme - Communities, Economy & Transport

Communities, Economy & Transport	Total Budget £'000	Total Previous Years Spend £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	Remaining Budget Total £'000
Reshaping Uckfield Town Centre	2,500	2,474	26						26
Economic Growth & Strategic Infrastructure Programme									
Economic Intervention Fund	9,791	4,331	999	1,589	1,458	1,414			5,460
Catalysing Stalled Sites	916	117	200	400	199				799
EDS Upgrading Empty Commerical Property	500	53	153	294					447
EDS Incubation Units	1,000		150	500	350				1,000
North Bexhill Access Road	18,600	11,010	5,590	2,000					7,590
Queensway Gateway Road	10,000	2,540	5,000	2,460					7,460
Newhaven Flood Defences	1,500	1,100	400						400
Coastal Communities Housing	667		667						667
East Sussex Strategic Growth Package	8,200		6,300	1,900					8,200
Devonshire Park Quarter Redevelopment	5,000		5,000						5,000
A22/A27 Junction Improvement Package	1,500				500	1,000			1,500
LGF Business Case Development	196	30	166						166
Integrated Transport - LTP plus Externally Funded									
Hastings & Bexhill Movement & Access Package	9,643		596	3,399	2,200	3,448			9,643

Capital programme - Communities, Economy & Transport

Communities, Economy & Transport	Total Budget £'000	Total Previous Years Spend £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	Remaining Budget Total £'000
Eastbourne/South Wealden Walking & Cycling Package	7,450	808	2,007	1,635	1,500	1,500			6,642
Hailsham/Polegate/Eastbourne Sustainable Transport Corridor	2,350	151	242	1,957					2,199
Other Integrated Transport Schemes	37,288	18,994	3,394	3,224	2,919	2,919	2,919	2,919	18,294
Community Match Fund	150	0		150					150
Terminus Road Improvements	11,250	1,024	505	6,221	1,500	2,000			10,226
Newhaven Port Access Road	23,271	876	453	11,135	10,345	462			22,395
Real Time Passenger Information	2,449	2,149	156	144					300
Parking Ticket Machine Renewal	1,700		600	550	550				1,700
Queensway Depot Development	1,586	224	152	1,210					1,362
Waste Leachate Programme	293	11	282						282
Speed Management	2,948	2,919	29						29
CAMS System	30	19	11						11
Core Programme - Highways Structural Maintenance	227,846	117,747	19,130	17,969	18,250	18,250	18,250	18,250	110,099

Capital programme - Communities, Economy & Transport

Communities, Economy & Transport	Total Budget £'000	Total Previous Years Spend £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	Remaining Budget Total £'000
Core Programme - Bridge Assessment Strengthening	13,310	5,932	1,097	1,481	1,200	1,200	1,200	1,200	7,378
Core Programme - Street Lighting - Life Expired Equipment	10,133	4,883	750	980	880	880	880	880	5,250
Core Programme - Rights of Way Surface Repairs and Bridge Replacement Programme	4,883	2,338	430	395	430	430	430	430	2,545
Gross Expenditure	**617,466**	**349,388**	**62,326**	**68,258**	**47,611**	**34,080**	**23,924**	**31,879**	**268,078**
Scheme Specific Income	**(131,884)**	**(54,970)**	**(28,267)**	**(19,244)**	**(12,546)**	**(8,591)**	**(66)**	**(8,200)**	**(76,914)**
Net Expenditure	**485,582**	**294,418**	**34,059**	**49,014**	**35,065**	**25,489**	**23,858**	**23,679**	**191,164**

Reserve Balances

	Anticipated Balance 1st Apr 2018 £'000	Net planned Movements 2018/19 £'000	Anticipated Balance 31st Mar 2019 £'000
Strategic Reserves:			
Risk reserve: manage the potential financial consequences of risks recognised in the Council's risk management arrangements and the CFO's robustness statement;	3,130	1,367	4,497
Priority Outcomes and Transformation reserve: to fund the transformation programme to change, protect and improve Council services;	7,775	(2,567)	5,208
Financing reserve: to enable the effective management of the medium-term financial strategy;	18,518	(5,378)	13,140
Total Strategic Reserves	**29,423**	**(6,578)**	**22,845**
Service-Specific Reserves:			
Corporate Waste	12,843	0	12,843
2018-23 Capital Programme	21,000	(21,000)	0
Insurance Risk	5,448	0	5,448
Total Named Service Reserves	**39,291**	**(21,000)**	**18,291**
Held on behalf of others or statutorily ringfenced			
Balances held by Schools	10,456	0	10,456
Extended Schools	1,058	0	1,058
Schools Supply Teacher Insurance	251	0	251
Public Health Recommissioning	4,414	(2,778)	1,636
High Weald	133	0	133
On Street Car Parking	2,843	(1,823)	1,020
Claverham Adult Education	9	0	9
ACRES (Adult College of Rural East Sussex)	362	0	362
Lewes Athletics Track	17	0	17
Ouse Valley Commuted Maintenance	17	0	17
The Keep - Archive Service	294	0	294
Sussex Air Quality Partnership	54	(5)	49
Subtotal held on behalf of others or statutorily ringfenced	**19,908**	**(4,606)**	**15,302**
Total Reserves	**88,622**	**(32,184)**	**56,438**

This table provides a summary of planned movements in and out of the individual reserves over the financial year 2018/19.

Additionally we hold a General Fund balance of £10.0m.

Explanation of key terms

Balances
A working balance is needed so that payments can be made before income is received, and as a cushion against unexpected expenditure during the year.

Band D Property
Property band commonly used to specify the average council tax. The band includes property values between £68,001 and £88,000 (as at 1st April 1991).

Budget
An expression mainly in financial terms of the Council's policy for a specified period.

Business Rates
A charge on commercial and industrial buildings fixed by the Government and collected by District and Borough Councils. As of 2013/14 a proportion is retained and shared locally amongst authorities (including Fire & Rescue), rather than going to the Government for redistribution on a national basis. That part of business rates going to Government is redistributed as "Top-Up" grant, where local need is assessed as greater than the share of business rates retained locally. All County Councils are "Top-Up" authorities, receiving only a small share of business rates.

Depreciation
Amounts charged to services revenue for the use of assets/ infrastructure.

Capital Expenditure / Capital Programme
Expenditure on the acquisition of assets, or which adds to rather than maintains the value of existing assets. It is financed mainly from borrowing and charged to the revenue account over a number of years.

Capital Financing
Capital expenditure is financed by loans, Government grants, external contributions (e.g. developers' contributions to specific schemes) contribution from the revenue account, and proceeds from the sale of assets. The revenue budget bears the cost of direct revenue contributions, together with interest and the provision for repayments of these loans.

Capital Receipts
Income received from the sale of capital assets, together with specific contributions, including Government grants, towards capital expenditure.

Contingency
A sum set aside to meet future pay and price rises over and above provision made in departmental budgets.

Council Tax Requirement
This is an amount calculated, in advance of each year, by each billing authority (e.g. Lewes District Council) and by each major precepting authority, (e.g. East Sussex County Council). It is the amount of revenue to be met from Council Tax, and is equivalent to an authority's Band D Council Tax multiplied by its council tax base.

Dedicated Schools Grant (DSG)
A major ring-fenced government specific grant, introduced in 2006/07, which provides funding for schools and schools-related expenditure.

Earmarked Reserves
Reserves which are set aside for specific purposes.

Government Grants
Contributions by central Government towards either the revenue or capital cost of local authority services.

Levies
A contribution which the County Council is required to make towards the costs of Ashdown Forest Conservators, Environment Agency (for flood defence) and Sussex Inshore Fisheries and Conservation Authority.

Net Budget Requirement
The total expenditure (after deduction of income) that the Council can finance from the aggregation of Revenue Support Grant, Business Rates and Council Tax.

New Homes Bonus
A government grant which is aimed at encouraging local authorities to increase the number of homes in their area.

Precept
The income which the Council requires a District or Borough Council to raise on its behalf from Council Tax.

Provisions and Reserves
Provisions are made for liabilities and losses which are likely or certain to be incurred but the amount or dates on which they will arise cannot be determined accurately. Internal reserves are set aside to finance future expenditure for purposes falling outside the definition of provisions.

Revenue Expenditure
Expenditure that the Council incurs on the day-to-day costs of providing services including principally on pay, running costs of buildings, equipment, third party payments and capital financing costs.

Revenue Support Grant (RSG)
Additional funding received from central government, outside that received through the business rates retention scheme.

Slippage
Actual capital payments or income, spent or received in a year different to that planned in the capital programme.

Specific and Special Grants
Grants paid by central Government for specific services and allocated to local authorities according to specific policies criteria.

Supported Borrowing
The level of borrowing that the Government will support via grant towards interest and principal repayments.

Tax Base
All domestic properties are placed in one of eight valuation bands. The council tax base is calculated according to Government regulations to assess, by proportion, the equivalent number of Band D properties. The County's net expenditure is divided by this number to give the council tax levy.

Third Party Payments
Payments made to agencies and contracted service providers, e.g. payments to private sector nursing homes.

Transfer Payments
Money paid by a local authority to an individual specifically to enable them to pay someone else e.g. awards paid to students to enable them to pay fees.

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January 2018

Council Plan 2018/19

Appendix 3

Contents

Keith Glazier

Leader

Becky Shaw

Chief Executive

2 April 2018

Introduction

This Council Plan sets out our ambitions and what we plan to achieve by 2021 for each of our four overarching priority outcomes: driving sustainable economic growth; keeping vulnerable people safe; helping people help themselves; and making best use of resources.

For a number of years we have seen a fundamental and permanent change to the way the Council operates, with the size of the public sector reducing significantly. These changes will continue with the national revenue support grant to councils due to end by 2020/21 so that the Council is dependent on council tax and business rates to support increasing demand for services, particularly for social care and health services. Our resources are limited, so we must be clear about what we can do and ensure that we care for the most vulnerable people whilst achieving a financially sustainable balance across the services we provide. In doing this we will base our decisions on local evidence of need and what works and makes a difference locally.

We will explore how we can work most effectively with all our partners locally and in the region. We will pursue new freedoms and seek greater powers over local public services where they will increase our ability to deliver our priority outcomes for East Sussex.

We have set a number of delivery outcomes under each overarching priority outcome. These have been used to shape the Council Plan performance measures and the targets that are the main tool we use to assess our progress. We also keep track of a wide range of key data evidencing local needs in East Sussex related to our priority outcomes. These help us assess our impact more fully and respond appropriately when we need to do so. We review this data when making our plans and publish them with our State of the County report each year. A selection of this information is provided throughout the plan and listed in more detail at the end.

Pictures of the county to be added

Credit Adam Piggott Photography

Our priorities and delivery outcomes

The Priority Outcomes

The Council has four overarching priority outcomes: driving sustainable economic growth; keeping vulnerable people safe; helping people help themselves; and making best use of resources. Making best use of resources is the gateway priority through which any activity and accompanying resources must pass. The remaining three priority outcomes guide our activities, direct our resources and are reflected in our Council Plan activities and targets. As resources tighten, we will need to have an ever sharper focus on these priority areas, define clearly the outcomes we wish to achieve, and monitor our success in delivering these outcomes for the county's residents, communities and businesses.

Making best use of resources - delivery outcomes

- Applying strategic commissioning to ensure that resources are directed to meet local need
- Working as One Council, both through the processes we use and how we work across services
- Working in partnership to ensure that all publicly available resources are used to deliver maximum benefits to local people
- Ensuring we achieve value for money in the services we commission and provide
- Maximising the funding available through bidding for funding and lobbying for the best deal for East Sussex

Driving sustainable economic growth - delivery outcomes

- Employment and productivity rates are high throughout the county
- Individuals, communities and business thrive in East Sussex with the environment and infrastructure to met their needs
- The workforce has and maintains the skills needed for good quality employment
- All children progress well from early years to school leaver and into education, training and employment

Keeping vulnerable people safe - delivery outcomes

- All vulnerable people in East Sussex are known to relevant local agencies and services are delivered together to meet their needs
- People feel safe at home
- People feel safe with support services

Helping people help themselves - delivery outcomes

- Commissioners and providers from all sectors put people first when providing services and information to help them meet their needs
- The most vulnerable adults get the support they need to maintain their independence and this is provided at or close to home
- Individuals and communities are supported and encouraged to be responsible, help others and make the most of community capacity and assets

Priority overview

A thriving economy in East Sussex is key to the wellbeing of the county. Ensuring that local people have access to well-paid employment will have positive impacts on the health and the education outcomes of our young people, and will mean that they are less dependent on shrinking public sector resources. Growing a sustainable economy will increase the resources we can raise locally to provide the services needed by the most vulnerable people in our society, which is becoming increasingly important as central Government funding reduces and is replaced with local funding.

Employment and productivity rates are high throughout the county

The county is an economy of small businesses with great potential for growth. We provide programmes that support small businesses with grants and loans to help them thrive.

As a body with significant spending power in the county we constantly review our procurement processes to ensure they are accessible to local suppliers and maximise the use of local providers in the supply chains, and secure added economic, social and environmental benefits .

In common with all public sector organisations the Council is now paying the Apprenticeship Levy. The Council has determined a workforce based approach to the Levy and has implemented a strategy and action plan to maximise the funds available to the Council through the levy.

We will encourage and support the growth of well paid employment across the county so that local people can afford a mortgage should they wish to own their home.

Businesses are able to thrive in East Sussex and can access the skills and infrastructure they need

Businesses can only thrive if they have the local infrastructure they need and access to the right skills in the local workforce. Our Highways contract with Costain CH2M is helping to maintain and improve our roads, while ensuring value for money for the Council. We also coordinate street works and manage parking controls, to help the local transport infrastructure cope with increasing demand. A number of infrastructure projects will begin construction or be delivered in 2018/19, including the North Bexhill Access Road, the Queensway Gateway Road and the Newhaven Port Access Road.

Our Public Transport Strategic Commissioning Strategy sets out how we prioritise support for bus services to meet local needs, such as transport to schools and key employment locations.

Business in the 21st century also needs modern digital support. Our e-Sussex project to rollout faster broadband in previously isolated areas has improved access to services, jobs and education. Over 70,000 premises have been connected to improved broadband speeds during our first and second contracts of work with BT. A final phase of works is being procured with the aim to connect as close to 100% of premises in the county as possible.

We want all local people to have the skills they need to succeed and for businesses to have access to a skilled workforce. Skills East Sussex (SES, the local employment and skills board) will continue to operate, bringing together education suppliers and businesses to make sure people have the skills businesses need to grow. SES has launched a number of projects to match schools and colleges with employers to improve the quality of careers advice; to help young people become work ready; and to give young people the chance to visit employers in the county.

We will pursue new freedoms that allow us, and our partners, to deliver economic growth whenever there is an opportunity to do so. Together with a number of partner organisations we have launched a shadow sub-national transport body (SNTB) called Transport for the South East (TfSE) and will work through this to establish a transport strategy for the south east which prioritises strategic road and rail investment for East Sussex and the wider region.

State of the County 2016/17

- Working age residents with a level 4 qualification or above (degrees, HNC, HND etc.), 31.0% (England 36.8%)
- Working age residents with no qualifications or qualified only to NVQ1, 23.2% (England 20.0%)
- Gross Value Added (GVA) per head, £18,865 (England £27,108)
- Working age population in employment, 75.6% (England 74.4%)
- Claimant rate including Job Seeker's Allowance and Universal Credit, 1.5% (England 1.9%)
- New business registrations per 10,000 people over 16, 57.0 (England 83.6)
- New houses built, 1,445, including 280 affordable houses

Transport for the South East

Examples of planned work 2018/19

- We will complete improvements to Terminus Road in Eastbourne
- We will start our third phase or works with BT to ensure as close to 100% of premises in the county as possible have access to superfast broadband
- We will increase the proportion of money the Council spends with local companies
- Our Social Value Measurement Charter (SVMC) will continue to boost the level of social value secured from Council procured contracts

How the works in Terminus Road will look once complete

Thriving East Sussex economic growth sectors

Our East Sussex Growth Strategy sets out our plans to support and improve the local economy. Team East Sussex (TES), our locally federated board to the South East Local Enterprise Partnership, will continue work to create new jobs, homes, and commercial spaces in the county.

We will build on the county's economic strengths and unique characteristics to drive economic growth in business sectors with the most potential to grow and provide employment. We will build on the areas where the county already performs strongly, such as culture and tourism, but we will also look to the future to attract and retain new businesses that will provide the jobs of tomorrow.

Locate East Sussex will continue to support business looking to move into East Sussex, expand or access funding. We will also provide further grants and loans to businesses looking to expand through East Sussex Invest 5.

All children progress well from early years to school leaver and into education, training or employment

We want every child to do well from their earliest years until they enter employment. Working with schools, colleges and early years providers, we want all children to attend a good school and make good progress each year. We want to narrow the gap between the most disadvantaged children and the rest. Notable progress has been made in educational attainment, particularly with our younger children but this is not consistent across all ages and groups of pupils.

Educational attainment is negatively affected by poor rates of attendance. Across East Sussex, children and young people have poorer rates of attendance and exclusion than their peers nationally. We have also seen a significant reduction in exclusions in Hastings primary schools. The schools engagement with the Primary Placement Panel has been key to this success and we will try and replicate this in Eastbourne with the launch of a Panel in Spring 2018 to address the higher levels of exclusions in the area. We will continue to work closely with schools, Behaviour and Attendance Partnerships, and Education Improvement Partnerships (EIPs) to identify ways in which they can help bring about improvement in attendance and reduction in exclusion

We will work with our partners to increase the number of children in education or employment with training (EET) until they are 18 years old, to prepare children and young people for work, and to improve their employability and skills.

Our new Excellence for All strategy 2017 - 2019, sets out how, working in partnerships, we will build on our successes to achieve our ambitions of creating a local education system that prepares all children and young people to play an active role in the society of the future.

State of the County 2016/17

- Children achieving a good level of development in the Early Years Foundation Stage, 76.5% (England 70.5%)
- Average Attainment 8 score per pupil state funded secondary schools 45.0 (England 46.1)
- Average Progress 8 score for state funded secondary schools 0.00 (England -0.03)
- Percentage of pupils reaching the expected standard at key stage 2 in reading, writing and mathematics 57% (England 61%)
- Percentage of pupils who achieved a 9-5 pass in English and maths GCSEs 37.9% (England 42.4%)
- Proportion of Looked After Children who achieve A*-C GCSEs in English and maths, 18.8% (England 17.5%)
- Average point score (APS) per entry for level 3 exams including A levels (16-18 year olds), 31.82 (England 32.12)
- A level entries for STEM (Science, Technology, Engineering and Mathematics) subjects, 29.5% (England 32.7%)
- Percentage of exams awarded A/A* grades for A level STEM subjects, 24.0% (England 30.4%)

Take a look at the targets we have set to measure our progress against delivering the aims under this priority on page 14

Priority overview

There will always be children and adults who cannot be looked after at home and with their families. Where it is clear this is the case for children, we will intervene early and find permanent or long-term placements for them through fostering or adoption where appropriate. We will also ensure that vulnerable adults are safeguarded whether they are looked after at home or in another setting.

