

Meeting of  
East Sussex County Council  
on Tuesday, 5 February 2019  
at 10.00 am

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](http://www.eastsussex.gov.uk/yourcouncil/webcasts/default.htm)





# EAST SUSSEX COUNTY COUNCIL

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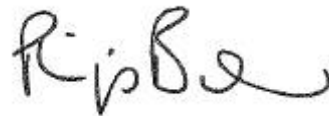
## To the Members of the County Council

You are summoned to attend a meeting of the East Sussex County Council to be held at Council Chamber - County Hall, Lewes, **on Tuesday, 5 February 2019 at 10.00 am** to transact the following business

- 1 **Minutes of the meeting held on 4 December 2018** (Pages 5 - 14)
- 2 **Apologies for absence**
- 3 **Chairman's business**
- 4 **Questions from members of the public**
- 5 **To receive notice by the Returning Officer certifying the election of a county councillor for the Bexhill West electoral division** (Pages 15 - 16)
- 6 **Report of the Cabinet** (Pages 17 - 36)
- 7 **Report of the People Scrutiny Committee** (Pages 37 - 40)
- 8 **Questions from County Councillors**
  - (a) Oral questions to Cabinet Members
  - (b) Written Questions of which notice has been given pursuant to Standing Order 44
- 9 **Report of the East Sussex Fire Authority** (Pages 41 - 44)

*Note: There will be a period for collective prayers and quiet reflection in the Council Chamber from 9.30 am to 9.45 am. The prayers will be led by Paul Mann, Leader and Pastor at King's Church, Hastings. The Chairman would be delighted to be joined by any members of staff and Councillors who wish to attend.*

County Hall  
St Anne's Crescent  
LEWES  
East Sussex BN7 1UE



PHILIP BAKER  
Assistant Chief Executive

28 January 2019

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## MINUTES

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### EAST SUSSEX COUNTY COUNCIL

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**MINUTES of a MEETING of the EAST SUSSEX COUNTY COUNCIL held at Council Chamber - County Hall, Lewes on 4 DECEMBER 2018 at 10.00 am**

**Present** Councillors John Barnes MBE, Matthew Beaver, Colin Belsey, Nick Bennett, Bill Bentley, Phil Boorman, Bob Bowdler, Tania Charman, Charles Clark, Martin Clarke, Godfrey Daniel, Philip Daniel, Angharad Davies, Chris Dowling, Claire Dowling, Simon Elford, David Elkin, Michael Ensor, Kathryn Field, Gerard Fox, Keith Glazier, Darren Grover, Carolyn Lambert, Tom Liddiard, Laurie Loe, Carl Maynard, Ruth O'Keeffe MBE, Sarah Osborne, Peter Pragnell (Chairman), Pat Rodohan, Jim Sheppard (Vice Chairman), Daniel Shing, Stephen Shing, Alan Shuttleworth, Rupert Simmons, Andy Smith, Bob Standley, Richard Stogdon, Colin Swansborough, Barry Taylor, Sylvia Tidy, David Tutt, John Ungar, Steve Wallis, Trevor Webb and Francis Whetstone

#### **37 Minutes of the meeting held on 16 October 2018**

37.1 RESOLVED – to confirm as a correct record the minutes of the County Council meeting held on 16 October 2018 as a correct record.

#### **38 Apologies for absence**

38.1 Apologies for absence were received from Councillor Nigel Enever, Roy Galley and Phil Scott

#### **39 Chairman's business**

STUART EARL

39.1 The Chairman, Group Leaders and other members paid tribute to Stuart Earl following his death in October. Stuart was a respected councillor both at Rother District and at the County Council where he served from 2013. His knowledge and commitment will be greatly missed. On behalf of the Council, the Chairman offered condolences to Stuart's family and friends.

39.2 The Council stood in silence as a mark of respect for their former colleague Stuart Earl.

CHAIRMAN'S ACTIVITIES

39.3 I have attended a number of engagements since the last County Council meeting including: the dedication of the new Rotherfield Village war memorial, the Encompass Care in Rye celebration event, the Mayor of Newhaven's Casino night, Remembrance services in Eastbourne, Hastings and Chichester. I would like to thank a number of councillors who also attended remembrance events in their divisions and laid wreaths on behalf of the Council. I also attended the Queen's Birthday Honours British Empire Medals Investiture ceremony, the Rother District Council Chairman's Civic Service, the Sussex Pathways 10 year anniversary event and the Friends of Sussex Hospices Christmas Fair.

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39.4 The Vice Chairman has also attended a number of events including: the unveiling of the new clock at Eastbourne Pier and remembrance services at Newick and Lewes.

### PRAYERS

39.5 The Chairman thanked the Reverend Paul Mundy From St Mary's Church, Newick for leading the prayers before the meeting

### PETITION

39.6 The following petition was presented by a member immediately before the meeting:

Councillor O'Keeffe	- calling on the County Council to restore the ability of local residents to buy visitor scratchcard permits over the counter where advice about parking is given (currently Lewes Library) rather than having to register online and not be able to collect them immediately
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## 40 Questions from members of the public

40.1 Copies of questions asked by Richard Pike from Forest Row, Frances Witt from Lewes, Karen Hardy from Seaford, Lottie Rodger from Lewes, Emily O'Brien from Newhaven and Hugh Dunkerley from Brighton and the answers from Councillor Stogdon (Chair of the Pension Committee), Councillor Glazier (Leader and Lead Member for Strategic Management and Economic Development) and Councillor Simmons (Lead Member for Economy) are attached to these minutes. Supplementary questions were asked and responded to.

## 41 Declarations of Interest

41.1 There were no declarations of interest

## 42 Reports

42.1 The Chairman of the County Council, having called over the reports set out in the agenda, reserved the following for discussion:

Cabinet report – paragraph 1  
Governance Committee report – paragraph 1

## 43 Report of the Cabinet

Paragraph 1 – (Reconciling Policy, Performance and Resources)

43.1 Councillor Glazier moved the reserved paragraph of the Cabinet's report.

43.2 The motion was CARRIED after debate.

## 44 Report of the Governance Committee

Paragraph 1 – Notice of Motion: Webcasting of Scrutiny Committee meetings

44.1 The Chairman stated that as the recommendation of the Governance Committee was to reject, rather than proposing an amendment, the Council would vote on the original motion as proposed by Councillor Ungar and seconded by Councillor Tutt as follows:

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*"That this council will, from the date of agreeing this motion, live webcast all its scrutiny committee meetings with the exception of when dealing with confidential/exempt items as directed by the Council's Monitoring Officer."*

44.2 A recorded vote on the motion was requested and taken. The amendment was lost, the votes being cast as follows:

### FOR THE MOTION

Councillors Boorman, Charles Clark, Philip Daniel, Field, Grover, Lambert, O'Keeffe, Osborne, Rodohan, Stephen Shing, Shuttleworth, Swansborough, Tutt and Ungar

### AGAINST THE MOTION

Councillors Barnes, Beaver, Belsey, Bennett, Bentley, Bowdler, Charman, Martin Clarke, Godfrey Daniel, Davies, Chris Dowling, Claire Dowling, Elford, Elkin, Ensor, Fox, Glazier, Liddiard, Loe, Maynard, Pragnell, Sheppard, Simmons, Smith, Standley, Stogdon, Taylor, Tidy and Webb

### ABSTENTION

Councillor Whetstone

## 45 Questions from County Councillors

45.1 The following members asked questions of the Lead Cabinet Members indicated and they responded:

<b>Questioner</b>	<b>Respondent</b>	<b>Subject</b>
Councillor Tutt	Councillor Standley	Proposed closure of the English as an Additional Language Service and the need for constructive consultation
Councillor Philip Daniel	Councillor Standley	Whether the prospect of reduced educational services within the ESCC revenue budget was resulting in more schools considering a move to academy status
Councillor Lambert	Councillor Tidy	Access to children under the 1989 Children Act
Councillor Godfrey Daniel	Councillor Tidy	One off early intervention funding allocated to the Police and Crime Commissioner and the need for representations to be made for funding to be restored to local authorities to enable them to undertake youth service related work
Councillor Webb	Councillor Standley	Consultation regarding proposals in relation to the English as an Additional Language Service.