Fostering and adoption provides stable long-term placements for vulnerable children

All vulnerable people in East Sussex are known to relevant local agencies and services are delivered together to meet their needs

Ensuring vulnerable children and adults are safe is one of our key priorities and responsibilities to the community.

One of our key objectives is that there is an effective multi-agency early help and child protection system, which ensures that children and young people who are, or are likely to be, at risk of harm are identified, supported and protected. This is part of a wider multi-agency safeguarding system, underpinned by strong statutory multi-agency governance and scrutiny by the East Sussex Safeguarding Children Board.

For Looked After Children, we will be ambitious so that they can achieve their best and we will continue with effective placement planning to ensure that the right child is cared for, in the right place, for the right amount of time and at the most appropriate cost.

The East Sussex Safeguarding Adults Board (SAB) oversees the work undertaken towards the prevention of abuse. There is a multi-agency commitment to the Board's strategy and as part of the commitment, case review learning events will be held throughout 2018 to support partner agencies to further improve their safeguarding practices. We are also promoting 'Making safeguarding personal', to ensure that adults are involved in the processes that are undertaken to make them safe.

Because of the challenges currently facing the NHS and Adult Social Care, we have been drastically changing the way we support adults in East Sussex. Two transformation projects; East Sussex Better Together (ESBT) and Connecting For You (C4Y) will ensure that services work in a joined up manner so that adults who need help receive the best possible support. The ESBT Alliance is a key stepping stone on the path to formal integration and the development of a single health and care organisation in the future by moving towards single integrated leadership of our £850m commissioning budget; and a single leadership of and management of how services are organised and delivered.

Through ESBT we are increasing the capacity of community based services to support people in their own homes, therefore avoiding unnecessary hospital admissions and improving timely discharge to enable people to return home. We have introduced a number of new community workers who are undertaking personal care; basic nursing; rehabilitation and reablement; and basic equipment prescribing. Increased support in the community will reduce demand on acute and high cost residential placements. This work is supported by additional NHS investment.

Some people need practical support to lead an active life and do the everyday things that most of us take for granted. Health and Social Care Connect (HSCC) may provide help or put people in touch with organisations who can help them and their carers manage daily tasks in the home. HSCC can provide information or leaflets; take applications so specialist workers can assess what services people may need; point them to other agencies; and put existing customers in touch with their worker.

We have supported the development of 'The Portal' a support service that provides a single point of access and helps victim/survivors of domestic and sexual violence and abuse to find advice and support in East Sussex.

Keeping vulnerable people safe

Examples of planned work 2018/19

- We will ensure effective targeting of Child Protection Plans
- We will continue to help victims of mass marketing fraud
- We will support people who have been a victim of sexual violence through the specialist domestic abuse and sexual violence service
- We will support and protect members of the community from rogue traders through our Trading Standards Rapid Action Team

The Neglect toolkit is used to ensure that staff are well trained, confident, knowledgeable and understand the impact of neglect on children's daily lives as well as the impact on their health and well-being.

People feel safe at home

We work with partners including health services, police, ambulance, and fire and rescue services to ensure people are safeguarded and able to live independently and free from abuse. We will raise awareness of safeguarding issues and enquire into concerns of abuse.

We support the most vulnerable families, helping them to find ways to manage independently and cope with problems so that they can stay together and achieve better outcomes for children and parents.

We work in partnership to reduce crime, anti-social behaviour and domestic abuse and help victims to stay safe from harm. We work with a number of partners to provide support services and raise awareness of domestic abuse across the county.

Our Trading Standards service helps to protect vulnerable people from exploitation such as rogue traders and cold callers. Our Rapid Action Team intervenes to disrupt rogue traders and carries out proactive work in hotspots of doorstep crime to advise and protect residents. We also investigate food fraud, illicit tobacco and counterfeit alcohol to protect people from the increased risks associated with these.

People feel safe with support services

While we aim to help people stay safe and independent, this is not always possible. There will always be children and young people who cannot be cared for at home and with their families. Where it is clear this is the case for children, we will intervene early and find permanent or long-term, cost effective, placements for them through fostering or adoption where appropriate. Vulnerable adults that cannot cope by themselves need to have support services that are safe and of good quality; we will continue to monitor satisfaction with our commissioned services including service user evaluations.

State of the County 2016/17

- Looked after children per 10,000 0-17 population, 53 (England 62)
- Children with a Child Protection Plan per 10,000 0-17 population, 44.8 (England 43.3)
- Percentage of children who ceased to be looked after adopted during the year ending 31 March, 20% (England 14%)
- Hospital emergency admissions caused by injuries in children aged 0-14 per 10,000 2015/16, 109.5 (England 104.2)
- Adult Social Care service users who feel safe, 77.4% (England 70.1%)
- People aged 65+ still at home 91 days after discharge from hospital, 90.5% (England 82.5%)
- Suicide rate per 100,000 2014 - 2016, 12.8 (England 9.9%)

Take a look at the targets we have set to measure our progress against delivering the aims under this priority on page 19

Priority overview

Whilst we must keep vulnerable people safe, people prefer and need to be independent. If we can encourage families and communities to work together to build better local communities, meet local need, and support individuals to stay independent, we can meet our objectives of breaking dependency, while reducing demand for services and therefore costs. Helping people to be self-supporting will become increasingly important as the resources available to public services decline.

Commissioners and providers from all sectors put people first when providing services and information to help them meet their needs

One of the best things we can do to support people is to focus very clearly on their needs when designing and providing services and when we make information available so people can help themselves.

As part of ESBT we are working with the NHS to return people to independence as soon as possible after they have received hospital care and reduce costly Delayed Transfers of Care (DTC). We are working to ensure people are cared for in the right setting for the right amount of time, reducing DTC and ensuring the best possible outcome for the patient.

Enabling people to manage their own support is a key part of the ESBT programme and considerable focus is placed on developing a greater degree of autonomy in the way adults can find and then maintain the care that they need.

We will develop new mechanisms to enable people to self-care. By this we mean supporting the actions people take for themselves, their children and their families to stay fit and maintain good physical and mental health; meet social and psychological needs, prevent illness or accidents and maintain their health and wellbeing as part of their daily lives.

We will also promote self-management to ensure that people with physical long-term conditions have access to a range of self-management support and services that will enable them to learn the necessary skills to develop stronger partnerships with their carers, general practitioners and health professionals.

One of the ways we are growing stronger and more resilient communities is through Locality Link Workers, as key members of our integrated health and social care teams. They act as a conduit between the statutory services and the community, building links between the community, voluntary services and the Integrated Locality Teams. These workers have a detailed understanding of the community and voluntary sector in their area and are ideally placed to encourage them to work collaboratively and alongside practitioners to suggest additional support that may be available through the community and voluntary sector.

Our Local Offer provides online access to information, for children and young people with Special Educational Needs and Disabilities (SEND) and families, about services and expertise available in the area from a range of local organisations, including providers of education, health and social care. It also gives families the opportunity to feed back about services that are available in the area.

We will continue to promote these schemes to ensure that people are able to quickly find information about a range of support options available in their local area.

People generally prefer to have as much control and choice as possible over the services they receive. Self -directed support offers control to clients and carers over how their care and support is provided. The need for substantial savings means, however, that the direct payments and personal budgets offered will focus on personal care needs rather than supporting daily living, as part of the re-defined Adult Social Care offer. Clients are being advised about how they can access support for daily living such as eating and shopping through other means.

One You East Sussex is helping people tackle risky behaviours and improve their health

Inclusion, Special Educational Needs and Disability (ISEND) has an important role to play in supporting children and young people who are vulnerable to underachievement to do their very best. The service helps improve the lives and outcomes of children and young people with SEND, to achieve their ambitions and become successful adults. We will ensure that families and children are involved in the development and delivery of services, giving families more choice and control over the services they receive and providing a more personalised response.

We will review and reshape the early help offer in line with available resources to increase the resilience of families, improve their lives, and manage demand on high cost services. We will target services working with individual families on a whole family basis, with a single keyworker supporting all members of the family and coordinating any additional specialist support required.

State of the County 2016/17

- 4-5 year olds with excess weight, 22.6% (England 22.1%).
- 10-11 year olds with excess weight, 32.0% (England 34.2%)
- Younger adults admitted to residential and nursing care homes per 100,000, 12.8 (England 12.8)
- Adult Social Care service users who find it easy to find information about services, 79.4% (England 73.5%)
- Adult Social Care service users who have as much social contact as they would like, 51.3% (England 45.4%)

Helping people help themselves

The most vulnerable adults get the support they need to maintain their independence and this is provided at or close to home

It is often best if people in need of care and support receive this at home, if possible, with the help of friends and family. We work to ensure that people's homes are safe, providing access to care services, and personal budgets so that people can choose the care and support they need.

Locality Link Workers encourage the development of stronger, more resilient communities which will help to keep vulnerable people active and well.

We promote the use of Telecare equipment in the community wherever it is suitable for the needs of the individual. This includes a range of personal and health monitoring devices that enable people to remain safe and independent at home.

TeleCheck, a proactive, personal telephone service ensures that adults are supported to live safely and securely in their own community and are provided with information to maintain their wellbeing.

HSCC, the fully integrated point of contact for adult community health and social care services in East Sussex, are now offering clients Technology Enabled Care Services (TECS), based on the severity of their needs. TECS will allow more people to maintain their independence in their own homes.

Take a look at the targets we have set to measure our progress against delivering the aims under this priority on page 21

Individuals and communities are supported and encouraged to be responsible, help others and make the most of community capacity and assets

People, families and communities across East Sussex have huge potential to thrive and to support each other. There is a substantial infrastructure of public, voluntary and community sector work across the county that can seek to help local people achieve their ambitions. We work with partners and communities across the county to help local communities thrive and tackle some of the most difficult issues that impact on people's happiness and wellbeing, such as loneliness.

We are working with partners across health, social care, the voluntary and community sector, and others to increase community and personal resilience in East Sussex. We aim to increase volunteering; improve and coordinate support to strengthen communities; and help individuals to improve their own health and well-being and take action to prevent disease and ill health.

As driver error contributes to over 90% of road collisions where people are killed or seriously injured (KSI), we are implementing a £1m project to deliver behaviour change initiatives, alongside our ongoing programme of work to improve the road infrastructure. The programme has identified a number of target groups who are at the greatest risk having a road traffic collision resulting in a KSI casualty and work will be focused on these groups.

Telecare helps people to remain both independent and safe

Examples of planned work 2018/19

- We will support over 800 households as part of the government's Troubled Families Programme
- We will increase the number of members of the Support with Confidence scheme which provides a register of people and organisations that have been vetted and approved by us so users can be confident in their safety, training and quality

Support with Confidence
EAST SUSSEX COUNTY COUNCIL

- We will continue to offer health checks to those eligible, while encouraging those offered a check to take it up

State of the County 2016/17

- Older people admitted to residential and nursing care homes per 100,000, 521.5 (England 610.7)
- Older people (65+) offered reablement services following discharge from hospital, 1.6% (England 2.7%)
- People who received short term services where no further request was made for ongoing support, 97.6% (England 77.8%)
- Number of people killed or seriously injured on the roads, 383

Priority overview

This priority cuts across all our activities and is a key measure of success for all our priority outcomes. It applies to all the resources available for East Sussex, not only within the Council, but across the public sector, voluntary and community sector and private partners, and within local communities. We will work as a single unified organisation to deliver our priorities; ensuring high quality, streamlined services are commissioned and developed in partnership; working to reduce demand for services and focusing on our residents and communities.

Strategic commissioning

We will consider the outcomes we are trying to achieve for local people first and then achieve those outcomes in the most effective way possible.

One Council

We will ensure that we work in a unified way so that resources are focused on delivering our priority outcomes. This means minimising the cost of back office services and directing resources to frontline services. We will focus on delivering services close to local people in the most cost effective way possible.

Our People Strategy will help achieve the changes needed over the coming years. The strategy is based on four themes of Leadership and Management; Performance Development and Reward; Employee Engagement and Recognition; and Employee Health, Wellbeing and Inclusion.

Working in partnership

We will work in partnership to ensure that we use all the resources available in the public sector to improve outcomes. 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. We will join with partners to achieve better value through procurement.

Orbis, our partnership with Surrey County Council (SCC) and Brighton & Hove City Council (BHCC) for all Business Services, has allowed us to provide resilient services while achieving savings which are being used to sustain services for residents of all the counties. By the end of 2018/19 BHCC will be fully integrated into Orbis, delivering greater efficiencies and an expanded staff talent pool across the organisations.

In 2016/17 we launched a joint legal service, Orbis Public Law (OPL), with BHCC, SCC and West Sussex County Council. The integration of the services will continue in 2018/19, leading to a more efficient service with a wider range of in house skills available to all councils.

Value for money

Across all our resources, services and partnerships we will seek to achieve the maximum positive impact to deliver our priority outcomes for people in East Sussex.

We are working with partners within the South East (Surrey, Hampshire, Eastbourne and Reading councils) on a common Property Asset Management System (PAMS). This will allow us to capture consistent information, manage our estate more efficiently and make better use of our property resources. We have been working to reduce the cost of occupancy of corporate buildings by 2% each year since 2016/17 and are aiming for the same saving in 2018/19.

Maximising funding

We will seek out funding opportunities for the Council and our partners. We will lobby and coordinate our action with partners who share our ambitions to press for the best deal for the county.

Income Generation

We will continue to focus on activity and ideas to generate additional income for the Council in order to provide additional investment for front line services. This work includes trading business services like payroll and pensions administration to other local authorities, and public and 3rd sector organisations; annual review of fees and charges; looking for commercial opportunities from the physical, technical and intellectual assets the Council has; and engaging the whole workforce on generating ideas and stimulating innovation.

Examples of planned work 2018/19

- We will continue to expand the Orbis partnership; making cost savings while providing more effective and efficient services.
- We will continue to reduce the cost of the buildings we occupy and the amount of CO2 produced from Council operations.
- We will reduce the number of working days lost to sickness absence.

Take a look at the targets we have set to measure our progress against delivering the aims under this priority on page 24

Revenue budget: gross and net

The charts below show how we will spend your revenue budget money in 2018/19, and where the money will come from (gross and net). More information on our revenue budget can be found in our financial budget summary which explains the difference between the gross and net budgets.

Pending budget

Revenue spending

The diagram below is a visual representation of our gross revenue budget for 2018/19. It also shows East Sussex County Council spend inclusive of partnership working where we are the lead authority. More information on our revenue budget can be found in our financial budget summary.

Bubble diagram

M&S = Management & Support costs; *reflects services fully or partially funded by Dedicated Schools Grant (DSG).
(1) Home to School Transport is administered by Communities, Economy and Transport on behalf of Children's Services.

Capital programme

Capital Programme: projects in the year ahead 2018/19

As well as providing services, the Council invests in, and maintains, assets such as roads and buildings. The capital programme supports delivery of the Council's priority outcomes particularly driving economic growth and keeping vulnerable people safe. Details of the full current capital programme to 2023 are in our financial budget summary. Below are examples of key projects that will be underway in 2018/19 at a cost of £??.?m.

Economic & Strategic Infrastructure £??.?m

•

Community & Social Care Facilities £??.?m

•

Highways & Structural Maintenance £??.?m

•

Integrated Transport Services £??.?m

•

Schools £??.?m

•

Building Maintenance & Efficiency £??.?m

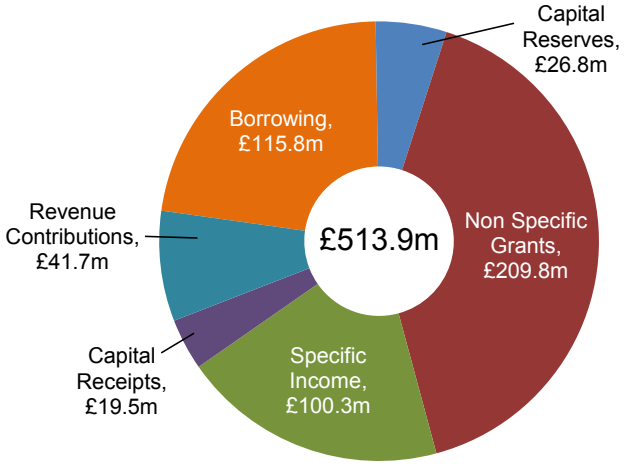
•

Capital Spend 2018/19

Pie chart showing spend

Capital Resourcing 2016/17 to 2022/23

Because capital projects may take several years to deliver we need to know how we will fund the full £513.9 million programme. Details of where this money will come from is given below.



All Council Plan targets aim to deliver positive outcomes for the people of East Sussex. We challenge discrimination and encourage respect, understanding and dignity for everyone living, working in or visiting East Sussex. We do this through our influence in the community, strategic planning, employment policies, and service delivery.

Equality impact assessment summary report for Council Plan 2018/19

Date of assessment: ??/??/????

Summary of findings: All Council Plan targets aim to deliver positive outcomes for the people of East Sussex. This equality impact assessment has found that a number of the measures in the Council Plan will have a positive impact upon the lives of groups of people with protected characteristics. There should not be any negative impacts on any equality target groups.

Summary of recommendations and key points of action plan: None.

Groups that this project or service will impact upon:

	Positive	Negative	Neutral
Age	x	-	-
Disability	x	-	-
Ethnicity	x	-	-
Gender/Transgender	x	-	-
Marital Status/Civil Partnership	-	-	x
Pregnancy and Maternity	x	-	-
Religion/Belief	-	-	x
Sexual Orientation	-	-	x
Other (carers, literacy, health, rurality, poverty)	x	-	-

In line with the Equality Act 2010 we no longer publish equality objectives in a separate equality scheme. Instead, equalities data has been taken into consideration when developing performance targets for our Portfolio Plans and this Council Plan.

We will continue to report on our progress in ensuring equality is embedded throughout our work while delivering our priorities. This will form part of our annual report, which will be published in Autumn 2018.

More information on equality and diversity can be found on our equality and diversity web page.

Driving sustainable economic growth – performance measures and targets

Performance measure	2017/18 Outturn (Target)	2018/19 Target	2019/20 Target	2020/21 Target	2017 - 2021 Outcome Summary
Work with Seachange Sussex to deliver major transport infrastructure – Queensway Gateway Road	(Construction commenced)	Construction Complete	Monitor Impact	TBC	Improved connectivity between Queensway and the A21, improving journey times and reducing congestion on the local network. Enable the development of land for commercial and residential use in North Hastings, supporting economic growth, job creation and the delivery of new homes in the area
Deliver major transport infrastructure – Newhaven Port Access Road	(Complete detailed design, and tender for construction work. Submit business case to DfT for funding approval)	Commence construction	Construction complete and monitor impact	TBC	Improved connectivity into Newhaven Port from the strategic road network, supporting the delivery of the Enterprise Zone and unlocking employment land within the Port
Deliver pedestrian improvements in Terminus Road (Eastbourne) using 'Shared Space' concepts to coincide with opening of the new Arndale Centre	(Commence construction)	Complete construction	Monitor impact	TBC	Pedestrian and Bus improvements to Eastbourne town centre, promoting more sustainable travel choices. The improvements will support the significant private sector investment in the Arndale Centre and reinvigorate the retail and leisure offering in the town centre
Number of additional premises with improved broadband speeds (7,900 by end Dec 2018)	(3,440)	To be set 2017/18	To be set 2017/18	TBC	As close to 100% of premises as possible have access to high speed broadband. Supporting employment, productivity, individuals and communities
Report progress on the level of broadband improvement in the Intervention Area	(Report progress on the level of broadband improvement in the Intervention Area)	To be set 2017/18	To be set 2018/19	TBC	

Driving sustainable economic growth – performance measures and targets

Performance measure	2017/18 Outturn (Target)	2018/19 Target	2019/20 Target	2020/21 Target	2017 - 2021 Outcome Summary
Deliver the new Employability and Skills Strategy: East Sussex business sector skills evidence base developed	(Support six sector task groups. Develop a career pathways infographic for three sectors. Recruit 40 Industry champions from Businesses in priority sectors to support and promote sector skills in schools, FE and HEIs)	Support two additional sector task groups. Career pathways infographic to cover six sectors. Recruit 15 Industry champions	Support one additional sector task group. Career pathways infographic to cover nine sectors. Recruit 15 industry champions	TBC	Training providers are informed by sector skills evidence and our local businesses are actively engaged in supporting training provision in the county. Helping our young people and adults become aware of careers opportunities available to them. Supporting sustainable economic development
Deliver Culture East Sussex agreed actions to grow Cultural Tourism	(Deliver Tourism South East report recommendations (subject to funding being secured))	Deliver Tourism South East report recommendations (subject to funding being secured)	Deliver Tourism South East report recommendations (subject to funding being secured)	TBC	Grow the visitor economy by raising the visibility of East Sussex, enhancing perceptions, increasing the number of visitors to the coast, increasing length of stay and spend
Support businesses to create or protect jobs via East Sussex Invest 5	(Support businesses to create or protect 95 jobs as per contracts)	Support businesses to create or protect 95 jobs as per contracts	Support businesses to create or protect 95 jobs as per contracts	TBC	Grow the East Sussex economy and create more jobs by supporting the growth of businesses through capital investment
Increase inward investment (jobs)	(Assist businesses to create 14 jobs)	Assist businesses to create 40 jobs	Assist businesses to create 40 jobs	TBC	Grow the East Sussex economy through job growth, businesses relocating to the county and support for business investment
Percentage of Principal roads requiring maintenance	(8%)	8%	8%	TBC	Achieve and maintain a good standard of road condition across all road types
Percentage of Non Principal roads requiring maintenance	(9%)	9%	9%	TBC	
Percentage of Unclassified roads requiring maintenance	(20%)	20%	20%	TBC	

Driving sustainable economic growth – performance measures and targets

Performance measure	2017/18 Outturn (Target)	2018/19 Target	2019/20 Target	2020/21 Target	2017 - 2021 Outcome Summary
In partnership with Learndirect and other funding organisations provide online learning (including skills for life and ICT courses) in libraries, (subject to contract)	(250 courses complete)	250 subject to external funding	To be set 2018/19	To be set 2019/20	People have access to free qualifications that support them into, or back into, work and education
The number of businesses and professionals receiving advice and support through training workshops and bespoke advice	(380)	250	To be set 2018/19	TBC	Businesses in East Sussex are equipped to thrive, comply with the law, and are supported to “get it right first time”
Develop a strategy and action plan supporting the implementation of the Apprenticeship Levy within the Council	(Finalise the Strategy and action plan)	To be set 2017/18	To be set 2017/18	TBC	Maximise the use of the Levy to support the workforce strategy
The percentage of Council procurement spend with local suppliers	(≥ 50%)	52%	54%	TBC	Support local businesses and help drive economic growth and employment in the county through our purchasing power
Economic, social and environmental value committed through contracts, as a percentage of our spend with suppliers	(Charter agreed and Baseline to be established)	To be set 2017/18	To be set 2018/19	TBC	Use the Social Value Measurement Charter to provide robust measures in eligible contracts that commit suppliers to deliver the council’s social value objectives

Driving sustainable economic growth – performance measures and targets

Performance measure	2017/18 Outturn (Target)	2018/19 Target	2019/20 Target	2020/21 Target	2017 - 2021 Outcome Summary
The percentage of eligible 2 year olds who take up a place with an eligible early years provider	(Above national average)	Above national average	Above national average	TBC	All children engage, attain and progress well from early years into education, training and employment
The percentage of pupils achieving a “good level of development” at the Early Years Foundation Stage	Ac year 2016/17 ESCC 76.5% National Average 70.7% provisional	Ac year 2017/18 At or above national average	Ac year 2018/19 At or above national average	TBC	
Average Progress 8 score for state funded schools	Ac year 2016/17 ESCC 0.00 National: -0.03 provisional	Ac year 2017/18 At or above national average	Ac year 2018/19 At or above national average	Ac year 2019/20 At or above national average	
The percentage point gap between disadvantaged pupils achieving at least the expected standard in reading, writing and maths combined at Key Stage 2, and their peers	Ac year 2016/17 ESCC 22.4% National Average TBC provisional	TBC (Awaiting confirmation of national average)	TBC	TBC	The gap between disadvantaged pupils at all key stages is reduced. So that all children attain and progress well from early years into education, training and employment
The gap between Attainment 8 overall score for disadvantaged pupils, and Attainment 8 overall score for non-disadvantaged pupils	(Ac year 2016/17: 1.5 points or less above the national average)	TBC (Awaiting outturn)	TBC	TBC	

Driving sustainable economic growth – performance measures and targets

Performance measure	2017/18 Outturn (Target)	2018/19 Target	2019/20 Target	2020/21 Target	2017 - 2021 Outcome Summary
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 re-engagement provision at academic age 16 (Year 12)	(95%)	95%	95%	95%	Young people participate in education, training and employment with training until they are at least 18 improving their long term employment and health prospects
The percentage of young people meeting the duty of RPA by either participating in education, training or employment with training or undertaking re-engagement provision at academic age 17 (Year 13)	(88%)	88%	88%	88%	
Average Progress 8 score for Looked After Children (LAC)	(Ac Year 2016/17 0.1 points or less below the national average for LAC)	Ac Year 2017/18 0.05 points or less below the national average for LAC	Ac Year 2018/19 At or above the national average for LAC	Ac Year 2019/20 At or above the national average for LAC	All children progress well from early years, through compulsory education, into education, training and employment
The percentage of LAC participating in education, training or employment with training at academic age 16 (Year 12)	(80%)	80%	80%	80%	Looked after Children participate in education, training and employment with training until they are at least 18 improving their long term employment and health prospects
The percentage of LAC participating in education, training or employment with training at academic age 17 (Year 13)	(70%)	70%	70%	70%	

Keeping vulnerable people safe – performance measures and targets

Performance measure	2017/18 Outturn (Target)	2018/19 Target	2019/20 Target	2020/21 Target	2017 - 2021 Outcome Summary
National outcome measure: The proportion of people who use services who say that those services have made them feel safe and secure	(≥83.6%)	≥83.6%	≥83.6%	TBC	Services received by adults with long term support also have a positive impact on their safety
Health and Social Care Connect – percentage of referrals triaged and progressed to required services within required timescales	(95%)	95%	95%	TBC	Services are provided in a timely manner
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)	(98%)	98%	98%	TBC	Monitor the number of contacts from health professionals that aren't taken any further
Percentage of those affected by domestic violence and abuse who report they feel safe upon leaving the service	New measure	80%	80%	80%	Vulnerable people affected by domestic violence feel safe and have the skills they need to improve their wellbeing and their self-esteem
Percentage 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	New measure	80%	80%	80%	Protect vulnerable people who have been the affected by rape, sexual violence and abuse, and provide them with skills which enable them to be more in control of their lives and more optimistic about the future

Keeping vulnerable people safe – performance measures and targets

Performance measure	2017/18 Outturn (Target)	2018/19 Target	2019/20 Target	2020/21 Target	2017 - 2021 Outcome Summary
Rate of children with a Child Protection Plan (per 10,000 children)	(42.9)	TBC (When 2017/18 outturn confirmed)	TBC	TBC	Children at risk from significant harm are kept safe
Rate (of 0-17 population) of referrals to children's social care services (per 10,000 children)	(462)	521.4	521.4	521.4	
Rate (of 0-17 population) of assessments completed by children's social care services (per 10,000 children)	(381)	496.1	496.1	496.1	
Rate of Looked After Children (per 10,000 children)	(57.2)	TBC (When 2017/18 outturn confirmed)	TBC	TBC	
Average time between a child entering care and moving in with its adoptive family, for children who have been adopted (days) (Adoption Scorecard)	(Less than or equal to national average)	Less than or equal to national average	Less than or equal to national average	Less than or equal to national average	Children are placed for adoption as quickly as possible in order to achieve permanency
The number of positive interventions for vulnerable people who have become the target of rogue trading or financial abuse	(80)	To be set in 2017/18	To be set in 2018/19	TBC	Residents of East Sussex are safe in their own home and protected from criminals. Residents are empowered to feel safe and supported to say "no" to criminals and deter and disrupt criminal activity

Helping people help themselves – performance measures and targets

Performance measure	2017/18 Outturn (Target)	2018/19 Target	2019/20 Target	2020/21 Target	2017 - 2021 Outcome Summary
Measures and targets for the reduction of killed or seriously injured (KSI) road casualties subject to the development and implementation of specific behaviour change projects to be delivered within the East Sussex Road Safety Programme	(Establish measure(s) and targets for implementation in 2018 calendar year onwards)	To be set following 2017/18 review (2018 calendar year)	To be set following 2017/18 review (2019 calendar year)	TBC	Reduce the number of KSI casualties on East Sussex roads using behavioural change and more traditional methods to improve outcomes for residents, businesses and visitors to East Sussex
Number of hospital bed days lost due to delayed transfers from hospital care (Daily average)	New measure	50	50	50	There are no unnecessary delayed discharge's from hospital
Number of hospital bed days lost due to delayed transfers from hospital care due to Council social services (Daily average)	New measure	13	13	13	
Number of hospital bed days lost due to delayed transfers from hospital care due to local NHS (Daily average)	New measure	34	34	34	
Develop and implement Care Home Plus to support hospital discharge	(90 beds)	To be set once 2017/18 outturn known	To be set once 2017/18 outturn known	TBC	
National outcome measure: Proportion of working age adults and older people receiving self-directed support	(100%)	100%	100%	100%	Adults are able to take control of the support they receive
National outcome measure: Proportion of working age adults and older people receiving direct payments	(30%)	30%	30%	30%	
Number of carers supported through short-term crisis intervention	(750)	750	750	TBC	Carers are supported when they most need it enabling them to carry on in their caring role

Helping people help themselves – performance measures and targets

Performance measure	2017/18 Outturn (Target)	2018/19 Target	2019/20 Target	2020/21 Target	2017 - 2021 Outcome Summary
Commission new service capacity to achieve diagnostic rate of 67% of the estimated local prevalence of dementia	(67%)	67%	67%	TBC	Support is available to those known to have dementia
Number of people receiving support through 'STEPS to stay independent'	(3,500)	Target to be confirmed	Target to be confirmed	TBC	Adults can maintain their independence
Enhance the delivery of Technology Enabled Care Services (TECS) more rapidly and more widely across areas including falls; frailty; crisis response; medication management, to avoid hospital admissions or re-admissions	(Establish baseline)	To be set once 2017/18 outturn known	To be set once 2017/18 outturn known	TBC	
Number of providers registered with Support With Confidence	(192 10% increase on 2016/17 outturn)	10% increase on 2017/18 outturn	10% increase on 2018/19 outturn	10% increase on 2019/20 outturn	Increase the options for people who need support ensuring vulnerable people are given effective reliable support to help maintain their independence
The proportion of people who received short-term services during the year, where no further request was made for ongoing support	(>90.5%)	>90.5%	>90.5%	>90.5%	Provide effective early intervention to ensure people are given the support they need as quickly as possible, this will also reduce the need for more expensive intensive interventions at a later date ensuring the most effective use of resources
Cumulative percentage of the eligible population who have received an NHS health check since 2013/14 (five year rolling average)	50%	50%	50%	50%	People understand their future risk of developing vascular disease and make changes to their lifestyle, or receive additional clinical advice and support to reduce their risk

Helping people help themselves – performance measures and targets

Performance measure	2017/18 Outturn (Target)	2018/19 Target	2019/20 Target	2020/21 Target	2017 - 2021 Outcome Summary
Number of new service user assessments completed as part of the Integrated Lifestyle Service	Commissioned integrated lifestyle service and established baselines	5,000	6,000	7,000	Support people (particularly those with multiple lifestyle risk factors such as smoking, excessive alcohol consumption, poor diet and low physical activity) to make changes to improve health outcomes and reduce their risk of developing conditions such as diabetes, cancer and heart disease
The number of health and social care staff and voluntary sector organisations trained to deliver brief interventions and advice to promote, encourage and help people make healthier choices as part of the Making Every Contact Count (MECC) initiative	(1,200)	1,200	1,200	1,200	Frontline workers and volunteers across health, care and the wider system have the knowledge, skills and confidence to raise lifestyle issues with the people they are in contact with and provide brief advice or refer into services and support including help with self-care
Percentage of annual SEND review meetings where the child gave their view and/or participated	(80%)	85%	90%	TBC	Children and young people with SEND participate in decisions to ensure that their needs are understood, and they are supported to achieve their potential
The proportion of respondents to the feedback surveys who agree that things have changed for the better as a result of getting targeted support from Early Help or Children's Centre Keywork Services	(80%)	80%	80%	TBC	The services provided are making a difference to the lives of service users
Number of households eligible under the government's Troubled Families programme receiving a family support intervention	(2,624 Cumulative from start of programme)	826	N/A All applicable families will be engaged by the programme by the end of 2018/19		Families supported by family keywork achieve their goals and the Council is able to maximize payment by results claims

Making best use of resources – performance measures and targets

Performance measure	2017/18 Outturn (Target)	2018/19 Target	2019/20 Target	2020/21 Target	2017 - 2021 Outcome Summary
Number of working days lost per FTE (Full Time Equivalent) employee due to sickness absence in non-school services	(9.24)	9.24	9.24	TBC	To maximise the use of resources and improve staff and customer wellbeing
Develop an asset investment strategy based on a balanced portfolio approach	(Development and approval of Asset Investment Strategy and implementation plan)	To be set 2017/18	To be set 2017/18	TBC	Development and Cabinet approval of a property investment strategy
Cost of occupancy of corporate buildings per sq. metre	(£143 / sq. metre)	2% reduction on 2017/18 costs	To be set in 2018/19	TBC	The net occupancy cost per square metre of corporate buildings is reduced per annum. Thus reducing operating cost to the Council with the aim of delivering efficient management of resources and suppliers

State of the County 2016/17

We review a wide range of data about East Sussex to help us understand the context for our plans and the impact we are having through our work and in partnership. We publish this data each year in our State of the County report when we start the planning process that leads to this Council Plan. A selection of this data is listed below. Unless otherwise stated the data refers to 2016/17. Where possible official national statistics are used for comparison with the England average (figures in brackets).