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<b>Questioner</b>	<b>Respondent</b>	<b>Subject</b>
Councillor Beaver	Councillor Bennett	Resurfacing of roads in Hastings and additional funding allocated to ESCC for highway related works
Councillor Whetstone	Councillor Tidy	Details regarding the number of children living in poverty in East Sussex
Councillor O'Keeffe	Councillor Standley	Opportunity for parents to be balloted in relation to proposals for a Multi Academy Trust .
Councillor Stephen Shing	Councillor Glazier	Reporting of defects on the highway works
Councillor Rodohan	Councillor Bennett	Planned maintenance work of pavements
Councillor Field	Councillor Glazier	Representations regarding restoring local planning consent for fracking
Councillor Lambert	Councillor Elkin	Expenditure from the Chairman's budget over past 3 years

### WRITTEN QUESTIONS PURSUANT TO STANDING ORDER 44

45.2 There were no written questions from councillors.

THE CHAIRMAN DECLARED THE MEETING CLOSED AT 1.35 pm

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The reports referred to are included in the minute book  
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## QUESTION FROM MEMBERS OF THE PUBLIC

### 1. Question from Richard Pike, Forest Row, East Sussex

The latest report from the Intergovernmental Panel on Climate Change (IPCC) has highlighted the huge differences that limiting global warming to 1.5°C, as opposed to 2°C, would make ('Global Warming of 1.5°C', October 2018, <http://www.ipcc.ch/report/sr15/>). Has the Pension Committee discussed the IPCC report, and if so what effect do they think its conclusions are likely to have on the Fund's future investments?

### Response by the Chair of the Pension Committee

The Pension Committee has regular training on Responsible Investment and regularly reviews its Investment Strategy Statement to ensure it is addressing the risks facing the Fund.

The Committee has recently approved the Fund Responsible Investment Policy, of which one of the core principles is to regularly evaluate and manage carbon exposure in order to mitigate risks to the Fund from climate change. The Committee is aware that the more we limit global warming below 2°C that there will be benefits and will continue to engage with companies towards limiting climate change.

### 2. Question from Frances Witt, Lewes, East Sussex

In September 2018, the leading non-profit shareholder advocacy foundation As You Sow, published a major report entitled '2020: A Clear Vision for Paris Compliant Shareholder Engagement' (<https://www.asyousow.org/reports/2020-a-clear-vision-for-paris-compliant-shareholder-engagement>).

As You Sow has spent over 25 years engaged in shareholder advocacy on a host of different issues, during which time it has won a number of successes, including getting the three largest beverage companies in the US to commit to recycling a majority of its post-consumer containers and getting Dunkin Doughnuts to remove titanium dioxide from its powdered doughnuts.

In their September 2018 report As You Sow note that despite 'receiving more engagement and resolution filings than any other sector' (some 160-plus shareholder resolutions filed at 24 oil & gas companies from 2012-2018) 'No U.S. oil & gas company has adopted plans or targets to limit its full lifecycle contribution of greenhouse gas emissions. Instead, the vast majority of U.S. companies continue to argue the need for business as usual investments to meet growing global demand—even if that production contributes directly to the world overshooting its Paris goals and locking in global and economic calamity' (pages 8, 10 and 11).

Does the East Sussex Pension Committee accept this assessment of the record of engagement with US oil and gas companies? And, what is the East Sussex Pension Fund's exposure to these companies?

### **Response by the Chair of the Pension Committee**

The East Sussex Pension Fund has in the region of 4.0% of its investment in oil and gas companies.

The Pension Committee believes by increasing pressure on oil and gas companies, through active shareholder engagement, we can get companies to improve their corporate behaviour. Improvements made by these engagements lead to an increase in the long term value of the Fund's investments.

The Committee believes that these can be maximised by collaborating with other likeminded investors to increase the pressure for change and encourages improvements to be made.

### **3. Question from Karen Hardy, Seaford, East Sussex**

ESCC has recently publicised its 'Core Offer' for future funding on its website along with a link to a survey so that residents can provide their views on the Core Offer. ESCC say that they are 'committed to involving people in decisions that affect them. We'd like to know your views on our core offer to East Sussex and the public services it would include.....it's important to know how residents of East Sussex see the future.'

I have attempted to complete this survey but have foundered at question 2 as follows- '2. Which of these options would you prefer to keep East Sussex within its financial means?

\*I would prefer to pay much higher council tax - a rise of 23% over the next three years - to keep services at their current level

\* I would prefer to reduce the range of public services on offer and keep any rises in council tax as low as possible'

There is no alternative option and I have no opportunity to provide an alternative answer. The survey does not allow me to move to the next question without agreeing to one of the two fixed ESCC choices so I am prevented from completing the survey and am disenfranchised from this 'consultation'.

May I suggest that as a matter of urgency, this consultation be removed from the ESCC website and that question 2 have a free text box option added so that the public are all able to respond to it in a sensible and fair fashion.

### **Response by the Leader and Lead Member for Strategic Management and Economic Development**

We have included in the survey several 'free text' sections where the responder can answer in their own words. That includes the chance to comment on the proposed core offer, suggest alternatives and make suggestions for how things could be structured and funded differently.

Later in the survey, you'll find a question which asks about how you think the long-term funding gap in East Sussex could be filled and which sets out several possible options.

However, you are right that the second question does set two starkly-limited options for the immediate future. This reflects the current inescapable reality for all local authorities – we are legally obliged to meet the growing demand for statutory services with limited resources and with a legal cap on rises in council tax (unless over-ridden by local referendum). Like you, we don't like either alternative but we feel it's legitimate to ask people which direction they lean towards. This is a vital question the council has to address and sets the context for the core offer: that is why we don't think an option to skip this question would be helpful. There are several other places in the survey where free comments can be made, including in relation to this choice, so we're confident of capturing a very broad range of views from everyone who takes part.

#### **4. Question from Lottie Rodger, Lewes, East Sussex**

The Intergovernmental Panel on Climate Change (IPCC)'s recent report 'Global Warming of 1.5 °C' concluded that "limiting global warming to 1.5°C, compared with 2°C, could reduce the number of people both exposed to climate-related risks and susceptible to poverty by up to several hundred million by 2050". However, the window for doing this, and thereby avoiding the worst impacts of climate change, is rapidly closing.

Indeed, according to Professor Nicholas Stern, who authored the Stern Review on the Economics of Climate Change for the UK government, "the next 10 years will be absolutely crucial in determining what kind of world will exist in the decades beyond. If we act decisively, and innovate and invest wisely, we could both avoid the worst impacts of climate change ... If we do not, we face a world in which it will become increasingly difficult for us and future generations to thrive."

How does the Pension Fund's timeline for its current policy of engagement with fossil fuel companies relate to the narrow window described in the IPCC report?

#### **Response by the Chair of the Pension Committee**

The Pension Committee believes by increasing pressure on fossil fuel companies, through active shareholder engagement, we can get companies to improve their corporate behavior. Improvements made by these engagements lead to an increase in the long term value of the Fund's investments.

The Fund's approach to engagement recognises the importance of working in partnership to magnify the voice and maximise the influence of investors as owners. The Fund appreciates that to gain the attention of companies in addressing governance concerns it needs to join with other investors sharing similar concerns. Along with its investment into the climate aware fund which provides an incentive to companies to move towards limiting climate change.

#### **5. Question from Emily O'Brien, Newhaven, East Sussex (on behalf of Community Action Newhaven)**

I have a question on behalf of Community Action Newhaven (CAN) about the failure to be open and transparent around the £23 million Newhaven Port Access Road, and in particular about omissions on the Port Access Road web pages.

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- Firstly, why is there no up to date information about timescales, including when the contractor will come on site, and how works will then unfold?
- Secondly, why does the website omit to mention that the new road will not join up with the Enterprise Zone Eastside South business park - even though it passes adjacent, literally touching it all along one border? This makes a nonsense of claims that the new road is all about adding value to the Enterprise zone. It also means traffic from the new Eastside business park will have to use the same residential roads - Beach Road and Railway Road - which construction of the new road is supposed to be rescuing from congestion. Surely it would be better to be open about this rather than keep the information buried deep in the business case?
- Thirdly why does neither the website, nor even the business case, mention that the route chosen requires digging up brand new, never used roundabout, the construction costs for which were paid by a developer in 2015? The website simply states that the road will 'complete' the route following the earlier construction of part one. Even council statements in response to our recent questions only acknowledge that the layout of roundabout exits are being changed, and fail to acknowledge that the whole thing has be ripped up in order to rebuild it from scratch using public money at a location some 20 metres away.
- Fourthly, neither on the website, nor even in the business case, is there an admission that this road in two short stretches lies within the South Downs National Park boundary. Failing to mention this crucial piece of information is surely a communications disaster waiting to happen?

It is no wonder that the public is distrustful of this project when there are such important omissions in the information supplied. Our question is therefore: will the county council now update its website to include all these facts and any other embarrassing secrets it is sitting on?

### **Response by the Lead Member for Economy**

In relation to the questions that have been received by Community Action Newhaven (CAN) regarding the Newhaven Port Access Road, I have the following responses.