Percentage of working age residents (16-64 year olds) with a level 4 qualification or above (includes degrees, HNC, HND and others)	31.0% (36.8%) CY 2016
Percentage of working age residents (16-64 year olds) with no qualifications or qualified only to NVQ1	23.2% (20.0%) CY 2016
Gross Value Added (GVA) per head GVA is a measure of economic productivity	£18,865 (£27,108)
Percentage of working age population (16-64 year olds) in employment	75.6% (74.4%)
Claimant rate including Job Seeker's Allowance (JSA) and Universal Credit: claimants as a percentage of working age population (16-64 year olds)	1.5% (1.9%)
New business registration rate per 10,000 people over 16	57.0 (83.6)
New houses built, total completed / total affordable	1445 / 280
Percentage of children achieving a good level of development in all areas of learning ('expected' or 'exceeded' in the three prime areas of learning and within literacy and numeracy) in the Early Years Foundation Stage (EYFSP)	76.5% (70.5%)
Average Attainment 8 score per pupil state funded secondary schools	45.0 (46.1) Provisional
Average Progress 8 score for state funded secondary schools	0.00 (-0.03) Provisional
Percentage of pupils reaching the expected standard at key stage 2 in reading, writing and mathematics	57% (61%) Provisional
Percentage of pupils who achieved a 9-5 pass in English and maths GCSEs	37.9% (42.4%) Provisional
Percentage of Looked After Children who achieved a 9-5 pass in English and maths GCSEs	18.8% (17.5%) Update 03/18
Average point score (APS) per entry for level 3 exams including A levels (16-18 year olds)	31.82 (32.12) Provisional
Percentage of A level entries that were for STEM (Science, Technology, Engineering and Mathematics) subjects	29.5% (32.7%) Rvised Update 02/18
Percentage of exams awarded A/A* grades for A level STEM (Science, Technology, Engineering and Mathematics) subjects	24.0% (30.4%) Rvised Update 02/18

Rate per 10,000 (aged 0 –17 population) of Looked After Children	53 (62)
Rate per 10,000 (aged 0-17 population) of children with a Child Protection Plan	44.8 (43.3)
Percentage of children who ceased to be looked after adopted during the year ending 31 March	20% (14%)
Rate of hospital emergency admissions caused by unintentional and deliberate injuries in children and young people aged 0-14 years per 10,000 population	109.5 (104.2) 2015/16
Proportion of people who use Adult Social Care services who feel safe	77.4% (70.1%)
Percentage of people (65 and over) who were still at home 91 days after discharge from hospital	90.5% (82.5%)
Suicide rate per 100,000 of population, 2014-16, three year average	12.8 (9.9) 2014-16
Percentage of children aged 4-5 years with excess weight (overweight or obese), by postcode of child	22.6% (22.1%) Update 02/18
Percentage of children aged 10-11 years with excess weight (overweight or obese) by postcode of child	32.0% (34.2%) Update 02/18
Long-term support needs of younger adults (aged 18-64) met by admission to residential and nursing care homes, per 100,000 population per year	12.8 (12.8)
Proportion of people who use Adult Social Care services who find it easy to find information about services	79.4% (73.5%)
Social Isolation: percentage of Adult Social Care users who have as much social contact as they would like	51.3% (45.4%)
Long-term support needs of older adults (aged 65 and over) met by admission to residential and nursing care homes, per 100,000 population per year	521.5 (610.7)
Proportion of older people aged 65 and over offered reablement services following discharge from hospital	1.6% (2.7%)
The outcome of short-term services: sequel to service: proportion of people who received short-term services during the year, where no further request was made for ongoing support or support of a lower level	97.6% (77.8%)
Number of people killed or seriously injured on the roads	383 Update 03/18 CY 2017

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Appendix 4
East Sussex County Council Savings 2018/19

Department	2017/18 Rebased Net Budget £'000s	*2018/19 Savings Targets Oct 17 £'000s*	2018/19 Revised Savings Target Jan 18 £'000s
Business Services/Orbis	21,282	*1,396*	1,396
Children's Services (excl. schools)	68,562	*5,404*	4,029
Communities, Economy & Transport	63,384	*2,119*	1,542
Governance Services	7,280	*84*	84
Centrally Held Budgets	35,835	*0*	n/a
TOTAL ESCC (excluding ASC/ESBT)	**196,343**	***9,003***	**7,051**
Adult Social Care Non-ESBT	39,793	*2,960*	2,283
East Sussex Better Together - ASC	128,815	*9,906*	7,717
TOTAL	**364,951**	***21,869***	**17,051**

Adult Social Care: Non-ESBT 2018/19 Savings			Gross budget *	Net budget *	Savings Oct 17	Revised Savings	Protected characteristics								
			2017/18	2017/18	2018/19	2018/19									
Service description	**Description of savings proposal**	**Impact assessment**	**£'000**	**£'000**	**£'000**	**£'000**	**Age**	**Disability**	**Gender / Transgender**	**Ethnicity**	**Marriage / Civil Partnership**	**Pregnancy /Maternity**	**Religion / Belief**	**Sexual Orientation**	**No significant**
Carers	Reduce the Adult Social Care contribution to the Better Care Fund in relation to Carers Services. Decommission low level support services.	Less opportunity to identify and support carers at an early stage before they reach crisis. Reduced availability of peer support, engagement, wellbeing and training. Direct impact on carer support, health and wellbeing of carers, proactive care and maintaining independence. Reduced support for carers with complex caring roles and with end of life. Direct impact on carers ability to continue in their caring role which is likely to result in increased demand and cost pressure on the Community Care budget.	1,046	173	131	131	-	-		-			-	-	
Supporting People	Review Supporting People accommodation / building based services.	Review and recommission services in line with council priorities and available resource. Potential impact for service users: Reduction or loss of support for: multiple needs i.e. drug and alcohol problems: mental health issues and challenging behaviour; support to prevent deterioration in mental health; on-site support for young pregnant women and new mums with complex needs; Potential loss of appropriate accommodation for individuals and young families using the services. Impact on stakeholders and community: Potential increase in homelessness, including street homelessness; Likely increase in anti-social behaviour and impact on community safety; Increased pressure on drug and alcohol services; Increased pressure on acute health services and mental health services.	471	471	184	184	-	-	-	-		-		-	
Supporting People	Review Supporting People floating housing support services: Home Works for people aged 16-64 and STEPS for people aged 65 and over	Review and recommission services in line with council priorities and available resource. Potential for reduced support to people who are homeless or at risk of homelessness; Remaining service will target people with highest needs therefore loss of prevention and early intervention support. Impact on stakeholders: Increased pressure on housing authorities; Loss of holistic preventative service; reduction in funding will directly impact vulnerable people with housing support needs, including those who have a disability.	1,307	1,307	575	575	-	-	-	-		-		-	
Stroke Association	Review service	People affected by stroke would be affected by a reduction in prevention, support and advice to live independently and have equality of opportunity in daily life, equal access and mobility. Potential impact for individuals and their families / carers to manage the condition and live independently.	32	32	16	16	-	-	-	-			-	-	
Commissioned Services					**906**	**906**									

Adult Social Care: Non-ESBT 2018/19 Savings			Gross budget *	Net budget *	Savings Oct 17	Revised Savings	Protected characteristics								
			2017/18	2017/18	2018/19	2018/19									
Service description	**Description of savings proposal**	**Impact assessment**	**£'000**	**£'000**	**£'000**	**£'000**	**Age**	**Disability**	**Gender / Transgender**	**Ethnicity**	**Marriage / Civil Partnership**	**Pregnancy /Maternity**	**Religion / Belief**	**Sexual Orientation**	**No significant**
Management and Support	Review of Staffing structures within Strategy, Commissioning, Planning, Performance & Engagement	Review of staffing and capacity across Strategy and Commissioning, Planning Performance & Engagement. Impact on staffing numbers and capacity across these functions.	1,139	1,105	141	141									y
Assessment and Care Management	Review Assessment and Care Management Staffing	Review of staffing levels within Assessment and Care Management. Reducing assessment and care management capacity within operational teams will impact on the timeliness of assessments and reviews and will increase waiting times for services. Priority will be given to Safeguarding and urgent cases.	5,566	5,566	689	689									y
Management and Support					**830**	**830**									
Older People Services	Review Milton Grange and Firwood House intermediate care services	Potential impact upon the individuals using these services and their families, including reduced choice and distress caused by changing arrangements for their care. This is net of the costs of recommissioning services for clients.	657	618	123	123	-	-							
Other Adults	Review Discretionary East Sussex Support Scheme (DESSS)	Potential impact on local residents facing temporary financial hardship where the need cannot be met any other way and there is a significant risk to a person's health and safety. The discretionary scheme aims to meet the most fundamental needs of hunger and warmth in an emergency or crisis and on a short term basis. It can provide assistance to people to establish or maintain themselves in the community.	111	111	78	78	-	-	-	-		-	-	-	
Learning Disabilities	Review Existing Service Models	Potential impact on individuals receiving support and their families or carers.	2,857	2,507	306	306	-	-							
Directly Provided Services					**507**	**507**									
Community Safety	Review Staffing funding of Community Safety	Potential impact on staffing levels reducing capacity to deliver Safer Community Partnership priorities and to support partnership working.	801	386	40	40	-	-	-	-		-	-	-	
Community Safety					**40**	**40**									

Adult Social Care: Non-ESBT 2018/19 Savings			Gross budget *	Net budget *	Savings Oct 17	Revised Savings	Protected characteristics								
			2017/18	2017/18	2018/19	2018/19									
Service description	**Description of savings proposal**	**Impact assessment**	**£'000**	**£'000**	**£'000**	**£'000**	**Age**	**Disability**	**Gender / Transgender**	**Ethnicity**	**Marriage / Civil Partnership**	**Pregnancy /Maternity**	**Religion / Belief**	**Sexual Orientation**	**No significant**
Community Care	Review of Community Care funding	Impact on the levels of care and support funding available to meet eligible social care needs. Reduced choice for service users in the way care and support is delivered and reduced choice of services provided. Reductions in preventative support may result in individuals eligible care needs increasing more quickly. Impact on families and carers supporting service users due to reduced choice and possible changes in the level of care and the way care is provided. Impact of reduced staffing levels as a result of other savings will also increase waiting times for assessments and reviews of peoples needs, compounding the likelihood of increased anxiety and stress for people using services and their families.	33,525	23,872	677	0	-	-	-	-		-	-	-	
Community Care					**677**	**0**									
TOTAL ASC NON-ESBT					**2,960**	**2,283**									

* Budgets shown reflect the areas against which savings have been proposed.

ESBT 2018/19 Savings			Gross budget *	Net budget *	Savings Oct 17	Revised Savings	Protected characteristics								
			2017/18	2017/18	2018/19	2018/19									
Service description	**Description of savings proposal**	**Impact assessment**	**£'000**	**£'000**	**£'000**	**£'000**	**Age**	**Disability**	**Gender / Transgender**	**Ethnicity**	**Marriage / Civil Partnership**	**Pregnancy /Maternity**	**Religion / Belief**	**Sexual Orientation**	**No significant**
ADULT SOCIAL CARE:															
Carers	Reduce the Adult Social Care contribution to the Better Care Fund in relation to Carers Services. Decommission low level support services.	Less opportunity to identify and support carers at an early stage before they reach crisis. Reduced availability of peer support, engagement, wellbeing and training. Direct impact on carer support, health and wellbeing of carers, proactive care and maintaining independence. Reduced support for carers with complex caring roles and with end of life. Direct impact on carers ability to continue in their caring role which is likely to result in increased demand and cost pressure on the Community Care budget.	3,010	770	291	291	-	-		-			-	-	
Supporting People	Review Supporting People accommodation / building based services.	Review and recommission services in line with council priorities and available resource. Potential impact for service users: Reduction or loss of support for: multiple needs i.e. drug and alcohol problems: mental health issues and challenging behaviour; support to prevent deterioration in mental health; on-site support for young pregnant women and new mums with complex needs; Potential loss of appropriate accommodation for individuals and young families using the services. Impact on stakeholders and community: Potential increase in homelessness, including street homelessness; Likely increase in anti-social behaviour and impact on community safety; Increased pressure on drug and alcohol services; Increased pressure on acute health services and mental health services.	1,578	1,578	616	616	-	-	-	-		-		-	
Supporting People	Review Supporting People funding for floating housing support services: Home Works for people aged 16-64 and STEPS for people aged 65 and over	Review and recommission services in line with council priorities and available resource. Potential for reduced support to people who are homeless or at risk of homelessness; Remaining service will target people with highest needs therefore loss of prevention and early intervention support. Impact on stakeholders: Increased pressure on housing authorities; Loss of holistic preventative service; reduction in funding will directly impact vulnerable people with housing support needs, including those who have a disability.	4,377	4,377	1,925	1,925	-	-	-	-		-		-	
Stroke Association	Review service	People affected by stroke would be affected by a reduction in prevention, support and advice to live independently and have equality of opportunity in daily life, equal access and mobility. Potential impact for individuals and their families / carers to manage the condition and live independently.	127	127	63	63	-	-	-	-			-	-	
Commissioned Services					**2,895**	**2,895**									

ESBT 2018/19 Savings			Gross budget *	Net budget *	Savings Oct 17	Revised Savings	Protected characteristics								
			2017/18	2017/18	2018/19	2018/19									
Service description	**Description of savings proposal**	**Impact assessment**	**£'000**	**£'000**	**£'000**	**£'000**	**Age**	**Disability**	**Gender / Transgender**	**Ethnicity**	**Marriage / Civil Partnership**	**Pregnancy /Maternity**	**Religion / Belief**	**Sexual Orientation**	**No significant**
Management and Support	Review of staffing structures within Strategy, Commissioning, Planning, Performance & Engagement	Review of staffing and capacity across Strategy and Commissioning, Planning Performance & Engagement. Impact on staffing numbers and capacity across these functions.	2,534	2,459	449	449									y
Assessment and Care Management	Review Assessment and Care Management Staffing	Review of staffing levels within Assessment and Care Management. Reducing assessment and care management capacity within operational teams will impact on the timeliness of assessments and reviews and will increase waiting times for services. Priority will be given to Safeguarding and urgent cases.	18,636	18,636	1,863	1,669									y
Management and Support					**2,312**	**2,118**									
Older People Services	Review Day Centre Services	Potential impact on individuals using these services of reduced choice and some negative impact on independent living and distress caused by changing arrangements / providers. Potential loss of friendship networks, increasing levels of social isolation and increased pressure on carers. Potential for reduced access to services for some people in some rural areas.	706	600	59	59	-	-	-	-			-	-	
Older People Services	Review Milton Grange and Firwood House intermediate care services	Potential impact upon the individuals using these services and their families, including reduced choice and distress caused by changing arrangements for their care. This is net of the costs of recommissioning services for clients.	4,833	3,029	1,109	1,109	-	-							
Other Adults	Review Discretionary East Sussex Support Scheme (DESSS)	Potential impact on local residents facing temporary financial hardship where the need cannot be met any other way and there is a significant risk to a person's health and safety. The discretionary scheme aims to meet the most fundamental needs of hunger and warmth in an emergency or crisis and on a short term basis. It can provide assistance to people to establish or maintain themselves in the community.	446	446	312	312	-	-	-	-		-	-	-	
Learning Disabilities	Review Existing Service Models	Potential impact on individuals receiving support and their families or carers.	5,676	5,050	1,224	1,224	-	-							
Directly Provided Services					**2,704**	**2,704**									

ESBT 2018/19 Savings			Gross budget *	Net budget *	Savings Oct 17	Revised Savings	Protected characteristics								
			2017/18	2017/18	2018/19	2018/19									
Service description	**Description of savings proposal**	**Impact assessment**	**£'000**	**£'000**	**£'000**	**£'000**	**Age**	**Disability**	**Gender / Transgender**	**Ethnicity**	**Marriage / Civil Partnership**	**Pregnancy /Maternity**	**Religion / Belief**	**Sexual Orientation**	**No significant**
Community Care	Review of Community Care funding	Impact on the levels of care and support funding available to meet eligible social care needs. Reduced choice for service users in the way care and support is delivered and reduced choice of services provided. Reductions in preventative support may result in individuals eligible care needs increasing more quickly. Impact on families and carers supporting service users due to reduced choice and possible changes in the level of care and the way care is provided. Impact of reduced staffing levels as a result of other savings will also increase waiting times for assessments and reviews of peoples needs, compounding the likelihood of increased anxiety and stress for people using services and their families.	123,969	88,381	1,995	0	-	-	-	-		-	-	-	
Community Care					**1,995**	**0**									
TOTAL ESBT					**9,906**	**7,717**									

* Budgets shown reflect the areas against which savings have been proposed.

Business Services / Orbis 2018/19 Savings			Gross budget	Net budget	Savings Oct 17	Revised Savings	Protected characteristics								
			2017/18	2017/18	2018/19	2018/19									
Service description	**Description of savings proposal**	**Impact assessment**	**£'000**	**£'000**	**£'000**	**£'000**	**Age**	**Disability**	**Gender / Transgend**	**Ethnicity**	**Marriage / Civil Partnershi**	**Pregnancy /Maternity**	**Religion / Belief**	**Sexual Orientatio**	**No significant**
Business Services	Budgets managed by Orbis on behalf of ESCC: Cost effectiveness across functions, for example procurement savings from joint tenders with Orbis partners.	Reduced responsiveness and support.	33,185	6,013	286	286									y
Orbis is a Business Services partnership between East Sussex and Surrey County Councils and Brighton and Hove City Council. The Partnership is managed through a Joint Committee and therefore remains a wholly public sector operated arrangement. Orbis has created single leadership and management of business services in order to delivered efficiencies and share best professional practice that enables the ongoing delivery of resilient professional support for the Partners.	Bringing all of the services within Orbis into single points of leadership so that services can be redesigned and integrated in order to operate coherently across the 3 partners. The significant majority of proposals relate to savings in staffing as this is where the significant operating costs are. The savings are focussed on reducing management posts, the hierarchy and levels of management and areas of duplication. Where there are areas of non-staff savings proposals these will focus on the ICT and Business Operations areas. The savings proposals are shown net of some additional investment costs in IT in order to enable modern ways of working and develop technology that automates processes.	Key factors for delivery of the Orbis Business Plan by the end of 18/19 include: - Delivering a level of integration that is optimum for each service; - Recognising the different needs of each partner and getting the right balance between the most efficient common approach and differentiated approach tailored to each partners requirements - Investing in partnership and collaborative working and development of staff to operate effectively within a Partnership supporting 3 partners. - Creating and Orbis identity and culture whilst equally being part of the identities and cultures of the 3 partners - Investing and exploiting the benefits of technology and transitional / programme support to support, enable and deliver changes.	15,269 [1]	15,269 [1]	1,110	1,110									y
TOTAL BSD/ORBIS					**1,396**	**1,396**									

[1] ESCC contribution to the Orbis Partnership

Children's Services 2018/19 Savings			Gross budget * 2017/18	Net budget * 2017/18	Savings Oct 17 2018/19	Revised Savings 2018/19	Protected characteristics								
Service description	**Description of savings proposal**	**Impact assessment**	**£'000**	**£'000**	**£'000**	**£'000**	**Age**	**Disability**	**Gender / Transgender**	**Ethnicity**	**Marriage / Civil Partnership**	**Pregnancy /Maternity**	**Religion / Belief**	**Sexual Orientation**	**No significant relevance**
Support Services, including Admissions, Buzz and Music service	Management, staff and efficiency savings across support functions and frontline services.	Reduced responsiveness and failing to meet required timescales. Reduced support for operational teams. Reduced ability to support departmental priorities or new initiatives. Staff working under increased pressure.	7,483	3,031	339	322	+/-	+/-		-					
Home to School Transport	Implementing agreed changes to discretionary HTST and review of unsafe routes.	Savings to Home to School Transport (HTST) as a result of policy changes implemented during 16/17 continue to accrue. Implement changes as a result of review of unsafe routes and whether footpaths and bridleways can be used as safe walking routes to school, therefore reducing HTST costs.	12,125	11,561	567	567	-	-							
Locality	Review of non-statutory social care services.	Reduced ability to manage demand and costs.	12,540	11,382	226	0	-	-	-						
SWIFT and YOT	Review of non-statutory social care services.	Reduced ability to manage demand and costs.	6,720	2,878	268	134	-	-	-						
LAC	Continued use of robust placement management. Review Virtual School costs and commitments.	LAC modelling shows continued reduction in numbers, however impact of Unaccompanied Asylum Seeking Children (where Government grant is insufficient to meet all costs) will need to be factored in.	26,027	22,569	267	0	-	-	-	-					
SLES	Reduce support for the Education Improvement Partnerships. Reduce the performance monitoring of schools.	Support to build a sustainable school improvement system, based on school to school support, will be reduced. There will be little capacity or incentive for schools to take responsibility for the performance of the wider group of schools. The capacity to intervene, by schools or the LA, where there is underperformance, will be severely limited and highly inconsistent across the county. This is likely to impact on educational outcomes. Outcomes for pupils vulnerable to underachievement are likely to decline significantly as they are disproportionately affected by poor provision. The LA will know its maintained schools less well. Our capacity to intervene will be significantly undermined unless there is serious high profile failing, or after annual outcomes are available. This will impact negatively on the proportion of settings and schools judged to be good or better.	31,465	3,803	664	614	-	-	-						
ISEND and ESBAS	Reduce direct support for schools to address attendance and exclusions, increase traded offer.	Some schools will be unprepared to pay for pupil support and the lack of early intervention will see more children and young people excluded and requiring costly specialist provision. LA performance in key indicators will further decline and may impact negatively on Ofsted inspections.	50,264	10,265	1,152	831	-	-	-					-	
Unallocated for 2018/19 - offset by full year impact of some 18/19 savings in 19/20					360	0	-	-		-				-	
TOTAL CSD (excl. Schools)					**3,843**	**2,468**									

* Budgets shown reflect the areas against which savings have been proposed.