Firstly, in relation to no up to date information about construction timescales, there is an outline timeline on the website and this it will be updated as works progress.

Preparatory work has started on site, and construction is anticipated to take 19 months to complete. The detail of the construction programme is still to be finalised, and this is dependent on a number of seasonal environmental activities that are themselves weather dependent. As have been previously notified to CAN, a Community Liaison Group will be set up which will provide regular engagement opportunities.

Secondly, in relation to CAN's comment about the website omitting to mention that the new road will not join up with the Enterprise Zone Eastside South business park, the scheme plans available on the website clearly show that the NPAR does not link into the Eastside South site, and it has never been the case that it would. The NPAR will provide a new direct access into the East Quay area of Newhaven Port, one of the Enterprise Zones sites. Therefore, the NPAR is significantly adding value to the delivery of the Enterprise Zone.

Thirdly in relation to the question about the location of the Pargut roundabout, the plans showing both the existing and revised roundabouts are available and shown within the business case that is on our website.

Fourthly, regarding the comment on the extent of the road in the South Downs National Park, the Park Authority came into being after planning permission for the NPAR had been granted. As noted, there are two small sections of the road that lie within the SDNP boundary. However, these are minor and landscaping has been proposed that will screen views of the road from the National Park. Discussions have taken place with officers from the National Park Authority on this matter and they have not raised any concerns over the proposals. In addition, constructing the roundabout in the originally approved location avoids the alignment of the road having to be moved, which would have resulted in a longer stretch of the road falling within the National Park.

In relation to the final point, our website will be updated at appropriate times as construction progresses and the information relating to CAN's questions 2, 3 and 4 is provided within the detailed business case available on our website.

### **6. Question from Hugh Dunkerley, Brighton**

In answers to past questions, Councillor Stogdon has referred to the importance for the East Sussex Pension Fund's engagement policy of the Local Authority Pension Fund Forum (LAPFF)'s 'participation in the Transition Pathway Initiative, which aids understanding of where companies are placed in the transition to a low carbon economy and their competence to manage this transition.' (Response to question from Arnold Simanowitz, March 2017, <https://divesteastsussex.wordpress.com/questions-answers-at-esccs-full-council-meetings/>).

Earlier this month, the TPI published a ground-breaking assessment of the corporate public disclosures of the ten largest publicly listed oil and gas companies 'taking into account the full lifecycle emissions of their products' ('Carbon Performance Assessment in Oil and Gas: Discussion paper', November 2018, <http://www.lse.ac.uk/GranthamInstitute/tpi/wp-content/uploads/2018/11/Oil-and-gas-discussion-paper.pdf>). It found that:

- (1) Only two of the ten companies (Shell and Total) had set long-term ambitions that would result in a large reduction in their carbon emissions intensity and that even these were 'not yet ambitious enough to align with a pathway to limit global warming to 2°C or below before 2050';
- (2) Five of the companies (including Exxon) do not have any quantitative emissions reduction targets at all; and
- (3) Not one of the ten companies has 'proposed to reduce its carbon intensity sufficiently to be aligned with a Below 2 Degrees benchmark or to achieve net zero emissions by 2050.'

What changes to its engagement policy will the East Sussex Pension Fund be making in the light of this new information

### **Response by the Chair of the Pension Committee**

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The Pension Committee welcomes the Transition Pathway Initiative report as it provides the Pension Committee with the information to challenge the plans of publicly listed oil and gas companies directly. The Pension Committee will be better informed to challenge our Investment Managers to ensure that they are taking these risks into consideration when making investments.

The Committee has recently approved the Fund Responsible Investment Policy, of which one of the core principles is to regularly evaluate and manage carbon exposure in order to mitigate risks to the Fund from climate change. Greater disclosure is still required and the Pension Committee will continue pushing for this by collaborating with other likeminded investors to increase the pressure for change and encourage improvements to be made.

**LOCAL GOVERNMENT ACT 1972 AND  
REPRESENTATION OF THE PEOPLE ACT 1983**

**ELECTION OF COUNTY COUNCILLOR FOR THE COUNTY OF  
EAST SUSSEX HELD ON 10 JANUARY 2019**

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I, the Returning Officer for elections of Councillors of the County of East Sussex, do hereby certify and return that the name of the person elected as a County Councillor for the Bexhill West Division is as follows:-

<b>COUNTY ELECTORAL DIVISION</b>	<b>NAME</b>	<b>ADDRESS</b>
Bexhill West	EARL-WILLIAMS, Deirdre	Thursley Cottage, 37 Terminus Avenue, Bexhill-on-Sea, TN39 3LY

Becky Shaw

Returning Officer

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## REPORT OF THE CABINET

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The Cabinet met on 11 December 2018 and 22 January 2019. Attendance:-

Councillor Glazier (Chair) (2)

Councillors Bennett (2), Bentley (2), Elkin (2), Maynard (2), Simmons (2), Standley (2) and Tidy (2)

### 1. Reconciling Policy, Performance and Resources

1.1 The County Council continues to play a key role in the quality of life of the residents, communities and businesses of East Sussex through services, employment, purchasing and how we work in partnership with others. Against a background of ever diminishing resources and increasing demand, especially in social care, the County Council has been working over the last eight years to ensure that the core set of services and infrastructure most needed from the Council is available to residents and businesses. Our activity is captured each year in a detailed Council Plan which covers what we will do and the specific targets we will use to judge our performance during the year. The Council Plan, revenue budget and capital programme are fully integrated through our business planning process.

1.2 Robust and innovative management and strong partnership means we have transformed the way the Council works and made savings of £129m between 2010 and 2019. We have done everything possible to make the most of the money available. We have a joint back office function with Surrey County Council and Brighton & Hove City Council; we have implemented excellent arrangements in Children's Services which have helped us to avoid the level of rise in the number of children being taken into care that has been seen elsewhere in the country; and we have put in place some excellent services to support health and social care integration.

1.3 Making savings on this scale has not, however, been easy or without impact on front line services and residents. The Council has had to reprioritise its investment and reduce the extent and breadth of its service offer. This has meant significant impacts in community based Adult Social Care (ASC) services, in assessment and care management staffing levels, in the universal youth service offer, in the libraries and cultural offer and the amount spent on the highways network and the public realm. The scale of the savings the Council has needed to make to date and the continued pressure on budgets in the future mean that, despite continuing commitment to maximise efficiency and generate income, it will have to concentrate services on those in most urgent need. Currently we spend 66% of our net revenue budget on Children's Services and Adult Social Care and only 16% on the universal services provided by Communities, Economy and Transport.

1.4 While the proposed budget is balanced for 2019/20, this does include making proposed savings of £5.1m. There is an estimated deficit of a further £21.2m for the following two years, with only savings of £7.2m so far identified to meet the gap. The need for further lobbying for sufficient funding remains urgent and significant, particularly for 2020/21.

1.5 Local Government has to date borne the brunt of austerity and the savings it has been required to make are higher than in most areas of government expenditure. All councils, particularly those with high levels of social care demand, are facing real challenges. Our demography means, however, that we have already had to make choices that others are only just beginning to face in order to meet the needs of our vulnerable elderly people, whilst continuing to provide a basic level of service to the rest of our population.

1.6 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.

1.7 Spending and savings decisions 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 and, in line with national trends, the number of vulnerable young people needing support is rising.

1.8 The Council has been able to meet the challenge of delivering savings so far 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.

1.9 Our Reconciling Policy, Performance and Resources (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 4) supported by the Medium Term Financial Plan (MTFP) (Appendix 1) and Capital Programme (Appendix 7) set out in this report.

1.10 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.

1.11 This report sets out:

- changes to the national context since the report to Cabinet on 13 November 2018;
- an update on progress on the 2018/19 Council Plan and budget;
- the draft Council Plan 2019/20 and updated MTFP;
- proposals for the 2019/20 revenue budget, taking account of changes in the financial picture since November and based on an increase in Council Tax of 2.99%;
- the savings requirement across the Council including changes since November and final savings proposals;
- the Capital Programme update and the rationale on which it has been developed; and
- feedback from engagement exercises and equalities impacts.

#### National Context and Lobbying

1.12 We have significantly increased our lobbying work in the last year both directly to the Government and with our local, neighbouring and national partners to lobby Government. This work has included using the Core Offer approach which was the subject of a separate report considered by the Cabinet on 22 January 2019.

1.13 The part of the Provisional Local Government Finance Settlement contained very welcome additional one off funding for social care of £4.4m and for adult social care winter pressures of £2.6m (although this will be aligned within the Better Care Fund and so is not included within the MTFP). It also included East Sussex being a business rate pilot during 2019/20. This will potentially bring £4.3m additional funding to the county area including for ESCC an estimated additional £1.6m. This is in addition to the existing business rate pool which brings £3.2m into the county, split between the County Council, Borough and District Councils and East Sussex Fire and Rescue Authority.