Early Help savings slipped to 2019/20, to be mitigated in 18/19 by a draw from reserves	1,561	1,561
	5,404	**4,029**

Communities, Economy & Transport 2018/19 Savings			Gross budget *	Net budget *	Savings Oct 17	Revised Savings	Protected characteristics								
			2017/18	2017/18	2018/19	2018/19									
Service description	**Description of savings proposal**	**Impact assessment**	**£'000**	**£'000**	**£'000**	**£'000**	**Age**	**Disability**	**Gender / Transgend**	**Ethnicity**	**Marriage / Civil Partnershi**	**Pregnancy /Maternity**	**Religion / Belief**	**Sexual Orientatio**	**No significant**
Operations and Contract Management															
Waste Disposal Service	Review of Current approach during 2017/18	Subject to public consultation, this proposal could include the introduction of charging for non-household waste (soil, hard core, asbestos, plasterboard and tyres) at household waste recycling sites; a review of the current use of household waste recycling sites by registered charities; and the possible closure of the household waste recycling sites at Forest Row and Wadhurst.	29,824	25,927	800	558	-	-							
Grass Cutting	Review of grass cutting policy	This proposal would reduce the number of grass verge cuts to two cuts across the county per year with ad-hoc cuts to maintain visibility and safety at junctions. A targeted consultation will be held with other councils to determine the level of appetite for councils to fund additional cuts in their areas.	823	823	400	0									y
Economy															
Review fees & charges across the Planning Service.	To charge for pre-application advice on major/significant County matter proposals , and review Ordinary Watercourse Consents fees.	Proponents of major schemes are unlikely to be resistant to making a pre-application charge, although they will expect a certain level of service in return, which they are probably already receiving. Proponents of smaller schemes, particularly waste uses, may be put off from having pre-application dialogue if charges are introduced. Hence, a threshold for schemes we do and do not charge for will need to be introduced. Certain District & Borough Council's may be reluctant to introduce ESCC as a party on their Planning Party Agreements (PPAs) - we will need to clearly demonstrate the benefits of doing so. Potential that a substantial increase in OWC fees may put off people applying for OWC consent in the first place - this could lead to a greater need for enforcement. However, statutory consultation on major planning applications is assisting in identifying where OWC is required.	1,917	587	25	25									y
Communities															
Library and Information Service	Libraries Transformation Programme - internal review of the Library and Information Service	The staffing restructure and changing to how we manage book stock including a review of library opening hours is complete.	5,536	4,606	125	100	+/-	+/-	+/-						
Library and Information Service	Libraries Transformation Programme - development and implementation of the Libraries' Strategic Commissioning Strategy	The Strategic Commissioning Strategy outlines a series of proposals including a reduction in the number of libraries, improved outreach services and development of the home library service. The proposals identify £653k savings against an original target of £750k. The strategy is currently out for consultation. the results of the consultation will be considered in the new year and a final strategy, with recommendations, based upon the results of the consultation will come before Cabinet for consideration.	5,536	4,606	750	653	+/-	+/-	+/-						
The Keep	Improved staff utilisation across a range of functions, increased income generation and reduction in sinking fund	An Income Generation Strategy is currently being developed. The Governance Board has approved, in principle, the approach of the sinking fund.	1,143	0	19	19									y
TOTAL CET					**2,119**	**1,355**									

* Budgets shown reflect the areas against which savings have been proposed.

Savings slipped to 2019/20, to be mitigated in 18/19 by a draw from reserves:

Libraries	25
Waste	162
	1,542

Governance Services 2018/19 Savings			Gross budget *	Net budget *	Savings Oct 17	Revised Savings	Protected characteristics								
			2017/18	2017/18	2018/19	2018/19									
Service description	**Description of savings proposal**	**Impact assessment**	**£'000**	**£'000**	**£'000**	**£'000**	**Age**	**Disability**	**Gender / Transgen**	**Ethnicity**	**Marriage / Civil Partnersh**	**Pregnanc y /Maternity**	**Religion / Belief**	**Sexual Orientatio**	**No significan**
Communications	Cease production/ delivery of hard copies of Your County magazine	Your County to be available on line only - this would reduce our ability to reach all residents with key messages and is likely to impact on older people and more disadvantaged people without internet access.	1,170	1,013	54	54									y
3rd Sector	Cease corporate support for AiRs (18/19); Reduction in Generic infrastructure or Healthwatch	Reduced support for the VCS.	938	574	30	30									y
TOTAL GS					**84**	**84**									

* Budgets shown reflect the areas against which savings have been proposed.

Appendix 4 - Savings

Summary of Equality Impact Assessment for RPP&R 2018/19

Equalities Implications

Following the introduction of the Equality Act 2010 ('the EA') a public authority must, in the exercise of its functions, have due regard to the need to –

(a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the EA;
(b) advance equality of opportunity between persons who share a relevant protected characteristic (as defined by the EA) and persons who do not share it;
(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The protected characteristics set out in the EA are as follows:

- Age
- Disability
- Gender Reassignment
- Pregnancy/ maternity
- Race
- Religion or Belief
- Sex
- Sexual Orientation
- Marriage and civil partnership are also protected characteristics for the purposes of the duty to eliminate discrimination.

Prior to making a decision as to which savings proposals should be agreed in the budget, Members must have due regard to the Equality Duty contained in Section 149 of the EA.

Having "due regard" does not necessarily require the achievement of all the aims set out in section 149 of the EA. Instead it requires that Members' understand the consequences of the decision for those with the relevant protected characteristics and consider these alongside other relevant factors when making the decision to pursue one course of action rather than another, alternative, course of action that may have different consequences. The regard which is necessary will depend upon the circumstances of the decision in question, and should be proportionate. Even though not all decisions will be made about which saving proposals to pursue at this stage it is necessary for the Council to begin to understand the potential impacts.

This means that in setting the Budget, the three equality aims set out above must be considered as a relevant factor alongside financial constraints and all other relevant considerations. Members' must have in mind the equalities impacts, and in particular the negative impacts, that agreeing savings will have for those with protected characteristics. Despite maximising efficiency and exploiting new ways of working, the business planning process for 2018/19 and beyond requires difficult choices to be made both within and between portfolios and services.

It is open to the Council to formulate its budget proposals (having regard to the likely impact on protected characteristics, as set out in the table), and then, at the time of developing the policies, the Council will consider in greater detail the specific impact of the proposed policies that might be implemented within the budgetary framework. Assessing the impact of proposed changes to policies, procedures and practices is not just something the law requires, it is a positive opportunity for ESCC to ensure it makes better decisions based on robust evidence.

The EA does not require an equality impact assessment (EqIA) to be carried out; however, cases considering the public sector equality duty have held that an EqIA is the best way to demonstrate that the equalities impacts have been identified and considered. As such an assessment of the likely impacts of proposals or policies on those with protected characteristics will be carried out at a formative stage, and before implementation. In this way, the EqIA will form an integral part of the Council's policy setting. Proposals will only be implemented after due regard has been paid to the need to achieve the three aims set out in Section 149 of the EA.

It is open to the Council to formulate its budget proposals (having regard to the likely impact on protected characteristics, as set out in the table), and then, at the time of developing the policies, to consider in greater detail the specific impact of the proposed policies that might be implemented within the budgetary framework.

Where it is the case that decisions as to how achieve savings within the agreed budget limit will be taken in-year, a high level assessment of the equality impacts of the savings is set out within the table attached. Subsequently, specific executive decisions will be taken by the relevant portfolio holders and Directors, and shall be made based on a clear understanding of what the potential impacts of doing one thing rather than another will be for the communities in East Sussex. It will be open to Directors and Lead Members at the time of taking those decisions to spend more on one activity and less or none on another or, where necessary to go back to County Council and invite it to reconsider the allocation to different service areas.

Findings on possible impact from an overall review of savings proposals

The tables attached show the potential impact of the initial, suggested reductions in budgets for each department and highlights that the budget reductions will broadly impact on the 'protected characteristics' of age and disability as people within these groups are those who are most likely to be accessing our services. It is possible that decisions will have a disproportionate impact due to geographic location, or on different communities such as disabled people, younger or older people, BME communities as well as from the cumulative effect of any decisions made.

Members will need to ensure that the impacts on those with protected characteristics and the most vulnerable are considered when either revising or removing current services, or where services transfer to partner organisations. Additional work will be required to identify the impacts on those with protected characteristics, which will take place as policies are developed, following the setting of the revenue budget.

The public sector equality duty set out in the EA is a continuing one, and it will therefore be necessary to monitor the effects of decisions and policies, not only during their formulation, but also after implementation.

In preparing the budget and considering individual savings proposals, Members have, in addition to the Section 149 Public Sector Equality Duty, to consider whether the budget as a whole and the individual savings proposals identified will indirectly discriminate against persons with

any of the protected characteristics. Indirect discrimination occurs where a practice, policy or rule of the County Council which otherwise seems neutral (i.e. it applies to everyone affected in the same way) nevertheless places people with one or more of the protected characteristics at a particular disadvantage.

Even where a particular disadvantage has occurred, the proposal will not amount to indirect discrimination if it can be demonstrated that there is an objective justification for the proposal; i.e. that the proposal is a proportionate means of achieving a legitimate aim. Where it can be demonstrated that a particular savings proposal is a proportionate means of achieving a legitimate aim, that proposal will not be indirectly discriminatory. However, if there is no legitimate aim, or if the means of achieving the aim are not proportionate, for a savings proposal which creates a particular disadvantage, that savings proposal would amount to indirect discrimination and would be unlawful under the Equality Act 2010.

The consideration of indirect discrimination has included an analysis of (a) whether there is any particular disadvantage as a result of each relevant proposal, (b) whether there is a legitimate aim and (c) whether the means of achieving the aim is proportionate. The legitimate aims that relate to the savings proposals are:

- the County Council must achieve savings to its budget;
- across the Council's budgets, all areas are facing a reduction in funding (and therefore, looking at the budget more broadly, all protected characteristics will be impacted by reductions in service); and
- the County Council must deliver its statutory services and therefore a significant proportion of the available funding must be used for those statutory services.

Where it has been identified that a proposal may have a particular disadvantage, consideration has to be given as to whether there may be a more proportionate means of achieving these aims. It is considered that both the overall budget, and the specific savings proposals identified are a proportionate means to achieve the Council's legitimate aims set out above.

SCHEDULE OF FEES AND CHARGES REQUIRING APPROVAL AS PART OF THE ANNUAL BUDGET REPORT **Appendix 5**

Service Area	Description	Detail	Current Charge 2017/18	Proposed Charge 2018/19	Increase / Decrease
Children's Services Training	Training	Implement charges for external organisations to attend the Children's Services Social Care, Early Help and ISEND training programme	n/a	£30 half day, £50 full day	new
Spray Watersports Centre	Group Rates ESCC Tariff	Sailing windsurfing, canoeing courses 12 hours	£66.00	£68.00	3.03%
		Sailing windsurfing courses 10 hours	£57.50	£59.00	2.61%
	Private Group Rates Tariff	Sailing windsurfing courses 6 hours >12 people	£60.50	£63.00	4.13%
		Sailing windsurfing courses 6 hours >12 people	£58.50	£63.00	7.69%
	Membership	Sailing windsurfing courses	n/a	£30.00	new
SLES	Governors & Clerking	Training Courses	£75.00	£80.00	6.25%
ISEND Sensory Needs	Recoupment	-	£14,000.00	£14,400.00	2.86%
DofE Planning & Perf	-	Participation places (welcome pack income)	£30.00	£32.00	6.67%
Union Officer	-	Academies pay for TU representation	£2.56 per pupil	£2.64 per pupil	3.13%
Registration Service	Surcharge for licensed venue weddings/CPs peak demand days	-	£50.00	£100.00	100.00%
	Optional Ceremony Preparation Meetings Mon - Fri	-	£55.00	£60.00	9.09%
	Marriage Packages at Southover Grange	Mon - Thurs	£357.50 to £1,190.83	£382.50 to £1,215.83	Average increase of 4.55%
		Friday	£382.50 to £1,215.83	n/a	Average increase of 13.88%
		Saturday & Sunday	£499.17 to £1,332.50	n/a	
		Friday, Saturday & Sunday	n/a	£524.17 to £1,357.50	
		Bank Holidays	£640.83 to £1640.83	£665.83 to £1,665.83	Average increase of 2.71%
	Marriages & Civil Partnerships at licensed premises (8am to 6pm)	Mon - Thurs	£475.00	£500.00	5.26%
		Friday	£500.00	n/a	Average increase of 14.76%
		Saturday & Sunday	£525.00	n/a	
		Friday, Saturday & Sunday	n/a	£550.00	
		Public Holiday	£575.00	£600.00	4.35%
	Marriages & Civil Partnerships at Registration Office Ceremony Rooms (9am to 5pm)	Mon - Thurs	£140.00 to £325.00	£155.00 to £350.00	Average increase of 9.20%
		Friday	£165.00 to £350.00	n/a	Average increase of 29.16%
		Saturday & Sunday	£265.00 to £450.00	n/a	
		Friday, Saturday & Sunday	n/a	£280.00 to £475.00	
		Public Holiday	£390.00 to £575.00	£405.00 to £600.00	Average increase of 4.10%

Service Area	Description	Detail	Current Charge 2017/18	Proposed Charge 2018/19	Increase / Decrease
Registration Service (cont'd)	Charge to Licence Additional Room	-	£625.00	£650.00	4.00%
	Application Fee for Approved Marriage/Civil Partnership Premises	-	£1,850.00	£1,950.00	5.41%
	Funeral at Southover Grange	-	n/a	£300.00	new
	Funeral with wake at Southover Grange	-	n/a	£500.00	new
	Citizenship ceremony - Nationality Document Checking - Adults	-	£66.66	£70.83	6.26%
	Citizenship ceremony - Nationality Document Checking - Children	-	£45.83	£70.83	54.56%
	Memorial Services	-	up to £175	up to £195	11.43%
	Non-Online convenience fee	-	£1.00	£2.00	100.00%
	Certificates - Priority same day service	-	£12.50	£16.67	33.33%
	While you wait priority service	-	n/a	£33.33	new
	Change of Name Deed - Adults	-	£50.00	£54.17	8.33%
	PD2 Passport name change confirming signing	-	£5.00	£10.00	100.00%
	Settlement Checking Service - Adults Only	-	£83.33	£100.00	20.00%
	EPRS	-	£16.67	£25.00	50.00%
Rights of Way	Public Path diversions - S.119 Highways Act	Providing Training Courses	£2,300.00	£2,500.00	8.70%
Trading Standards	Performing Animal Licence	-	£67.00	£70.00	4.48%
	Check a Trade Service	-	£40.00	£45.00	12.50%
Travellers Sites	Hailsham Site	9 pitches	£60.47	£62.29	3.01%
	Maresfield Site	10 pitches	£60.47	£62.29	3.01%
	Polegate Site	6 pitches	£60.47	£62.29	3.01%
	Robertsbridge Site	8 pitches	£60.47	£62.29	3.01%
	Bridie's Tan	9 pitches	£45.00	£55.00	22.22%
Waste Disposal	Trade Refuse	Recharge of disposal cost of trade waste collected by districts and boroughs	£121.32	£125.34	3.31%
The Keep	Fee Income	-	£35.00	£36.00	2.86%
	Training Courses	-	£60-£65 half day, £120-£130 full day and £30 after 5pm.	£50 to £190 per session	46.15% increase at top of the range

Service Area	Description	Detail	Current Charge 2017/18	Proposed Charge 2018/19	Increase / Decrease
Highways	*Under the terms of the Highways contract the Council is responsible for determining the level of charges with the contractor being responsible for accounting for the proceeds from levying the charges. The proposed increases for 2017/18 were not actioned, so the charges for that year remained at 2016/17 levels.*				
	Tables & Chairs on the highway	-	£245.00	£260.00	6.12%
	Objects on Highway (Traders)	-	£120.00	£130.00	8.33%
	Treated Effluent Licences	-	£345.00	£369.20	7.01%
	Advertising 'A' boards (initial investigation)	-	£306.00	£326.56	6.72%
	Banners on the highway	-	£53.00	£57.20	7.92%
	Cultivation Licence	-	n/a	£57.20	new
	Temporary Excavation in Highway	-	£280.00	£291.20	4.00%
	Other objects in Highway (Gazebos, display stands etc)	-	£55.00	£57.20	4.00%
	Post Licences	-	£53.00	£57.20	7.92%
	Reclaiming illegally placed banners	-	n/a	£57.20	new
	Cultivation on the highway (planting)	-	£53.00	£57.20	7.92%
	Highway information - copy of agreement (inc. plans) - covers cost of producing and sending electronic copies of agreements and plans to the customer	-	£53.00	£57.20	7.92%
	Site inspection to assess safety and condition if deemed necessary before and after placing of scaffolding, hoarding, etc on the highway	-	£53.00	£57.20	7.92%
	Licensing of Skips	-	£53.00	£57.20	7.92%
	Licensing of Skips - renewal	-	£53.00	£57.20	7.92%
	Licensing of Scaffolding	-	£53.00	£108.16	104.08%
	Licensing of Scaffolding - renewal	-	£53.00	£108.16	104.08%
	Licensing of Hoarding	-	£53.00	£108.16	104.08%
	Licensing of Cherrypicker/crane - sailing over/and or operating on	-	£53.00	£110.24	108.00%
	Licensing of Building Materials etc. on Highway	-	£53.00	£87.36	64.83%
	Licensing of Building Materials etc. on Highway - renewal	-	£53.00	£87.36	64.83%
	Temporary attachment of apparatus to streetlight	-	£52.00	£57.20	10.00%
	Temporary Road Closure By Order (up to 18 months) - Admin charge	-	£204.00	£239.20	17.25%
	Temporary Road Closure by Order - Legal costs	-	£132.50	£145.60	9.89%
	Temporary Road Closure by Notice	-	£204.00	£228.80	12.16%

Service Area	Description	Detail	Current Charge 2017/18	Proposed Charge 2018/19	Increase / Decrease
Highways (cont'd)	Emergency Temporary Road Closure Notice First	-	£204.00	£228.80	12.16%
	Emergency Temporary Road Closure Order (successive notice)	-	£306.00	£332.80	8.76%
	Traffic survey data - first site	-	£53.00	£57.20	7.92%
	Traffic survey data - each additional site	-	£53.00	£57.20	7.92%
	Application to create vehicle cross over	Investigate fee for application, investigation and ordering the works	n/a	£301.60	new
		Additional 6 month extension	£100.00	£104.00	4.00%
Transport Development Control	Highways Land Information Team	Additional questions	£20.83 + vat	£21.25 + vat	2.02%
		Highway Extent Plan	£33.33 + vat	£34.00 + vat	2.01%
		S38 Agreement - electronic copy	£8.33 + vat	£8.50 + vat	2.04%
Flood Risk Management	Other requests for advice, meetings or correspondence	-	£90.00 + vat	£92.00 + vat	2.22%
Planning Services	Planning application fees are prescribed through the Town and Country Planning (Fees for Applications, Deemed Applications, Requests and Site Visits) (England) (Amendment) Regulations 2017. Through these regulations, the Government has applied a blanket 20% increase to all fees, which applies from 17 January 2018.	These fees vary depending upon the type and size of the application/proposal.	£80 to £250,000	£96 to £300,000	20.00%

Note: the table above lists fees & charges that are new or have increased by more than 2% from the previous year. Approval of fees & charges where the increase is between 0% and 2% is delegated to the Chief Finance Officer.

East Sussex County Council
Council Tax Precepts for 2018/19

		£	£	£
Gross Expenditure			790,892,000	
Income			419,588,000	
Net Budget				371,304,000
	Revenue Support Grant	14,966,000		
	Business Rates & S31 Grants	14,085,000		
	Estimated Net Levy Payments	610,000		
	Business Rates Top Up	60,351,000		
	New Homes Bonus	1,231,000		
	Previous year's surpluses/(deficits)			
	Council Tax	3,681,000		
	Business Rates	- 340,377		
			94,583,623	
				94,583,623
	Council Tax Requirement			276,720,377
	Tax base (total equivalent Band D properties)			198,634.98
	Basic council tax			1,393.11

Therefore Council Tax per Category of Dwelling:-

	Proportion of Basic Council Tax	£
Band A	6/9	928.74
Band B	7/9	1,083.53
Band C	8/9	1,238.32
Band D	9/9	1,393.11
Band E	11/9	1,702.69
Band F	13/9	2,012.27
Band G	15/9	2,321.85
Band H	18/9	2,786.22

Precept to Each Billing Authority

	No of band D equivalent dwellings	£
Eastbourne	34,354.40	47,859,458
Hastings	25,582.00	35,638,540
Lewes	37,034.00	51,592,436
Rother	37,726.98	52,557,833
Wealden	63,937.60	89,072,110
Total	198,634.98	276,720,377

Schedule of Instalments for payment from Districts & Boroughs
(to be confirmed by Districts and Boroughs)

11 April 2018
22 May 2018
28 June 2018
03 August 2018
12 September 2018
18 October 2018
23 November 2018
03 January 2019
08 February 2019
13 March 2019

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Appendix 7

Capital Programme 2017/18 - 2022/23

1.1 Due to the ongoing financial pressures the Council is facing, the current capital programme, which runs to 2022/23, focusses on a strategy to deliver core need as efficiently as possible. As agreed, service developments and investment opportunities that are outside core need are required either to be match funded or produce a business case that demonstrates benefits. Approved bids are added to the programme in line with current variation policy and financial regulations.

1.2 Core basic need is defined as:-

- Schools Places (early years, primary, secondary and special);
- Highways Structural Maintenance, Bridge Strengthening and Replacement, Street Lighting, and Rights of Way;
- Property Building Maintenance;
- ICT Strategy;
- Adults' and Children's House Adaptations Programme; and
- Libraries

1.3 In addition to core need, there are a number of other fully funded schemes which are either funded through Local Enterprise Partnerships, or the provision of grants and loans. These were originally pump primed in the 2013-18 programme and include the Economic Intervention Fund which, by 2021/22, will be self-funding.

Current programme

1.4 The current gross programme reported at State of the County in June 2017 was £447.7m, with £100.0m specific income, giving a net programme of £347.7m, with a contingency of £11.3m. The programme has now been updated for Q2 and all other known re-profiling and approved variations. These amendments are set out in the following paragraphs.

Schools Basic need

1.5 Based on the latest estimates from the School Capacity Surveys there has been an estimated reduction in the forecast need for pupil places and therefore a reduction in DfE funding over the life of the programme. This combined with scheme specific funding equates to a funding reduction of £13.2m. The Council invests in pupil places over and above the funding it receives therefore the associated expenditure reduces by £17.5m, giving a net underspend of £4.3m.

1.6 In addition, work undertaken by Finance and CET has identified an additional £2.7m of S106 contributions that can be used to offset school basic need expenditure, therefore reducing the need to borrow to support programme.

Libraries

1.7 Following the development of the Libraries Strategic Commissioning Strategy, an analysis has been undertaken to assess the expenditure required to keep library buildings in their current condition and stop them from deteriorating. This is required to guard against deterioration and the creation of a poor environment from which to deliver the service. It is proposed therefore, that £2.2m is added to the basic need

programme for this. It is proposed that the budget for this programme of works will transfer to Property services to align budgets with delivery.

1.8 From an initial review of libraries S106 contributions £80,000 has been identified to offset the libraries programme. Work is ongoing to identify further S106 contributions that could be used to offset this amount, as well as identifying priority 1 library works that would normally be undertaken under the building improvement budget, therefore this is a maximum investment and may be reduced.

Capital Building Improvements

1.9 When the 2018-23 capital programme was set, the capital building improvements programme was based on the best estimates at that time. The Property Delivery team are currently refining the profile and need based on condition surveys that are being undertaken over the next 6 months to June 2018. The position will be updated when revised figures are available.

ICT

1.10 ICT are currently managing additional pressures arising from the data centre move within their current strategy allocation for basic need which includes essential and transformation works. Although this does not represent a change to the programme at this point it may cause pressures in future years.

Broadband

1.11 The current capital programme includes £8.2m expenditure on Broadband. This has been increased to £16.5m to include additional BDUK grant and use of the 'Clawback fund' from BT generated as a result of higher levels of take up (East Sussex take up is 40% compared to the clawback trigger point of 20% for contract 1). This additional funding gives the opportunity to pursue as close to 100% coverage as possible, with no further capital funding being required from the Council. If the full amount of clawback is not required for Broadband, there is scope for it to be used elsewhere in the capital programme after a period of 7 years.

Capital Receipts

1.12 In support of the property strategy deliverables, to maximise capital receipts and investment opportunities, the capital programmes use of receipts are planned towards the end of the current programme in 2021/22. A review of the £13.1m current receipts planned to be used (excluding ring-fenced VPN receipts) has been undertaken and the estimated level remains reasonable, however, the position will continue to be reviewed bi-annually. Should receipts be realised early or additional receipts be identified, they will be considered for early use and offset the need to borrow.

Government Grants

1.13 The programme is supported by £226.8m of specific and non-specific government grants. Currently only £78.2m (35%) is confirmed and therefore this remains a risk to the programme. For example, there is £10m of unconfirmed DfT funding for Newhaven Port Access Road.

New Homes Bonus (NHB)
1.14 As part of the provisional settlement announcement on 19th December 2017 the Council's NHB allocation of £1.2m was announced for 2018/19. This will now be included in the funding for the capital programme.

Conclusion
1.15 The table below summarises the net movements in the capital programme set out in this report.

Changes to programme (reduction)/addition	Ref	Scheme Specific Income (£m)	Non Specific Income (£m)	Expenditure (£m)	Variation (£m)
Gross programme at SOC		**(100.0)**	**(347.7)**	**447.7**	**0.0**
Approved variations	1.4	(0.3)	(3.3)	3.6	0.0
Schools Basic Need underspend	1.5	8.8	4.4	(17.5)	(4.3)
Additional S106 identified	1.6	(2.7)			(2.7)
Libraries Basic need	1.7	(0.1)		2.2	2.1
Broadband	1.11	(8.2)		8.2	0.0
New Homes Bonus	1.14		(1.2)		(1.2)
Gross programme at budget setting Feb 2018		**(102.5)**	**(347.8)**	**444.2**	**(6.1)**
Movement	1.16	(2.5)	(0.1)	(3.5)	(6.1)

1.16 These movements result in additional income of £2.6m (NHB, S106 and specific grant income) and a reduction in programme expenditure of £3.5m, a total reduction in resource requirement of £6.1m. It is proposed that this reduction is used to reduce borrowing.

1.17 At Q1 it was agreed that £0.1m overspend on Hastings library would be met from the contingency of £11.3m, reducing the approved contingency to £11.2m.

1.18 Work continues to refine and update the Capital Programme. In addition to the Children's Services Sub-Board, a Property Sub-Board has now been set up to improve the governance around the building improvements programme with an aim to manage and, where possible, drive down costs further.

1.19 The capital programme will be updated as and when required as other Council strategies are developed, and in line with the governance arrangements for the programme.

1.20 The proposed revised programme which now totals £444.2m gross, further detail can be found in the Budget Summary 2018/19 at Appendix 2.

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Equality Impact Assessment for CAPITAL PROGRAMME 2018/23

Following the introduction of the Equality Act 2010 ('the EA') a public authority must, in the exercise of its functions, have due regard to the need to –

(a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the EA;
(b) advance equality of opportunity between persons who share a relevant protected characteristic (as defined by the EA) and persons who do not share it;
(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The protected characteristics set out in the EA are age, disability, race, pregnancy/ maternity, religion or belief, gender (including gender reassignment) and sexual orientation. Marriage and civil partnership are also protected characteristics for the purposes of the duty to eliminate discrimination. When making decisions the County Council also considers other matters such as the impact of rurality, deprivation and being a carer.

The 5 year Capital Programme requires members to have due regard to the Equality Duty contained in Section 149 of the EA as set out above.
Having "due regard" does not necessarily require the achievement of all the aims set out in section 149 of the EA. Instead it requires that members' understand the consequences of the decision for those with the relevant protected characteristics and consider these alongside other relevant factors when making the decision to pursue one course of action rather than another, alternative course of action that may have different consequences. The regard which is necessary will depend upon the circumstances of the decision in question, and should be proportionate. Where a decision is likely to have an impact on a significant number of people, or where it is likely to have a significant impact on even a small number of people, the regard required will be high.

This means that in setting the Capital Programme, the three equality aims set out above had to be considered as a relevant factor alongside financial constraints and all other relevant considerations. Bids for Capital Funding have not been sought from departments rather the bids presented below represent spending required to discharge statutory duties in service delivery or provide maintenance to infrastructure to keep people or their data safe. Members must consider the equalities impacts of the agreeing this capital programme. Specifically, Members need to take account of what the potential impacts of spending on this identified core programme rather than other areas will be for the communities in East Sussex. It will be open to Directors and Lead Members at the time of taking those decisions to spend more on one activity and less or none on another.

The EA does not require an equality impact assessment (EIA) to be carried out; however the cases considering the public sector equality duty have held that an EIA is the best way to demonstrate that the equalities impacts have been identified and considered. Where a project which was included in the Capital Programme is likely to have impacts upon equalities, officers have considered the consequences for those with protected characteristics of that particular project or bid not being included in the Programme up to 2022/23, and have summarised these impacts for Members to consider. Where EIAs have been conducted these will be available as background documents.

	Impact on Protected Characteristics									Comments
	Age	Disability	Ethnicity	Gender & transgender	Marriage and Civil Partnership	Pregnancy and maternity	Religion & Belief	Sexual Orientation	No significant relevance to equality	
Adult Social Care										
House Adaptations for Disabled People										
LD Service Opportunities										
Older People's Service Improvement (used to be OP Service Opportunities)										Slippage from previously agreed programme
Children's Services										
Schools Basic Need										We have a statutory duty to ensure we have sufficient pupil places across the County meeting the admissions code and distances of travel. If this scheme does not go ahead then there will not be sufficient pupil places across the county and we would be in breach of our statutory duty.
Primary Places										As above
Secondary Places										As above
Special Places										As above
House Adaptations for Disabled Children's Carers										

	Impact on Protected Characteristics									Comments
	Age	Disability	Ethnicity	Gender & transgender	Marriage and Civil Partnership	Pregnancy and maternity	Religion & Belief	Sexual Orientation	No significant relevance to equality	
Business Services										
Property Building Improvements										Supports both corporate and schools building improvements to ensure safety. *Although the DfE School Condition Grant is not ring-fenced ESCC need to be transparent about where on the schools estate the spending occurs.
ICT Strategy Implementation										
Communities, Economy & Transport										
Libraries Basic need										Building improvements to ensure safety.
Newhaven Port Access Road										Slippage from previously agreed programme
Highways Maintenance										Capital funding for structural maintenance will deliver the Asset Management Plan to improve highway condition. Better maintained roads and footways will help to eliminate trip hazards. The Highways Capital maintenance paper outlines the risks of not using Capital funding in this area.
Bridge Structures										As above
Street Lighting										As above

	Impact on Protected Characteristics									Comments
	Age	Disability	Ethnicity	Gender & transgender	Marriage and Civil Partnership	Pregnancy and maternity	Religion & Belief	Sexual Orientation	No significant relevance to equality	
Rights of Way										The only parts which are to any extent capital funded are the improvements to surfaces and ramps and the replacement of stiles with gates and gaps, if not funded the lack of improvement will mean that people with the protected characteristics will have poorer access to rights of way.
Other Integrated Transport Schemes										Non-ringfenced funding

Appendix 8

Chief Finance Officer Statement on the Budget Robustness

1 Background

1.1 The Local Government Act 2003 places a statutory duty on the Chief Financial Officer (CFO) to review the Medium Term Financial Strategy and comment upon the robustness of the budget and the adequacy of the reserves to be held by the authority when it is making the statutory calculations required to determine its Council Tax or precept. The authority is required to take this report into account when making that decision.

1.2 Section 26 of the Local Government Act 2003, places an onus on the CFO to ensure the authority has established a minimum level of reserves to be retained to cover any unforeseen demands that could not be reasonably defined within finalising the proposed budget.

2 Report of the Chief Financial Officer on the robustness of the 2018/19 budget proposal.

2.1 It is the opinion of the CFO that the draft budget for 2018/19 is based upon a sound financial strategy that will enable the Council to deliver its proposed Council Plan successfully.

2.2 Both the Revenue Budget and Capital Programme have been formulated having regard to a number of factors including funding availability; risks and uncertainties; inflation; priorities; demography and service pressures. The savings plans have been formulated having regard to Council priorities and assessed against an agreed set of impact criteria and equality assessments. As the budget and Government funding is becoming increasingly complex, especially with the increasing importance of partnerships, risk management is key to the setting of budgets and reserve levels.

2.3 As the development of the Council Plan and budget for 2018/19 has progressed, the position has been subject to reviews with Chief Officers, other officers and Members, including Cabinet and Scrutiny Committees. Due consideration has also been given to reconciling the over-arching financial strategy with corporate priorities and hence all the proposals have been developed as an integral part of service planning (the process known as Reconciling Policy, Performance and Resources).

2.4 The 2018/19 budget is balanced and, in finalising the draft budget, consideration has been given to unforeseen issues that could arise during the year and ensuring that those risks can be managed. The strategic risk register has been reviewed and an analysis of ESCC's financial position in the current year has been carried out, to identify direct impacts and risks that are inherent within the 2018/19 budget. Notwithstanding that the draft budget for 2018/19 is balanced, there are significant risks to the budget, arising from the requirement to realise £17.051m of revenue savings. The County Council holds a general contingency of £3.5m (an increase of £0.060m on 2017/18) to cushion the impact of unexpected events and emergencies in year (within the base revenue budget). Additionally there is a sum for agreed potential additional borrowing, the capital programme risk provision, of £11.2m.

2.5 Increasing the Council Tax will provide a more sustainable and increased income to the Council which will help to protect services. Implementing the Adult Social Care precept will support and help protect services that are already under significant pressure.

3 The Adequacy of Reserves

3.1 Reserves are a key element of the Council's financial management arrangements. Reserves can be broadly categorised as follows:

- A working balance to manage in-year risks, called the General Fund Balance;
- A means of building up funds to meet known or predicted requirements, called General/Earmarked Reserves.

General Balances

3.2 For the General Fund Balance there are two main approaches taken by Councils to determine their required minimum level; either by a straight percentage of the Council's current spending: or an assessment of risks and the impact they will have on the Council's overall financial position.

3.3 In 2016/17 an exercise was carried out using data drawn from a range of national benchmarking and comparison sources to determine the percentage, a number of Local Authorities have historically used 5% of net revenue spending as a sound base for determining the minimum level of reserves. This would equate to £18.6m for 2018/19.

3.4 A risk-based assessment of issues, which could have a major impact on the Council's finances, provides a more flexible and responsive approach that better reflects the continuously changing environment within which Local Government has to work. This approach will take into account the type of risk, the potential magnitude of the financial risk and a judgement as to how likely the issue is to arise. Table 1 below identifies a number of the high level risks that may have financial implications, which assist in determining the required minimum level of General Fund Balance to be retained.

Table 1: 2018/19 Risks

Risk	Potential magnitude	Estimate of potential impact	Magnitude £m
Growing demand for services is already impacting on service budgets particularly in Children's Services (CSD) and Adult Social Care (ASC). Service departments are forecasting a £2.4m overspend.	ASC 2018/19 budget £166.1m. CSD SEND budget for 2018/19 £7.9m.	2% increased unfunded demand	3.5
Unforeseen activity which impacts directly on departmental budgets over and above the £3.5m within the general contingency.	Net Service Budget £371.3m	1% increased unfunded demand	3.7
Risk that inflation on utilities and other areas where budgets were not uplifted for inflation become unmanageable within budget allocations.	Total utilities and other budget 2018/19 circa £69m.	2% increase in current provision.	1.4
Many of the proposed savings are complex with delivery plans still to be finalised. Therefore a risk exists that it will not be possible to make the planned savings within the timeframe required.	Total planned savings in 2018/19 are £17.1m.	10% non-achievement	1.7
Non achievement of Fees & Charges targets built into the revenue budget, due to the continuing economic climate.	Planned Fees & Charges for 2018/19 is £61.6m	Underachievement provision of 5%	3.1
Business Rate Revaluation significantly increases risk of inaccurate forecasts.	Reduction in anticipated revenue from Business rates local share of £11.6m.	Rates collected reduces by 5%	0.6
Changes in historic weather patterns may be being the potential for adverse weather conditions which may present the Council with additional unfunded costs. The impact of weather as opposed to additional prevention cannot be quantified.	Historic winter maintenance spend is circa £1.1m.	10% increase in costs due to adverse weather	0.1

3.5 Taking everything into account, the General Fund Balances of £10.0m, is sufficient based on professional judgement which, given the level of risks, is a minimum general balance and remains lower proportionately than a lot of other authorities. This is considered adequate on the basis that the budget balances for 2018/19 and that, in addition, as noted at 2.4, an in-year contingency is held.