1.14 The Government has announced additional special educational needs and disability (SEND) funding over the next two years. The Council will receive £1.1m in each of 2018/19 and 2019/20 as additional funds to the High Needs block of the Dedicated Schools Grant. This recognises the additional pressure this block is under nationally with increased numbers of Education, Health and Care Plans (EHCPs) and non-maintained school placements.

1.15 These new funding streams are very welcome and show that the lobbying the County Council and others have been carrying out is starting to be effective. They are however one-off. They will be used as part of the measures to close the funding gap for 2019/20 and across the three year planning period. They do not affect our three year savings estimate captured in the MTFP. The proposed budget is balanced for 2019/20 but includes proposed savings of £5.1m (see appendix 3). There remains an estimated deficit of a further £21.2m for the following two years, with savings of £7.2m identified so far and significant doubt about our ability to identify significant further savings. This means the need for further lobbying remains significant.

1.16 We will continue to develop the current approach make very best use of the resources we have and to develop our MTFP but lobbying the Government for a permanent and sustainable funding solution for local government which takes account of demography and the real needs of local people and which does not place the whole funding burden on local tax payers and businesses will remain a key activity. This will focus on the Comprehensive Spending Review expected this year.

1.17 Consultation papers on Business Rates Retention and the Fair Funding Review were also published with the settlement, with a closing date of 21 February. The County Council's response will be considered by the Lead Member for Strategic Management on 20 February.

1.18 The unfunded growth in the needs of our 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 continues to be delayed. A permanent solution is unlikely to be available before the temporary funding the Government has made available runs out.

#### Council Plan

1.19 The way in which the Council will use all its resources is captured in the draft Council Plan (Appendix 4). The Council Plan 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 must pass. The remaining three priority outcomes guide our activities, direct our resources and are reflected in our Council Plan activities and targets.

1.20 The Council Plan contains the targets and milestones used to judge our performance. The Cabinet and County Council actively consider performance during the year and may decide to adjust targets to reflect any changed circumstances. 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 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.

1.21 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 2019 and refreshed in July when final performance outturn figures for 2018/19 are available. Authorisation is sought for the Chief Executive to make final changes pre and post publication in consultation with Lead Members, as appropriate.

#### Progress with Council Plan & Budget 2018/19 since Quarter 2 (Q2)

1.22 Overall progress against Council Plan remains as reported to Cabinet on 11 December 2019. This section provides an update on some specific developments since then.

1.23 The Department for Digital, Culture, Media & Sport (DCMS) is providing funding to stimulate the development of Local Full Fibre Network (LFFN) Schemes. LFFN schemes will provide sustainable, high-speed, high-capacity network connectivity services. We submitted an expression of interest to DCMS at the end of September outlining a possible Full Fibre infrastructure project within East Sussex, and have been invited to develop a business case. The scheme will be included within the Council's Capital Programme, subject to the council's bid to DCMS being approved and receipt of the DCMS funding.

1.24 The Government has set a statutory target for all public sector organisations with 250 or more staff to employ at least 2.3% of their staff as new apprenticeship starts. Based on current headcount, this equates to 225 apprentices: 102 in the Council and 123 in Schools. All public sector bodies were required to publish details of their progress against this target by 30 September 2018. League tables were published on the 22 November 2018; we achieved 1.1% against the 2.3% target which puts us joint 4th highest amongst county councils.

1.25 The number of Looked After Children (LAC) has increased from the 620 reported at quarter 2 to 627 on 14 December 2018. This is above the target of 625 children for the "Rate of Looked After Children (per 10,000 children)" Council Plan measure. The increase is due, in part, to a higher number of Unaccompanied Asylum Seeking Children (UASC). There were a high number of UASC LAC admissions in November increasing the number to 27, compared to the 17 reported at quarter 2.

1.26 Q2 revenue forecasts have been updated. There is no change to the projected year-end overspend in service departments of £4.4m. Business Rates income is expected to increase by £0.3m as previously reported. The forecast underspend in Treasury Management has increased to £1.2m (£0.8m at Q2); the impact of the part-year interest saving resulting from the decision to make early repayment of the LOBO loans with RBS. Additionally MHCLG has now confirmed that the Business Rates Levy account surplus allocation of £1.1m will be received in 2018/19 rather than 2019/20 and therefore will add to the predicted underspend.

1.27 The underspend in Centrally Held Budgets will be used to offset the service overspend. The general contingency provision of £3.5m will support any remaining service overspend, with the net balance contributing to or drawing from reserves.

1.28 The capital programme has slipped by a further net £2.0m since quarter 2, comprised of £3.3m slippage offset by £1.3m spend in advance. This is reflected in Appendix 7 – Capital Programme update.

Revenue Budget 2019/20

**CABINET**

1.29 The RPPR Report to Cabinet on 13 November 2018 detailed the MTFP projections for 2019/20 -2021/22. Since then focus has been on three areas of search to close the projected gap: cost of operations, financing and a number of national funding decisions, including:

- further announcements in the final Local Government Settlement;
- the Fair Funding Review: due to be implemented in 2020/21;
- Business Rates Retention (BRR): the longer term model for BRR has yet to be announced and will be informed by the learning from the 75% BRR Pilot for 2019/20, in which East Sussex is a participant;
- Comprehensive Spending Review 2019 which will impact from 2020/21; and
- Older People Social Care Green Paper, which continues to be delayed.

1.30 Changes to the MTFP since the November Cabinet report are set out below

	Ref	19/20 Estimate £million	20/21 Estimate £million	21/22 Estimate £million	Total Estimate £million
<b>Cabinet 13th November 2018 DEFICIT/(SURPLUS)</b>		<b>16.725</b>	<b>19.610</b>	<b>9.366</b>	<b>45.701</b>
Savings	1	(5.131)	(5.208)	(1.972)	(12.311)
		<b>11.594</b>	<b>14.402</b>	<b>7.394</b>	<b>33.390</b>
<b>National Funding</b>					
Council Tax Base D&B update in Dec	2	0.456	0.014	0.014	0.484
Council Tax Collection Fund D&B update in Dec	3	0.176	(0.176)		
New Homes Bonus: update for 2018 Housing Data	4	0.111	(0.111)		
<b>New One off Funding</b>					
Business Rates Pilot	5	(1.600)	1.600		
Social Care Support Grant 19/20	6	(4.417)	4.417		
<b>Cost of Operations</b>					
ASC: Growth & Demography	7	(1.462)	(1.460)	(1.800)	(4.722)
ASC: Change in Care Contracts Inflation	8	(2.398)	(2.557)	(2.656)	(7.611)
CSD: Growth & Demography	9	(1.052)	1.052		
CSD: service pressures inc. Home to School	10	0.478	0.248		0.726
Transport					
CET: service pressures, Waste Housing Growth	10	(0.005)	0.006	0.011	0.012
BSD: service pressures, IT&D licences	10	(0.153)			(0.153)
Change in General Inflation	11	0.020	(0.759)	(0.614)	(1.353)
Levies and Grants	12	(0.019)	0.007		(0.012)
General Contingency change	13	0.030	(0.010)	0.010	0.030
<b>Financing</b>					
Treasury Management Strategy; MRP Review	14	(2.140)	0.587	0.321	(1.232)
Treasury Management Strategy; Target for reduced cost of carry	15	(0.500)	(0.500)	(0.500)	(1.500)
Revenue Contribution to Capital; remove for MTFP term	16	(4.000)			(4.000)
Contribution to balances and reserves	17	4.881	(4.881)		
<b>DEFICIT/(SURPLUS)</b>		<b>0.000</b>	<b>11.879</b>	<b>2.180</b>	<b>14.059</b>

1.31 The changes to the MTFP shown above are as follows:

**National Funding**

1. Savings – In reviewing and taking the opportunity to re-profile savings it is proposed to move £713k of savings from 2019/20 to 2020/21. Final proposals are set out in Appendix 3 and the changes outlined in paragraph 7 below.
2. Council Tax Base – An updated estimate was provided by the District and Borough Councils in December 2018. They have advised that this is likely to change before the end of January. The final position will be updated for County Council (any balance will be managed through reserves).
3. Council Tax Collection Fund – The final position will be provided by District and Borough Councils. This may be later than County Council (any balance will be managed through reserves).
4. New Homes Bonus (NHB) – it is proposed that NHB is used to contribute to revenue in 2019/20. The NHB figures have been updated to reflect data on actual housing growth from District and Borough Councils at November 2018.
5. Business Rates Pilot – East Sussex will be a business rate pilot. The MTFP has been updated with the estimated £1.6m gain from the pilot.
6. Social Care Support Grant 2019/20 – The Provisional Local Government Financial Settlement confirmed the funding announced at the Autumn Budget for social care. This one-off grant is aimed at ensuring that adult social care pressures do not create additional demand on the NHS and can also be used to improve the social care offer for older people, people with disabilities and children. This funding will be used to mitigate service pressures.