Reserves

3.6 The Council's approach to the management and accounting for earmarked reserves is set out in the Reserve Strategy adopted by the Cabinet in June 2017. The Reserves have been reviewed using the principles set out in the Policy ensuring that they are reflective of the Council's strategic agenda and the current financial risks and issues the Council faces through the medium term.

3.7 It is crucial to bear in mind that the reserves are the only source of financing to which ESCC has access to fund risks and one-off pressures over a number of years. If ESCC minimises the level of reserves too significantly there is a risk that in future, the ability to properly manage these emerging costs will be significantly hampered. Reserves can only be spent once and the possibility of creating new reserves in an era where budgets are tight and can become overspent, not just individually but corporately, is increasingly limited.

3.8 The reserves are split into two categories: named service reserves and strategic reserves, as set out in the Reserve Policy. ESCC reserves are estimated to total £88.6m as at 1/4/18. The actual Reserves at 1/4/17 totalled £103.5m;

Table 2 Summary of Earmarked Reserve estimated at 1/4/18

	£m
Held on behalf of other or statutorily ringfenced	*19.9*
Waste Reserve	12.8
Set aside for the new Capital Programme 2018/23	21.0
Insurance	5.5
Strategic Reserves	
Risk Reserve	3.1
Priority Outcomes and Transformation Reserve	7.8
Financing Reserve	18.5
Total ESCC service specific reserves	**68.7**
Total Reserves	**88.6**

Planned use of ESCC specific reserves is estimated to reduce them to £30.3m by the end of the MTFP period in 2020/21.

3.9 The **named service reserves** comprise:

- **Held on behalf of other or statutorily ringfenced** of £19.9m – most significantly this comprises £10.5m schools balances and ring fenced public health reserve of £4.4m, which cannot legally be spent on ESCC activities.
- **Waste Reserve** – the Waste reserve is £12.8m. Financial risks relating to the waste contract are reviewed and managed through this reserve on a 4 year rolling programme;
- **Set aside for the Capital Programme 2018/23** – The updated Capital Programme (presented at Appendix 7) runs to 2023. The current investment required for basic need (essential budgets, such as schools places and highways infrastructure) and the remaining 2013/18 programme, of £444.2m has been identified. The remaining £21.0m reserve was agreed to support this programme and to reduce the need to borrow and therefore the revenue pressure on the current MTFP and beyond; and
- **Insurance** – the reserve of £5.5m is based on an actuarial review of insurance liabilities that have arisen over previous years, and represents the liability that the actuary estimates will become payable in 2018/19 and beyond. It is proposed that the £0.4m reduction in requirement from 2017/18 will top up the transformation and priority outcomes reserve together with the reduction in provision of £0.3m.

3.10 The estimated brought forward balance of **the 3 strategic reserves** was £31.6m as reported at state of the county (SoC), this has been increased for the £5.8m agreed to be set aside at SoC to manage identified risks to the MTFP including the unachievement of savings and business rate

income and the estimated gross underspend of £1.0m reported at Q2. With agreed calls of £9.0m reducing it to £29.4m. These are itemised below:

- £18.5m Financing Reserve – This is held to manage known issues with a one-off or short-term financial impact or one off remedial action while resolutions are sought over the life of the MTFP. Its brought forward balance was £17.8m at SoC. The main changes have been, additional set aside of £6.8m as noted above at 3.10 and use of £6.1m; mainly for MTFP smoothing (agreed as part of the 2016/17 budget), cost of redundancies and the election in May 2017. Estimated planned use over the MTFP period reduces this to £4.1m.
- £7.8m Priority Outcomes and Transformation Reserve – To fund the specified initiatives to change, protect and improve Council services, with particular emphasis on:
    - Invest-to-save
    - Seed funding for innovation (notably digital) and developments contributing to the County Council's priorities.
    - Investment in the redesign of the way that services are delivered

  Its brought forward balance was £5.2m at SoC. The main changes have been an increase from insurance provision and reserve of £0.7m and a net increase of £1.9m following the realignment of the risk reserve less planned use in year. Estimated planned use over the life of the MTFP reduces this to £3.4m.
- £3.1m Risk Reserve – To fund actions that mitigate the potential financial consequences of risks recognised in the Council's Corporate Risk Register and the CFO's robustness statement. Its brought forward balance was £8.6m at SoC, £5.8m of its planned use being transferred to the priority outcomes and transformation reserve to reflect changes in the reserves policy and an additional £0.3m from insurance claims and £1.4m for increased taxbase and collection fund.

3.11 There are a number of significant areas of change that currently are not fully understood and cannot be fully quantified but will have potential financial impact over the planning period, these include:-

- Changes to the Local Government finance system to pave the way for the implementation of Business Rate Retention. As part of these reforms, the main Local Government grant will be phased out and additional responsibilities devolved to Local Authorities. This will be through incorporating existing grants including Public Health (effectively ending the ring fence) and Revenue Support Grant. The new responsibilities are as yet unknown and could bring significant risks to funding, particularly if they are demand led. Business Rate Retention will sit alongside the implementation of the outcome from the fair funding review, and the Government have announced they will aim for local authorities to retain 75% of business rates from 2020/21. Business rates will then be redistributed according to the outcome of this new needs assessment. It is not currently possible to estimate the impact of this on the Council until further detail is provided; and
- The Fair Funding Review consultation and outcome. Which will be the basis of the new needs assessment upon which the business rates will be redistributed.

The uncertainty regarding the future finance system means it is increasingly important to hold sufficient reserves to manage this unquantifiable financial risk. Therefore every opportunity should be taken to top up the Council's strategic reserves.

1. Scrutiny Committee Reconciling Policy, Performance and Resources (RPPR) Boards December 2017

Adult Social Care and Community Safety Scrutiny Committee

1.1 Attendees: Councillors Angharad Davies (Chair), Martin Clarke, Nigel Enever, Jim Sheppard, John Ungar and Trevor Webb (Vice-Chair)

1.2 The Board received a number of clarifications and assurances in relation to the identified savings and agreed to highlight the following key points to Cabinet:

- The scale of the challenge for ESCC and Adult Social Care is very significant and is recognised by the Board, as is the requirement for the Council as a whole to live within its means.
- It is no longer possible to continue to protect preventative services which impact on demand. This means that savings are likely to have impacts elsewhere in the system and / or in future years.
- The impacts of proposed savings are significant and opportunities for mitigation are now limited.
- Officers should be encouraged to continue to mitigate the impact of savings as far as possible through reprioritising and recommissioning services, taking any available opportunities to modernise and improve the way services work through this process.
- The Board has been assured that specific service changes will be subject to consultation, Equality Impact Assessment and further executive decision as appropriate in accordance with legal requirements, and that opportunities for mitigation will be examined thoroughly through this process.
- It will be essential for the Council to engage positively with the anticipated Green Paper on social care during 2018/19 to influence the longer term settlement for Adult Social Care.

1.3 The Board's overall conclusions were as follows:

- Cllrs M Clarke, Davies, Enever and Sheppard regretted that the Council was in the position of having to make the proposed savings. In that context, they were assured that process for identifying savings had been rigorous and that every effort had been made to minimise the impact on service users. They welcomed the approach being taken in relation to reshaping and recommissioning services and were assured that back office savings were being achieved.
- Cllrs Ungar and Webb did not support the savings proposals as set out and expressed the view that savings should be examined more widely across the Council, including the proportion of savings allocated to Adult Social Care.
- Cllr Webb expressed particular concern in relation to savings in Supporting People services, carers' services and the Discretionary East Sussex Support Scheme.

Audit, Best Value and Community Services Scrutiny Committee

1.4 Attendees: Councillors Colin Swansborough (Chair), John Barnes (Vice Chair), Matthew Beaver, Philip Daniel and Francis Whetstone (substituting for Councillor Pragnell).

1.5 Comments to Cabinet:

Treasury Management Strategy

1.6 The Board recommended a re-assessment of the Treasury Management Strategy, putting more emphasis on medium term investment vehicles, such as Mixed Asset Bonds, as a way of providing a return without overly affecting liquidity. Such a re-assessment should also take into account a laddering of short term investments, to provide an even income stream. The Board also noted the funds available for investment would diminish over the next three years.

Property Asset and Investment Strategy

1.7 The Board welcomed the proposed prioritising of income generation from assets over capital receipts, and noted the current low volume of East Sussex assets.

1.8 The Board supported key principles 1, 2 and 4 of the Property Asset and Investment Strategy, but recommended a revision to principle 3: "Invest in income producing assets within County creating a diversified portfolio to manage risks and secure an annual return", to reflect the financing requirements and risks of such investment for the County Council better and the Board recommended a cautious approach to direct investment in commercial property.

Direct Property Investment

1.9 In respect of the Property Asset and Investment Strategy and Treasury Management Strategy, the Board recommended a cautious approach to borrowing to invest directly in property with a view to income generation, as the two Strategies are linked, and a vigorous investment in property may require an equivalent cautious approach to other investments.

Libraries Review Board

1.10 Board Members: Councillors Colin Swansborough (Chair), John Barnes, Peter Pragnell and Richard Stogdon.

1.11 The libraries review board wished to comment on the final proposals being submitted to the Cabinet and will meet on 1 March. Any comments will then be circulated for consideration at the Cabinet meeting on 6 March

Children's Services Scrutiny Committee

1.12 Attendees: Councillors Galley (Chairman), Field, Shing, Shuttleworth (Vice Chair), Pragnell (substituting for Councillor Chris Dowling) Whetstone and Dr Ann Holt (Church of England Representative).

The Children's Services Department's (CSD) role in an increasingly complex school system

1.13 The Board noted that the school system had evolved into a complex mix of different types of schools and academies, with different lines of accountability. At the same time schools had been granted increasing levels of autonomy. This greater level of autonomy had the potential to produce benefits for all schools.

1.14 The Board also welcomed the steps CSD was taking to support all schools and academies in the county to cope with the ongoing changes within the educational system and that, given its reduced resources, the Department needed to find new ways of working to achieve its proposed savings.

1.15 The Board remain concerned though, about how the educational system will work with more 'fragmentation of control' and therefore asked that its concerns on this point be taken into account by Cabinet.

Early Help and Savings Plan Details

1.16 With regard to 'Early Help', and as the figures set out in the Savings Plan did not appear to be 'firm' at the time of its meeting, the Board agreed it would like further information and reassurance regarding CSD's proposals for 2018/19 and 2019/20. It appeared to the Board that some savings built into the 2018/19 Plan will not be delivered until 2019/20. This caused some concern about the deliverability of the 2018/19 plan. The Board also felt it had not been presented with sufficient general background detail to be able to make informed comments regarding the potential impact of the proposed savings on this crucial service area. This could also apply to other savings areas within the Plan.

Economy, Transport and Environment Scrutiny Committee

1.17 Attendees: Councillors Richard Stogdon (Chair), Godfrey Daniel, Pat Rodohan, and Barry Taylor.

Comments to Cabinet

1.18 The RPPR Board of the ETE Scrutiny Committee had serious concerns about the savings proposals for waste and grass cutting, in particular, but recognised the corporate need to make the relevant savings against the background of the wider economic context for East Sussex County Council, in which such savings have to be made.

1.19 The ETE Scrutiny Committee would do its best to work constructively to mitigate the impact of the savings proposals on residents.

1.20 The work to examine the savings proposals by the Waste Review Board and Grass Cutting Review Board was still ongoing, and the Review Boards would provide further detailed comments.

Grass Cutting Review Board
1.21 Board Members: Councillors Claire Dowling (Chair), Godfrey Daniel and Barry Taylor

1.22 The Review Board examined the proposed savings options, their impact and any likely additional costs referred to in the options appraisal. The Board noted that only option 3 was predicted to achieve the full savings requirement of £400,000 per annum.

Comments to Cabinet:
1.23 Reducing the frequency of grass cutting would be very unpopular with residents and lead to significant additional costs or reductions in service levels. The Board considered that a move to one rural grass cut and one urban grass cut per year (option 3) was untenable due to the impacts this would have.

1.24 The Board considered there were risks to the Council if one rural cut and one urban cut were to be implemented in terms of:

- reputational damage to the Council;
- additional, reactive costs reducing the amount of savings that can be achieved; and
- impaired maintenance of drainage systems particularly in rural areas, potentially undermining existing investment in highway drainage.

1.25 The Board found that there were significant additional costs for reactive grass cutting maintenance of around £200,000 for two additional grass-cutting gangs; increased demand on the Contact Centre equating to approximately two full time equivalent posts; and potential

reductions in the level of service which could lead to reputational damage. This would significantly offset the initial savings and will have longer term impacts.

1.26 The Board identified potential alternative savings of £84,000 within the verge management budgets. It recommends that alternative options for providing the grass cutting service are investigated within the total verge management budget to mitigate the proposed reduction in the frequency of grass cutting in rural and urban areas.

1.27 The Board acknowledged the need to make savings, but recommends that the frequency of grass cutting in rural and urban areas is carefully considered, taking into account the potential impacts.

Waste Review Board

1.28 Board Members: Councillors Richard Stogdon (Chair), Godfrey Daniel, Darren Grover and Barry Taylor.

1.29 The waste board wished to comment on the final proposals being submitted to the Cabinet and will meet on 17 January. Any comments will then be circulated for consideration at the Cabinet meeting.

2. East Sussex Strategic Wider Partners

2.1 The Leader and Deputy Leader met with representatives of the public, voluntary and community sector and the Older People's Forums on 11 December 2017. The meeting provided an opportunity for the County Council to share with partners the 2018/19 spending and savings proposals and provide an update on the local and national financial and demographic picture influencing ESCC's decisions. Partners gave feedback on the proposals and made suggestions for how all sectors can work together to meet the challenges the county faces. 25 public and voluntary and community sector organisations were represented at the meeting and ESCC is grateful to all partners for the feedback and comments they provided.

2.2 The following issues were raised at the meeting:

- Partners asked if there was scope for local communities/parishes to take on services and physical assets which the Council could no longer afford to provide, for example running local library services. The Council would consider any proposals put forward. However, if others were to take over libraries, they would not receive funding from the Council. A number of community asset transfers had been made. The Council had a duty to get the best return on its assets, however, so robust business cases were needed to support any future transfers. With respect to libraries, the Council were in discussion with a number of local groups and councils about whether they could provide a local service in future. The County Council leased rather than owned many of the buildings currently housing libraries.
- Partners asked about the detail of the proposals in relation to placements for children with Special Educational Needs and Disabilities. The Council would be carrying out a review with a view to moving towards a more rigorous commissioning approach and away from block transfers of funding to providers to provide assurance that the best use was being made of limited resources. A full impact assessment would be carried out as part of the review before any changes were made.
- In response to questions about why a move towards a fully integrated whole life disability service had been paused, partners were assured that Children's Services, Adult Social Care and health partners would continue to work together, but that complexity and capacity issues meant that a more incremental approach would be taken, with initial focus on improving the transition between child and adult services.

- Partners expressed concern that the move away from preventative services would increase pressures in the long run. The County Council recognised is issue but, in order to meet its statutory duties in the face of reduced funding, there would come a point where the Council had no other option. It would continue to work with the Voluntary and Community Sector to preserve services wherever possible and continue to protect those interventions which were most effective as long as possible.
- In response to questions about the possibility of filling the funding gap through business rate growth, the Council continued to do what it could to stimulate economic growth in the County. However, growth in business rates nationally was flat and small businesses of the kind that typified the economy in East Sussex had seen welcome reliefs introduced by Central Government. In order to generate sufficient growth the area would need a number of businesses with a large physical footprint to fill the gap and realistically this was unlikely to happen.
- The Government were unlikely to proceed with further devolution deals, however, the Council was working with other authorities across the South East on the formation of a Sub-National Transport Board, which would produce a transport strategy across the area in the hope of influencing the Government to invest in meeting the area's infrastructure needs.
- The Council was working to maximise income where possible.

3. <u>Young people</u>

3.1 In November 2017, the Youth Cabinet and the Children in Care Council (CiCC) were presented with key RPPR proposals for Children's Services. They discussed the proposals and produced comments and questions about the three key service areas where savings are to be identified: early help; social care; and Standards and Learning Effectiveness (SLES).

3.2 Key questions from young people:

<u>Early help</u>
- How will you provide vital services for mothers and babies?
- Where will people get support without Children's Centres?
- Shouldn't you be focusing on prevention rather than reaction?
- What about support for teen parents?
- Will there be strain on key workers working across 0 -19?
- How will management cuts affect proper supervision?
- Is there a cost of retraining staff to work across the whole 0 – 19 age range?

<u>Social Care</u>
- How will you evaluate the risks of some of the savings?
- How will you support all ages?
- Move children to less costly placements only if their placement has broken down
- How will you help Looked After Children with school?

<u>SLES</u>
- What are the incentives for school to school support?
- How will school to school support be organised?
- What is the impact of national cuts on school budgets?
- Would bigger schools be more cost effective?

<u>Other questions</u>
- How are savings being targeted in areas?
- What is the impact of Brexit?

- Young people asked that their future involvement should be earlier in the annual process

Next steps

Youth Cabinet
3.3 Children's Services have committed to responding to the comments and questions set out in the film, at the Youth Cabinet meeting in February or March. In addition, in response to one of their key points about being involved earlier in the process, Children's Services will involve the Youth Cabinet and other service users in the review of early help which will be undertaken during 2018.

CiCC (Children in Care Council)
3.4 Children's Services propose to discuss some of the non-statutory social care savings proposals with CiCC in January, so they are fully briefed on the proposals, and have the opportunity to give their comments.

3.5 In addition to the above specific consultation, a national survey is organised annually by the UK Youth Parliament to identify the top issues of concern to young people on which the Youth Parliament should campaign. Called "Make your Mark", the survey took place in November 2017. A total of 7,998 votes were cast by young people across East Sussex, with 13 schools in East Sussex taking part. The votes in preference were as below:

- Transport – 1,375 votes
- Votes at 16 – 1,103 votes
- Mental Health - 915 votes
- Curriculum for life - 901 votes
- Protect LGBT people - 876 votes

4. Libraries Strategy

4.1 As part of our library transformation programme, East Sussex Libraries – The Way Forward, a consultation on the proposed changes was held between September and December 2017. During the consultation 3,633 completed questionnaires (1,902 paper, 1,731 online) were received. All of the feedback received as part of the public consultation, will be analysed and considered prior to revising the Strategy for consideration by Cabinet in March 2018.

4.2 The Youth Cabinet has been engaged over the course of the Libraries Transformation Programme, to understand the needs of children and young people and how the library service can help to meet these. Their views have helped to shape proposals in the draft Strategy, particularly new offers for young people, including study and also the new schools offer. Most recently, as part of Takeover Day, the proposed changes to the service were explained. The group agreed, given the financial situation, the proposals are reasonable. They also felt that there was a lack of awareness about the range of library services that would still be available, particularly the eLibrary, and that our plans to promote the benefits of this and other offers according to their needs are right.

5. Other

5.1 The Chair of the East Sussex secondary Heads groups has written to Cllr Standley to ask that, in setting its budget for 2018-19, "decisions around education funding are seen in the context of cuts to our surrounding services and the role schools play in their communities."

5.2 SpeakUp have also raised a number of concerns about the proposed savings and their effects both on individuals and on VCS organisations ability to deliver services.

5.3 The full text of these representations are available in the Members' and Cabinet Rooms.

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Report to: **Cabinet**

Date of meeting: **23 January 2018**

By: **Chief Operating Officer**

Title: **The Conservators of Ashdown Forest – 2018/19 Budget**

Purpose: **To provide the Conservators' draft budget for 2018/19 and to consider the County Council's grant and the contribution from the Trust Fund**

RECOMMENDATIONS

Cabinet is recommended to:

1. **approve the Conservators' budget for 2018/19;**
2. **recommend to the County Council the annual contribution for 2018/19 from Communities, Economy and Transport (CET) budget; and**
3. **approve the annual grant for 2018/19 from the Trust Fund.**

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1 Background

1.1 This report sets out the Conservators' draft budget for 2018/19, as presented by the Conservators. This enables consideration to be given to both the overall position and the balance of funding which may be made available to the Conservators from the Trust and the Council's own resources. It must be emphasised for completeness, that the 'Trust Fund' is legally distinct from the County Council's general resources. It is appropriate however, for the County Council to consider both its decision as Trustee as well as its disposition of general resources when considering the overall financial position of the Conservators.

2 Supporting information

2.1 The Conservators have produced a draft budget for 2018/19, summarised at Appendix A. This was approved by the Board of Conservators at their meeting on 18 December 2018. Further budget detail, including a breakdown of Countryside Stewardship funded projects, is shown at Appendix C.

2.2 The Conservators' budget is formed of the Countryside Stewardship (CS) budget and the Core Budget (General Fund). Natural England provide the funding for the CS budget £522,676 for 2018 and although this represents more than half the total budget, it is ring-fenced for Heathland Conservation projects. As such, all CS budget must be spent under the conditions for receipt of the money and may not be used to offset General Fund expenditure. However, there is a multiplier applied to CS staff costs and contracted-out in house staff to enable the Conservator's to recoup some staff on-costs and Forest Centre overheads. For 2018/19 this is £104,840 and is shown under income as 'Countryside Stewardship Staff Uplift'. The CS budget has been separated from the General Fund and is shown as Appendix C.

2.3 The Conservators General Fund receive grants from both the Ashdown Forest Trust, for which ESCC is the trustee, and directly from the Council's budgets, as part of the CET contribution. The balance of the Trust fund is estimated to be £160,624 at 1 April 2018; shown in Appendix B.

2.4 As presented, the Conservators' draft budget assumes the level of grant from the Trust Fund will continue at £65,100 and the contribution from ESCC, held in CET budgets, will reduce by 10% to £61,398 The Conservators have an ongoing challenge to maintain balanced budgets in the context of opportunities and limitations to reduce expenditure and increase income, whilst maintaining required services.

2.5 The Conservators agreed to permanently increase the hours of back office staff (Director +6 hours, Clerk +7 hours and Finance Office +4 hours) in order to provide a realistic level of professional support to manage the Forest. This has resulted in an additional staffing expenditure for which it was agreed to fund from a planned draw from reserves of £29,610.

2.6 The 2017/18 forecast figures for Forest Centre development and operational expenses are significantly higher than budget. Work on the woodstore and an upgrade to the sewage system at the Forest Centre was funded by the Ashdown Forest Conservation Trust. Operational expenses includes the resurfacing of three carparks which was funded by the Friends of Ashdown Forest. The income for these projects is included in the restricted funds budget line.

2.7 The Conservators are acutely aware of the need to increase their income and control their costs in order to maintain the level of care provided to the Ashdown Forest and to help bridge the gap to sustainability. Income generation work has mainly concentrated on securing at least £5,250 of grants from parish councils and sales from the centre shop have increased. There is a lead time to additional income generating activities and this is planned to be in place for 2019/20. Where there are dependencies on the related activities the Conservators are aware that the need to balance their financial plans and dependencies on the further income opportunities..

2.8 The Conservators agreed to maintain reserves sufficient to cover 6 months of staffing and administration costs. The Conservators are not planning any draws from reserves during 2018/19 other than the £29,610 (see 2.5) and the resulting budgeted reserve balance for the year ending 2018/19 is £277,908, which exceeds the minimum balance of £182,000.

3. Recommended Funding

3.1 It is proposed to reduce the Council's grant by 10% from £68,200 in 2017/18, to £61,398 in 2018/19. This matches the provision in the CET budgets.

3.2 Annual income to the Trust Fund, from a long term lease with the Royal Ashdown Forest Golf Club, amounts to £70,000 with the addition of bank interest. The contribution to the Conservators from the Trust Fund can be maintained at £65,100 in 2018/19.

3.3 The combination of awarding the contribution and grant at the recommended level would give the Conservators a budget overspend of £29,610 which the Conservators have agreed to fund from reserves.

4. Conclusion

4.1 While the County Council has a statutory obligation to meet the shortfall between expenditure and income of the Conservators, it also has the responsibility for approving the level of expenditure.

4.2 Cabinet is recommended to:

- Approve the Conservators' budget for 2018/19;
- Agree a recommendation to the Council regarding the Council's annual contribution for 2018/19 from CET budgets, and
- Approve the annual grant for 2018/19 from the Trust Fund.

KEVIN FOSTER
Chief Operating Officer

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LOCAL MEMBERS
Councillors Galley, Stogdon, Tidy & Whetstone

ESCC MEMBERS ON THE BOARD OF CONSERVATORS
Councillors Barnes, Ensor, O'Keeffe, Tidy, Whetstone and Stogdon

The Conservators of Ashdown Forest – Proposed 2018/19 Budget **Appendix A**

INCOME SUMMARY	*2017/18 Budget £*	*2017/18 Forecast £*	2018/19 Budget £
Grants	81,220	87,194	79,648
Countryside Stewardship Staff Uplift	104,840	104,840	104,840
Charitable Receipts and Donations	68,100	68,100	69,100
Licences & Forest Rate	183,010	194,085	192,378
Visitors	12,000	16,860	16,600
Sundry Receipts	7,390	12,013	12,150
Financial	600	10	10
TOTAL UNRESTRICTED CORE INCOME	457,160	483,102	**474,726**
Restricted Funds (designated for specific purpose) See paragraph 2.6	18,500	63,782	-
Amount agreed to be allocated from Reserves	-	-	29,610
TOTAL CORE INCOME	475,660	546,884	504,336

EXPENDITURE SUMMARY	2017/18 Budget £	2017/18 Forecast £	2018/19 Budget £
Core Forest Staff Costs	**309,895**	324,571	344,616
Administration Overheads	**53,275**	64,693	62,220
Visitors	**6,500**	22,222	5,100
Forest Centre Development (see paragraph 2.6)	**-**	20,311	-
Operational expenses (see paragraph 2.6)	**74,955**	95,473	68,850
Financial	**19,410**	19,850	21,750
TOTAL NON CAPITAL CORE EXPENDITURE	**474,035**	**547,120**	**502,536**
Total Core Capital Expenditure	**1,600**	**1,800**	**1,800**
TOTAL CORE EXPENDITURE	**475,635**	**548,920**	**504,336**

SURPLUS/DEFICIT PROJECTION	BUDGET to YE 2017/18	FORECAST to YE 2017/18	BUDGET to YE 2018/19
Total Income	475,660	546,884	504,336
Total Expenditure	475,635	548,920	504,336
Surplus/Deficit	**25**	**(2,036)**	**0**

Ashdown Forest Finances **Core Budget 2018/19**

INCOME	2017/18 Budget Agreed £	2017/18 Forecast to YE £	2018/19 Budget Plan £
Grants	81,220	87,194	79,648
ESCC	68,220	68,220	61,398
WDC	13,000	18,974	13,000
Parish Councils	-	-	5,250
Other Grants	-	-	-
Countryside Stewardship Staff Uplift	104,840	104,840	104,840
Core staff: 1.8 multiplier difference above employee cost	54,840	54,840	54,840
Contracted-out in-house staff	50,000	50,000	50,000
Charitable Receipts and Donations	68,100	68,100	69,100
Ashdown Forest Trust	65,100	65,100	65,100
Donations	3,000	3,000	4,000
Restricted Funds (designated for a specific purpose)	18,500	63,782	-
Friends of Ashdown Forest	5,550	33,000	-
AF Conservation Trust	-	15,832	-
Ashdown Forest Riding Association	2,500	2,500	-
Feed in Tariff (solar panels)	1,200	1,200	-
Education income	2,000	4,000	-
CS Income for school visits	7,250	7,250	-
Licences and Forest Rate	183,010	194,085	192,378
Acknowledgement Rent for Access Tracks	22,000	22,000	23,100
Other Rents/Licences and Wayleaves	93,320	93,895	93,770
Riding Permits	31,000	35,000	34,000
Forest Rate	22,800	23,000	23,940
Licence preparation/deed of covenant/consideration fees	10,540	10,540	11,968
Temporary licences (incl Filming, Wood, Events)	3,350	9,650	5,600
Visitors	12,000	16,860	16,600
Barn sales	7,700	10,800	9,800
Exhibition sales	200	200	200
AF Centre Events *(Pop-up café, Sheep Proof Your Dog)*	2,900	4,700	4,500
Hire of premises/equipment/staff time	1,000	1,080	2,000
Talks by staff	200	80	100
Sundry Receipts	7,390	12,013	12,150
Forest products	-	-	-
Grazing project income	4,550	8,913	8,650
Miscellaneous other (incl. memorials)	1,840	3,100	2,500
Renewable Heat Incentive (RHI)	1,000	-	1,000
Financial	600	10	10
Bank Interest	600	10	10
Sale of Assets	-	-	-
TOTAL INCOME	**475,660**	**546,884**	**474,726**

EXPENDITURE	2017/18 Budget Agreed £	2017/18 Forecast to YE £	2018/19 Budget Plan £
Staff Costs (Core team only)	309,895	324,571	344,616
Gross salaries	-	253,158	329,616
Employer's NI	-	15,790	-
Employer's pension contribution	-	54,028	15,000
Temporary Staff	-	1,485	-
Recruitment Expenses	-	110	-
Administration Overheads	53,275	64,693	62,220
Forest Centre Running costs (rates, utilities, maintenance)	17,015	22,733	21,705
Post, phone, printing, stationery	5,700	5,400	5,825
Professional fees (audit, accountancy, legal)	9,500	13,500	10,850
Insurances	16,060	16,060	16,840
IT	4,500	6,500	6,500
Miscellaneous	500	500	500
Visitors	**16,500**	**22,222**	**5,100**
Information Centre (Shop stock)	2,000	4,000	3,000
Education Programme	12,000	15,514	-
Forest Centre Events	2,500	2,708	2,100
Forest Centre Development	0	20,311	-
Education Barn upgrade	-	-	-
Forest Centre Development	-	20,311	-
Operational expenses	74,955	95,473	68,850
Transport,machinery, equipment (incl vehicle insurance)	47,300	47,000	45,050
Staff expenses	3,875	3,875	3,950
Staff and volunteer training	1,000	2,200	2,500
Volunteer expenses	2,300	2,300	2,550
Bye laws and signage	500	200	500
Non-CS conservation(dangerous trees, exotics)	3,000	3,000	5,000
Vachery	-	-	-
General Operations (car parks, bridges, litter, rides)	15,200	35,002	7,750
Other (memorials, subs, misc. amenity costs)	1,780	1,896	1,550
Financial	**19,410**	**19,850**	**21,750**
Credit card terminal	800	800	850
Bank charges	610	950	800
Input VAT irrecoverable	18,000	18,000	20,000
Total non capital Expenditure	**474,035**	**547,120**	**502,536**
Capital expenditure	1,600	1,800	1,800
TOTAL EXPENDITURE	**475,635**	**548,920**	**504,336**

The Conservators of Ashdown Forest – Reserves	£
Reserves 1 April 2017	**307,518**
Forecast Income 2018/19	474,726
Forecast Expenditure 2018/19	(504,336)
Forecast reserves at 31 March 2019	**277,907**

Appendix B

Ashdown Forest Trust Fund 2018/19 Projected Income and Expenditure

ASHDOWN FOREST TRUST FUND	Budget 2017/18	Draft Budget 2018/19
Income	£	£
Royal Ashdown Forest Golf Club- Rent	70,000	70,000
Bank Interest	385	15
	70,385	70,015
Expenditure		
Conservators of Ashdown Forest- Annual Grant	65,100	65,100
Professional & Audit Fees	4,000	6,740
	69,100	71,840
Surplus/Deficit	1,285	(1,825)
Balance Brought Forward	159,339	160,624
Balance Carried Forward	160,624	158,799

Countryside Stewardship Budget: Calendar Year 2018

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RESERVE FORECAST TO YEAR END 2018	£
Reserve brought forward at end of 2017	169,949
Ring-fenced surplus from Woodland CS (WD2): Deer project: 2018	(3,834)
Target Reserve for 6 months CS staff costs(year 3): Target £72k	(60,000)
Income/Expenditure Surplus/(Deficit) forecast for year end 2018	(26,295)
Forecast Reserve/Project Carry Over for year end 2018	**79,820**

INCOME/EXPENDITURE SUMMARY

	INCOME	EXPENDITURE
	Budget 2018 £	**Budget 2018 £**
Heathland Area Payment (LH1)	431,775	452,275
Bracken Supplement (SP3)	33,651	39,496
Educational Visits (ED1) and Access (AC1)	7,250	7,250
Woodland CS (WD2): Woodland Management	5,000	4,950
Woodland CS (WD2): Deer project - see supporting budget	45,000	45,000
Additional Income	-	-
TOTALS	**522,676**	**548,971**

EXPENDITURE BY PROJECT

CS EXPENDITURE DETAIL (NET VALUES)		
CORE STAFF COSTS (excl. deer co-ordinator)	**Budget 2017 £**	**Budget 2018 £**
Core staff (funded by LH1) Totals	**173,089**	**143,670**
Total cost to employer (to include NI, pension)	124,468	104,361
1.8 multiplier difference to be attributed to Forest Core Budget	48,621	39,309

PROJECTS SUMMARY	Budget 2017 £	Budget 2018 £
Heathland Area Projects (LH1)	**247,173**	**137,817**
01 - MH31/03 **Manage Scrub (Gorse)**	3,074	10,714
02 - AP30/01 **Wild Fire Risk and Plan**	3,500	-
03 - MH31/01 **Birch, Oak, Willow and Scots Pine Control**	35,000	15,000
04 - MS00/02 **Remove Rhododendron and Gaultheria (Heathland)**	5,000	1,700
05 - MD31/01 **Provide/Maintain Livestock Control Structures (Invisible)**	-	2,000
07 - MD31/02 **Provide/Maintain Livestock Control Structures (Visible)**	41,464	35,000
08 - MG00/01 **Conservators Grazing - Cattle**	13,000	10,000
09 - MG00/02 **Commoners Headage Payments**	32,000	27,045

10 - MG00/03 **Commoners Herd Project - Cattle**	-	-
11 - MG10/01 **Conservators Grazing - Sheep**	9,500	9,325
12 - MG20/01 **Conservators Grazing - Ponies**	3,000	2,140
13 - MD03/01 **Livestock Welfare Facility**	80,000	-
14 - MH37/01 **Manage Heather**	3,500	3,500
15 - MH32/03 **Manage Grassland (Mowing)**	1,000	1,300
16 - MH31/02 **Removal of Invasive Woodland**	-	-
19 - MS10/01 **Control of native species (spraying)**	3,500	6,380
21 - MH04/01 **Annual mowing of woodland rides**	-	-
25 - MH61/01 **Manage Habitat (open waters, etc) by excavation**	2,500	2,000
26 - MH64/01 **Manage Habitat (open waters, etc)**	1,000	320
27 - MI00 **Inform Stakeholders**	1,000	1,000
29 - MI100 **Ashdown Forest Life**	7,000	6,000
31 - AT50 **Volunteer Expenses**	1,135	4,193
32/35 - ML80/30 **Stakeholder Liaison** (Biomass, Meat, Retail, Neighbours)	1,000	200
Bracken Supplement (SP3)	**33,800**	**39,496**
05 - MH32/02 **Bracken Control**	33,800	39,496
Educational Visits (ED1) and Access (AC1)	**10,250**	**7,250**
28 - MI60 **School Visits - Teacher time & support costs (ED1)**	7,250	7,250
28 - MI60 **School Visits - Materials (AC1)**	-	-
30 - ME02/01 **Maintain signs & boards (AC1)**	3,000	-

PROJECTS SUMMARY	Budget 2017 £	Budget 2018 £
Woodland CS (WD2): Woodland Management	**5,950**	**4,950**
17 - MS00/01 **Rhododendron Removal by Cutting/Spraying (Woodland)**	4,167	4,167
18 - MS00/03 **Remove Turkey Oak**	783	783
20 - MH02/01 **Create Glades**	1,000	-
Woodland CS (WD2): Deer Management	**70,040**	**45,000**
22 - MS30/01 **Deer Project additional costs** (excl. staff cost)	41,764	16,442
Staff cost: Total cost to employer (to include NI, pension)	20,271	20,299
1.8 multiplier on staff cost - difference attributed to Forest Core Budget	8,005	8,259
ADDITIONAL EXPENDITURE (LH1-funded)	**51,223**	**170,788**
Contracted-in staff	-	13,500
Staff Expenses and Training	3,000	3,000
CMSi Software & Training	423	423
Memberships/Subscriptions	1,500	100
Small tools and equipment (under £100)	800	800
Vehicle expenses including repairs	8,000	8,000
Machinery repairs	1,000	1,000
Small machinery capital	1,000	1,000
Large machinery capital	-	110,000
VAT	35,500	32,965

	Budget 2017 £	Budget 2018 £
TOTAL BUDGETED CS EXPENDITURE	**591,525**	**548,971**