**Cost of Operations**

7. Adult Social Care: Growth and Demography – A Growth and Demography review has been undertaken and figures updated to reflect the impact of changing service models in recent years.
8. Adult Social Care: Change in Care Contracts Inflation – The introduction of the National Living Wage (NLW) in 2016 was recognised as a significant additional inflationary factor however the impact of the NLW has now been reflected within CPI indices for two years; therefore CPI will be used to reflect inflation from 2019/20 onwards for the majority of care contract budgets, but with a higher rate for certain areas (OP Nursing, Direct Payments and Home Care in 2019/20) in recognition of the need for market sustainability.
9. Children's Services: Growth & Demography – the opportunity has been taken to review and re-profile the pressures.
10. Departmental budget pressures – A strengthened pressures protocol has been used to review and identify pressures which need to be incorporated in order to set a sustainable budget. These include a Home to School Transport pressure and changes to Waste Housing Growth and IT&D licences.
11. Change in General Inflation – Business rates and the service inflation model has been updated using the inflation figures published by the Office of Budget Responsibility (OBR) in the Autumn.
12. Levies and Grants – Reflects latest estimates of the Flood & Coastal Protection Levy, Sussex Inshore Fisheries Levy and New Responsibilities Funding.

13. General Contingency –is calculated at an agreed formula of 1% of net budget, less treasury management.

#### Financing

14. Treasury Management Strategy; Minimum Revenue Provision (MRP) Review – As part of the Treasury Management Strategy it is proposed the Council move from the straight-line to the annuity method for calculating the minimum revenue provision. Moving to an annuity method will give revenue savings in the early years, although these are matched by higher costs in latter years. It is considered prudent to use the annuity asset life method; one of the methods included in MHCLG guidance.
15. Treasury Management Strategy; Target for reduced cost of carry – work will continue to make targeted reductions through, for example, a decrease in the cost of carry.
16. Revenue Contribution to Capital; remove for the term of the MTFP – It proposed that the funding of £4m annually for the Capital Programme is removed for the life of the MTFP on the basis of continued slippage, new grants received and capital receipts re-profiled to support short life assets.
17. Contribution to balances and reserves – It is proposed that the new one-off grant funding received will be used to support the sustainability of the MTFP in 2019/20 and a net contribution will be made to reserves and balances. This supports the management of the implementation of service changes, changes to Council Tax, updates on business rates, any unforeseen financial pressures and potential management of the peak in pressures arising in 2020/21.

1.32 Even with the above proposals, the estimated deficit is £14.059m by 2021/22. Work will continue to identify savings in the areas of search identified and opportunities taken to add to reserves where possible, with the aim of reducing the deficit and producing a robust budget in future years. The Reserves and Robustness Statement is set out in appendix 8.

#### Engagement Feedback and Future Consultation

1.33 The views of the Scrutiny Committees and the outcomes of engagements events with young people, partners and Trade Unions are set out in Appendix 9. Those of representatives of business ratepayers will be made available to members once the meeting has been held.

#### Final Savings Proposals

1.34 The latest saving proposal are set out in Appendix 3. It is proposed to move £713k of savings from 2019/20 to 2020/21. This includes: £586k Children’s Safeguarding; £85k Early Years Inclusion Services; £30k Ashdown Forest; £18k Trading Standards Services and £6k is brought forward from 2020/21 for Home to School Transport.

#### Council Tax requirement

1.35 The Provisional Local Government Finance Settlement confirmed that councils could apply a Council Tax increase of up to 3% in 2019/20 without triggering a referendum. The Council has already taken up the maximum allowed ASC precept of 6% across the three year period 2017/18 to 2019/20. It is therefore proposed that the County Council be asked to consider increasing Council Tax in 2019/20 by 2.99%. If agreed, the proposed band D charge for 2019/20 would therefore be:

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Changes in Council Tax	Council Tax Annual	Council Tax Weekly
Band D 2018/19	£1,393.11	£26.79
2.99% Council Tax increase*	£41.67	£0.80
Indicative Band D 2019/20*	£1,434.78	£27.59

\* Council Tax is rounded to allow all bands to be calculated in whole pounds and pence.

1.36 The formal precept notice for issue to the Borough and District Councils will follow for formal recommendation to County Council. This will be subject to change following the final settlement and final figures on Council Tax base and collection fund from Borough and District Councils at the end of January. The draft precept calculation and dates are at Appendix 5.

2020/21 & 2021/22 and beyond

1.37 The Council is in a balanced position in 2019/20, but has a forecast deficit of £14.059m by 2021/22. Work will continue to identify savings in a number of areas including the cost of operations and financing. The Council has a robust planning process and sufficient reserves, and will continue to work towards a balanced position in 2020/21.

### Capital Programme

1.38 Due to ongoing financial pressures, the Capital Programme 2018/23, agreed by the Council on 6 February 2018, focuses on a strategy to deliver core need only, as efficiently as possible. Other service developments and investment opportunities that require capital investment either need match funding or a business case that demonstrates benefits. Approved bids are added to the programme in line with the current variation policy.

1.39 The areas of essential core need included in the 2018-2023 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.

1.40 In addition to core need, there are a number of other schemes which are fully funded either through the Local Enterprise Partnership, or by 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.

1.41 The approved programme has now been updated to include the Quarter 2 position and other approved variations and updates. A supporting paper setting out the key updates is at Appendix 7.

1.42 In line with revisions to the Chartered Institute of Public Finance and Accounting Prudential Code for Capital Finance in Local Authorities (December 2017), the Capital Strategy has been updated and is attached at Appendix 7a. This is part of an ongoing review and will be refined over future years.

### Robustness and Reserves

1.43 The State of the County report gave an estimated total reserves balance of £60.9m. Since then there have been some updates and the estimated balance at 31 March 2023 is now £65.2m of which only £26.5m relates to strategic reserves. The current reserves position is shown below.



	At State of the County July 2018 (£m)	County Council February 2019 (£m)
	Estimated Balance at 31.03.22	Estimated Balance at 31.03.23
<b>Earmarked Reserves:</b>		
<b>Held on behalf of others or statutorily ringfenced</b>	<b>18.0</b>	<b>15.8</b>
<b>Named Service Reserves</b>		
Waste Reserve	12.8	8.6
Capital Programme Reserve	0.0	0.0
Insurance Reserve	5.4	4.3
<b>Subtotal named service reserves</b>	<b>18.2</b>	<b>12.9</b>
<b>Strategic Reserves <sup>1</sup></b>		
Risk	4.2	0.0
Financing	6.8	0.0
Financial Management	0.0	22.5
Priority Outcomes and Transformation	3.7	4.0
<b>Subtotal strategic reserves</b>	<b>14.7</b>	<b>26.5</b>
<b>Total Earmarked Reserves</b>	<b>50.9</b>	<b>55.2</b>
<b>General Fund Balance</b>	<b>10.0</b>	<b>10.0</b>
<b>TOTAL RESERVES</b>	<b>60.9</b>	<b>65.2</b>

<sup>1</sup> Following a review of Strategic Reserves, Risk and Financing have now been merged into Financial Management.

1.44 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 continues to be essential to, wherever possible, transfer resources to the Financial Management reserve. Details of the reserves held and the Chief Finance Officer Statement on Reserves and Budget Robustness is set out in Appendix 8.

#### Equalities

1.45 A high level Equalities Impact Assessment (EqIA) of the revenue savings proposals has been undertaken and is set out in Appendix 3. Further EqIAs will be undertaken where appropriate when individual proposals are being taken. 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 objectives 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 Rooms 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.

1.46 Whilst the County Council asked to agree the Revenue Budget and Capital Programme, the budget decision does not constitute final approval of what policies would be or what sums of money will be saved under the service proposals. The recommendations in the report do not commit the Council to implement any specific savings proposal. When the Executive come to

make specific decisions on budget reductions, where necessary, focussed consultations and the full equalities implications of doing one thing rather than another will be considered in appropriate detail. If it is considered necessary, in light of equalities or other considerations, it will be open to those taking the decisions to spend more on one activity and less on another within the overall resources available to the Council.

#### Staffing Impacts and Implications

1.47 The savings proposals for the next year could lead to the reduction in the region of 130 full time equivalent (fte) staff in 2019/20 and a total of 230 fte by the end of the three year planning period. This is in addition to the 182 redundancies made in 2018. The County Council has established robust employment protection policies and will continue to try and avoid making compulsory redundancies, wherever possible.

#### Fees & Charges

1.48 County Council has agreed to delegate authority to the Chief Finance Officer to set fees and charges for 2019/20 onwards and to report to Cabinet and County Council those set at a level above inflation as part of quarterly monitoring: a reasonable inflation level with regard to CPI and RPI being 2.5%. A schedule of the fees and charges that have been assessed as part of the budget setting process as being above inflation of 2.5%, are attached for information at Appendix 6.

#### Conclusion

1.49 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.

1.50 The Cabinet recommends the County Council to:

☆ (1) approve, in principle, the draft Council Plan at Appendix 4 and authorise the Chief Executive to finalise the Plan in consultation with the relevant Lead Members;

(2) approve the net Revenue Budget estimates totalling £375m for 2019/20 as set out in Appendices 1 (Medium Term Financial Plan) 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 budget decisions;

(3) in accordance with the Local Government Finance Act 1992 to agree that:

- (i) the net budget requirement is £375m and the amount calculated by East Sussex County Council as its council tax requirement (see Appendix 5) for the year 2019/20 is £287.7m;
- (ii) the amount calculated by East Sussex County Council as the basic amount of its council tax (i.e. for a band D property) for the year 2019/20 is £1,434.78 and represents a 2.99% increase on the previous year;

(4) advise the District and Borough Councils of the relevant amounts payable and council tax in other bands in line with the regulations and to issue precepts accordingly in accordance with an agreed schedule of instalments as set out at Appendix 5

(5) note the fees and charges set out in Appendix 6 that have been increased above inflation;

(6) approve the Capital Strategy and Programme for 2018 – 2023 as set out at Appendix 7;

(7) note the Medium Term Financial Plan forecast for the period 2019/20 to 2021/22 as set out in Appendix 1;

(8) note the comments of the Chief Finance Officer on budget risks and robustness as set out in Appendix 8; and

(9) note the comments from the engagement exercises as set out in Appendix 9.

## **2. Council Monitoring – Quarter 2 2018/19**

2.1 The Cabinet has considered a report on performance against the Council Plan, Revenue Budget, Capital Programme, Savings Plan and risks for quarter 2 2018/19. Broad progress against the Council's four strategic priority outcomes is summarised below and an overview of finance and performance data is provided in the Corporate Summary at Appendix 10. Strategic risks are reported at Appendix 16.

Council Plan 2018/19 amendments and variations

2.2 The Cabinet has agreed amendments to five performance measures to reflect the latest position. Three reflect more challenging Delayed Transfer of Care targets set by NHS England through the Better Care Fund for 2018:

- Number of hospital bed days lost due to delayed transfers from hospital care (daily average) (Appendix 11, see ref i).
- Number of hospital bed days lost due to delayed transfers from hospital care due to Council social services (daily average) (Appendix 11, see ref ii).
- Number of hospital bed days lost due to delayed transfers from hospital care due to local NHS (daily average) (Appendix 11, see ref iii).

One amendment was due to issues with data collection within the rape, sexual violence and abuse service; some outcomes were not being recorded, affecting the reliability of the data. The new target reflects the new practice agreed with the service provider to improve data quality:

- When they leave the service the % of those affected by rape, sexual violence and abuse who have improved coping strategies (Appendix 11, see ref iv).

The final amendment was due to delays in the scheduled completion of the Queensway Gateway Road, which is being managed by Seachange Sussex:

- Work with Seachange Sussex to deliver major transport infrastructure – Queensway Gateway Road (Appendix 14, see ref i).

2.3 At quarter 2, the projected year-end overspend within service departments is £4.4m, this compares to a £4.2m overspend reported at quarter 1. This will be offset by an underspend in Centrally Held Budgets and Corporate Funding (see paragraph 2.5). The main areas of overspend are:

- £3.3m (£2.6m in quarter 1) overspend in the Children's Services Department (CSD): Early Help and Social Care have incurred increased costs due to funding private sector accommodation for vulnerable families in East Sussex who have been classified as Intentionally Homeless by District & Borough Housing Departments, while the family's housing options are considered (£0.3m). There have also been additional (£0.1m) costs for care placements. There continues to be pressures in agency placements for young people with

extremely complex needs within Looked After Children (LAC). There is also continued pressure on placements for disabled children. Additionally there has been an increase in both numbers and costs (£0.3m) of statutory Home to School Transport for pre 16 pupils, mainly relating to the new academic year, and which therefore couldn't be forecast at quarter 1. The department is working hard to manage these pressures, for example looking for Early Help and Social Care creative packages of support for children to remain at home, and continuing to work with officers in the Communities, Economy and Transport (CET) department to understand the home to school transport increases and to identify any opportunities to reduce costs. Looking ahead to 2019/20, the impact of the current pressures will be assessed as part of the pressures funding protocol and, where appropriate, be included within the Medium Term Financial Plan and form part of ongoing Reconciling Policy, Performance and Resources (RPPR) reporting. The department is also seeking external bid funding as appropriate.

- The savings forecast (table at Appendix 10 Corporate Summary) show £0.033m as yet unmitigated savings in the CSD that will slip into 2019/20. This forms part of the overall departmental overspend.
- £1.5m (£1.3m in quarter 1) overspend in Adult Social Care and Health (ASC): There are a range of service areas that have increased levels of demand and/or increased costs, including: the Integrated Community Equipment Service, which has seen a significant increase in demand during 2018/19; Extra-Care, where a re-tendering exercise has been undertaken because a provider was unable to fulfil the original contract; and Technology Enabled Care Services, which has also seen an increase in demand. Additionally there has been an increase in the number and cost of independent sector care packages for working age adults. Work is ongoing to mitigate the financial pressures within ASC. These include: interventions to reduce equipment spend and increase collection rates in the Integrated Community Equipment Service (ICES); working closely with our telecare provider to identify efficiencies; reviewing the provision of extra care to reduce expensive residential placements and void costs; and the use of additional one off funding to support expenditure that we have committed to alleviating winter pressures on our NHS partners.
- There are small amounts of underspend, amounting to £0.3m (previously a £0.2m overspend), being reported across CET, Business Services Department and Governance.

2.4 On 2 October 2018 the Secretary of State for Health and Social Care announced an extra £240m of funding would be made available to councils to provide adult social care during winter 2018/19. East Sussex County Council's allocation is £2.6m. The funding has been received for a specific purpose and is required to be used for reducing ASC Delayed Transfers of Care, helping to reduce extended lengths of stay, improving weekend discharge arrangements so that patients are assessed and discharged earlier and speeding up the process of assessing and agreeing what social care is needed for patients in hospitals. The Cabinet has agreed the outline proposals for allocating this funding as shown in Appendix 11, and has agreed that authority is delegated to the Director of Adult Social Care and Health to agree and implement more detailed spending plans in accordance with the funding conditions.

2.5 Within Centrally Held Budgets Business Rates income is expected to increase by £0.3m. The Treasury Management budget is also forecast to underspend by £0.8m, because of slippage in the capital programme, removing the need to borrow externally in 2018/19, and additional investment income from the increase in bank rate and the investment in the pooled property fund. The underspend will be used to offset the service overspend. The general contingency provision of £3.5m will support any remaining service overspend, with the remaining balance contributing to reserves.

2.6 The quarter 2 capital programme has a variation of £12.2m (£1.6m at quarter 1). This comprises £14.4m slippage, underspends of £0.4m on residual projects, offset by £2.6m spend in advance. This net reduction results in a reduced charge to the Treasury Management provision provided for borrowing and therefore represents opportunities foregone elsewhere.

The main movements are:

- Spend in advance of £1.8m for the School Basic Need programme on early procurement of land.
- Spend in advance of £0.8m on A22/A27 junction improvements, street lighting and bridge assessment strengthening.
- Slippage of £3.2m on Lansdowne Secure unit due to delays in procurement on the main contract.
- Slippage of £1.0m on capital building improvements, due to a re-phasing of building condition works and a review of capacity.
- Slippage of £1.4m on the Bexhill and Hastings Link Road due to a delay in settlement of part one compensation claims and other land claims.
- Slippage of £1.3m on Broadband. As a result of invoicing delays by the contractor, the money set aside for the payment of 2017/18 chargeable works was overestimated, reducing the amount that will be spent this year.
- Slippage of £1.2m on Newhaven Port Access Road due to a delay in receiving confirmation of funding from the Department for Transport.
- Slippage of £1.1m on Queensway depot due to ongoing negotiations on the purchase of a bungalow.
- Slippage of £0.9m on Hastings and Bexhill Movement and Access package, where progress has been delayed due to a shortage of staff resources which is now resolved.
- Slippage of £0.6m on the IT&D strategy arising from a saving to the cost of the mobile phone roll-out & Citrix renewal; however this is required in future years for further IT&D Strategy Implementation.
- Slippage of £0.6m on Economic Intervention Fund due to less grants than anticipated being awarded in quarter 2.
- Slippage of £0.5m on Terminus Road which has had to be redesigned due to groundwork issues which have impacted on progress to the design briefs.
- A number of residual projects have been removed from the programme resulting in an underspend of £0.4m. Should any final payments be incurred these will be managed through the Capital Risk Provision and additional budgets approved via the variation process for these specific schemes.

2.7 The Strategic Risk Register, Appendix 16, was reviewed and updated to reflect the Council's risk profile. The RAG for risk 5 (Reconciling Policy, Performance and Resources) has increased to 'Red'.

Progress against Council Priorities

Driving sustainable economic growth

2.8 The provisional 2018 Progress 8 result for state funded schools in East Sussex is -0.02, which is in line with the national average, meeting the target for the year. There have also been improvements in the key stage 2 results which have brought us broadly in line with national outturns (Appendix 13).

2.9 The target for the average Attainment 8 score for disadvantaged pupils has not been met. The East Sussex average score was 33.1 and the national score 36.6, a gap of 3.5 points (target no more than 3 points) (Appendix 13).

2.10 82 carriageway asset improvements schemes were completed in quarter 2, to maintain and improve the condition of the county's roads, this is an increase compared to quarter 1 and this is forecast to continue in quarter 3 (Appendix 14).

2.11 1,211 additional premises (total 7,906 under contract 2) had access to improved broadband speeds at the end of quarter 1 (reported a quarter in arrears), 88% of premises in the intervention area are able to receive superfast speeds (Appendix 14).

2.12 Business support programmes have helped local companies to create 62.75 jobs in quarter 2; Locate East Sussex also assisted nine businesses to move into, or relocate within, the county (Appendix 14).

2.13 The Council has spent £202.1m with local suppliers over the last 12 months, which equates to 57% of our total spend; 998 local suppliers were used (Appendix 12).

### Keeping vulnerable people safe

2.14 Trading Standards made 65 positive interventions in quarter 2 to protect vulnerable people, including visiting 52 victims of rogue trading or financial abuse, installing 12 call blockers to protect people from telephone scams, and one intervention from the rapid response team (Appendix 14).

2.15 104 organisations have joined the East Sussex Against Scams Partnership, and with the assistance of other 'SCAM champions', 2,487 residents have participated in Friends Against Scams awareness sessions (Appendix 11).

### Helping people help themselves

2.16 Trials of behaviour change initiatives, as part of the Council's £1m Road Safety scheme, began in quarter 2. The trials include changes to the Notice of Intended Prosecution and Operation Crackdown, with the aim of reducing speeding. Two infrastructure schemes to improve road safety were completed in quarter 2 (Appendix 14).

2.17 There have been improvements in the key metrics outlined in the Improved Better Care Fund in quarter 2. There has been a reduction in Delayed Transfers of Care and admissions to residential nursing homes, and an increase in the number of older people still at home 91 days after discharge from hospital into reablement/rehabilitation services (Appendix 11).

### Making best use of resources

2.18 The Annual Report, which highlights the Council's progress against our priorities in 2017/18, was published in September 2018. The draft Portfolio Plans for 2019/20 – 2021/22 will be reviewed by the new Scrutiny Committee RPPR Boards in December before publication in March (Appendix 15).

2.19 Extensive lobbying of Government has continued in quarter 2, for recognition of the distinctly challenging financial situation the Council faces and the need for transitional funding. Lobbying work, with the assistance of our MPs, has included, amongst other activities:

- meetings between the Leader and one of James Brokenshire's, Secretary of State for Housing, Communities and Local Government, Special Advisors in August, the Special Advisor subsequently visited the county to get a better understanding of the challenges facing the Council;
- a meeting between the Leader and Kelly Tollhurst, MP, Assistant Government Whip and Minister for Small Business, to brief her on the Council's financial situation; and
- as a result of continued work with local MPs, Matt Hancock, Secretary of State for Health and Social Care, will visit the county to find out more about the work we are doing to integrate health and social care, and how despite this we still face significant demographic pressures (Appendix 6).

2.20 The Government's Budget was announced on 29 October 2018 and the local government settlement announcement due on 6 December 2018 was postponed) will be for the fourth and final year of the four year financial settlement agreed in 2016/17. Implications of these will be considered as part of the RPPR process for 2019/20 onwards (Appendix 6????).

2.21 There was a 7.1% reduction in CO2 arising from Council operations in quarter 2, when compared to the same quarter in 2017/18 (Appendix 12).

### **3. Annual Progress report for Looked After Children**

3.1 The Cabinet has considered the annual progress report for Looked After Children's Services which is attached as Appendix 17

3.2 On 31 March 2018 there were 606 Looked After Children (LAC) in ESCC; this represents an increase of 45 children (8.1%) as compared to 2016/17 and a rate of 56.9 per 10,000 population. This is just below the Income Deprivation Affecting Children Index (IDACI) expected rate (a measure in terms of population profiles and deprivation levels) of 57.2 and below the 2016 England rate of 60.3.

3.3 There is a strong link between rates of LAC and the rate of children subject to Child Protection (CP) Plans, with arguably some risk held at that lower level. The rate of children subject to CP plans has shown a sharp increase from 44.9 per 10,000 in 2016-17 to 52.9 per 10,000 in 2017/18. This is higher than the IDACI expected rate of 42.9 and the 2016 England rate of 43.1.

3.4 The LAC data only ever gives a snapshot of the children moving in and out of the system at a fixed date each month/year and considerable activity sits beneath it. The data below and in the annual report is referred to as 'churn'. This cohort of children will come in and out of the system within the year, or some may come in and stay whilst others leave. It has been calculated that the churn figure for 2017/18 is 153 which, when added to the total number of LAC, equates to the service working with 759 children. This total figure is higher than last year (733 children), but the churn rate was lower than for the previous years (175 for 2016/17, 185 for 2015/16).

3.5 There was an increase in admissions to care from 198 during 2016/17 to 212 during 2017/18. This increase was across all age groups. The number of 0-5 year olds admitted to care during 2016/17 increased from 98 to 104 in 2017/18, with an increase in admissions for 6-12 year olds from 44 in 2016/17 to 50 for 2017/18, and for children aged 13+ an increase from 56 for 2016/17 to 58 in 2017/18.

3.6 At year end there was a decrease in the number of LAC discharged from care, from 183 in 2016/17 to 164. The number of 0-12 year olds discharged from care also fell to 89 during 17/18 from 106 in 16/17. This was made up of 60 0-5 year olds and 29 were 6-12 year olds. There was also a slight decrease in the 13+ age group from 77 discharged in 2016/17 to 75 in 2017/18.

3.7 The trend for the last three years is showing a picture of an overall increase in the number of LAC worked with year on year. During 2017/18 there was an increased number of admissions and fewer discharges across every age cohort. This means that with the higher number of children being admitted to care, a lower proportion of the overall cohort moved into alternative permanent options such as adoption, special guardianship or returned to their birth families. This produced a net increase of children in permanent or long term foster placements, and significantly fewer in the churn data. The increase was largely related to the changes in policy and practice both locally and nationally in relation to children who suffer neglect, and the application of the Southwark Judgement whereby teenagers can be offered or request section 20 accommodation and hence become LAC rather than being viewed as homeless.

3.8 The trend within the specialist disability children's and transition services has been a decrease in the number of LAC. At year end 2016/17 there were 43 LAC, which reduced to 34 at year end 2017/18. Throughout this period personal budgets were being offered to support families in a flexible way and 143 personal budgets were given to families assessed as requiring support, with the aim of preventing harm and family breakdown. Placement of disabled children made when they cannot remain within their families has largely mirrored proportionally that of non-

disabled children, with an emphasis on placing close to home and in foster care wherever possible, with fewer children being placed in residential homes and out of county placements. At year end there were 8 children placed full time within the in house disability residential provision. The number of children placed out of county has reduced year on year to 8 children. These represent a small number whose health needs cannot be met within a family setting, local school or a children's home. 6 of these children are funded jointly by health budgets in the context of significant health issues, for example uncontrolled epilepsy or occasionally due to extreme challenging behaviour. The transforming care agenda and other local solutions are anticipated to reduce this number still further as plans are formulated to meet the health needs of disabled children more locally.

3.9 In terms of UASC, at year end ESCC was caring for 20 children, 4 fewer than the previous year. These young people were mainly male and over 16, with an additional 10 having ongoing support needs as care leavers. These young people usually arrived in a clandestine way via Newhaven, or were found elsewhere in East Sussex. East Sussex also continued to accept UASC via the National Transfer Scheme. A small number of young people disappeared from care placements before age assessments could be completed to determine whether they were indeed children.

3.10 The Cabinet has welcomed the report and thanked all those involved in the provision of services for LAC.

#### **4. Treasury Management Policy and Strategy 2019/20**

4.1 The Cabinet has considered a report regarding the Treasury Management Policy and Strategy which sets out the Council's policies for managing investments and borrowing as under the Chartered Institute for Public Finance and Accountancy (CIPFA) Code of Practice for Treasury Management in the Public Services.

4.2 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.

4.3 The Treasury Management Policy and Strategy Statement (TMSS) for 2019/20 is attached as Appendix 18. 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.

4.4 The 2019/20 TMSS has been prepared within the context the financial challenge being faced by the County Council over the Medium Term Financial Plan, and the resulting Core Offer that the Council is exploring through the Reconciling Policy, Performance and Resources process for 2019/20. The 2019/20 TMSS seeks to complement the Council's Core Offer by:

- utilising long term cash balances as effectively as possible by investing in longer term instruments and/or using to fund borrowing to reduce borrowing costs;
- ensuring the investment portfolio is working hard to maximise income by exploring alternative appropriate investment opportunities during 2019/20;
- ensuring effective management of the borrowing portfolio by exploring rescheduling opportunities and identifying and exploiting the most cost effective ways of funding the Council's borrowing requirement.

4.5 The 2018/19 Annual Investment Strategy was revised considerably to include a broader group of investment instruments including pooled property funds, short dated bond funds, and pooled mixed asset funds. The inclusion of these instruments provides options for the Council to invest its longer term cash, which assists in both diversifying the investment portfolio whilst providing an improvement to the overall yield. The council's first step in using these wider instruments was with a £5m investment in the CCLA Pooled Property fund in July 2018 following



a fund selection process. In its first 3 months, this investment achieved an annualised yield of 3% over and above what the council could achieve for one year deposits with banks at the time. It was always intended that a total of £10m would be invested in the CCLA Property Fund. A further investment of £5m will be reviewed in April/May 2019, once the impact of the UK withdrawal from the EU on the UK property market can be assessed.

4.6 The 2019/20 Investment Strategy continues with officers seeking new opportunities to invest long-term cash in suitable longer term instruments in order to assist in delivering treasury savings by increasing investment income. An investment options appraisal will be undertaken during 2019/20 to identify which assets are most appropriate for the Council's need. The 2019/20 strategy continues to prioritise security of the Council's cash and as such, caution will be taken to ensure that any risks associated with prevailing market and economic climates, including any perceived impact of a disorderly withdrawal from the European Union, are considered, understood and mitigated as part of the options appraisal process.

4.7 The Borrowing Strategy and the Capital Programme identifies a borrowing need of £74m over the next 4 years. No external borrowing is planned in 2019/20. The council currently has large cash balances, therefore officers will seek to use cash from the Council's own reserves to initially fund borrowing where it may be required. This will decrease the council's cash balances, reducing counterparty risk, and reducing borrowing costs. This strategy will be kept under constant review by officers, and borrowing will be undertaken where it is felt there is a significant risk of steep increases in borrowing rates.

4.8 The Medium Term Financial Plan includes a total of £1.5m savings in the Treasury Management budget over the next three years, with the first £0.5m to be delivered in 2019/20.

#### Treasury Management Reporting

4.9 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.

4.10 The Council meets this requirement with the Treasury Management Annual Report 2017/18 and mid-year report 2018/19 presented to Cabinet on 11 December 2018. Additionally, a treasury management monitoring position is reported to Cabinet four times a year.

#### Economic Background

4.11 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 18 (Annex B).

#### Minimum Revenue Provision (MRP)

4.12 A paper was considered at the Audit Committee on 20 September 2018 recommending a revision to the MRP methodology, which was supported by the Committee. The current methodology is based on using an equal instalment method. The alternative proposed was an annuity method. Under this revised methodology, MRP will be lower in the early years and increases over time. This is considered a prudent approach as it reflects the time value of money (i.e. the impact of inflation) as well as providing a charge which is better matched to how the benefits of the asset financed by borrowing are consumed over its useful life. That is, a method that reflects the fact that asset deterioration is slower in the early years of an asset and accelerates towards the latter years. The revised MRP Policy Statement (Appendix 18, Section 3) therefore reflects this change in policy which, if approved, will be introduced during 2018/19.

4.13 Officers are in conversation with the Council's auditors, Grant Thornton, regarding this change in policy and the impact on the council's accounts.

#### Revision of CIPFA Codes and MHCLG Guidance

4.14 The framework in which treasury management operates was revised by the Ministry for Housing, Communities and Local Government (MHCLG) and CIPFA during 2017/18, with full implementation expected by 2019/20. The changes were largely in response to a growing number of authorities increasing their use of non-financial investments (such as commercial property portfolios) to generate income in response to reducing resources to deliver their core services. The revised codes and guidance sought to increase transparency and to provide a single place to assess the proportionality of this activity in comparison to an authority's core services. This report is fully compliant with the revised requirements, and a new, separate, report (The Capital Strategy) is part of Reconciling Policy, Performance and Resources report (see paragraph 1). The purpose of the Capital Strategy is to drive the authority's capital investment ambition, whilst also ensuring appropriate capital expenditure, capital financing and treasury management in the context of the sustainable, long term delivery of services.

4.15 This policy sets out the acceptable limits on ratings, investment periods, amounts to be invested and the borrowing strategy. 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.

4.16 The Cabinet recommends the County Council to:

- ☆ 1) approve the Treasury Management Policy and Strategy Statement for 2019/20;
- 2) approve the Annual Investment Strategy for 2019/20;
- 3) approve the Prudential and Treasury Indicators 2019/20 to 2021/22;
- 4) approve the revised Minimum Revenue Provision (MRP) Policy Statement 2019/20 at Appendix A (Section 3).

## **5. Conservators of Ashdown Forest Budget for 2019/20**

5.1 The Cabinet has considered a report regarding the Conservators of Ashdown Forest draft budget for 2019/20. 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.

5.2 The Conservators have produced a draft budget for 2019/20, summarised in Appendix 19. This will be approved by the Board of Conservators at a future meeting, the date of which is to be confirmed. Further budget detail, including a breakdown of Countryside Stewardship funded projects, is shown at Appendix 21.

5.3 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 2019/20 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 2019/20 this is £115,000 and is shown under income as 'Countryside Stewardship Staff Recharge'. The CS budget has been separated from the General Fund and is shown as Appendix 21.

5.4 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 £158,799 at 1 April 2019; shown in Appendix 20.

5.5 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 to £30,000 for 2019/20. The ESCC contribution will be completely removed from 2020/21. This is due to ESCC's move to deliver services within the Core Offer. 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 and legal obligations.

5.6 The 2018/19 forecast figures for Operational Expenses and Expenditure from Ringfenced Funding is significantly higher than budget and includes the cost of the current education programme and funding of memorials within the forest. The income for these projects is included in the Restricted Funds and Sundry Receipts income budget lines.

5.7 The £30,000 reduction in ESCC contributions will be mitigated in 2019/20 by an increase in income. The third year of the Deer Programme will result in an increase in the sales of deer carcasses. Core staff will take on more CS work which will increase the recharge of staff time from CS budgets, and funding from donations and energy feed in tariffs which will no longer be ring fenced for ride maintenance and Forest Centre development. Additional funding for these projects will be sought if required. Expenditure on buildings, vehicles, machinery, training, IT, carpark maintenance and signage will be reduced. Necessary maintenance will now be undertaken by Conservator staff.

5.8 The Conservators have presented a balanced budget for 2019/20. The budget includes an additional £25,000 of income which is planned to be generated from a new car parking donation and membership scheme and an increase in charitable donations. The car parking scheme is being developed and there is a risk of under-achieving that income should the implementation be delayed. Any resulting deficit would be funded from a draw from reserves at the end of the year (see paragraph 5.9)

5.9 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 2019/20. The resulting budgeted reserve balance for the year ending 2019/20 is £312,242, which exceeds the minimum balance of £196,000. The 2018/19 budget includes an approved draw from reserves of £29,137 of which it seems likely that only £5,000 will be required. This will leave sufficient approved reserve draw to fund any under-achieved income in 2019/20.

5.10 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 identified a number of income streams in addition to the car parking scheme (see paragraph 5.8) including the sale of deer carcasses and increasing sales from the centre shop. Detailed plans are being worked up.

5.11 It is proposed to reduce the Council's grant from £61,398 in 2018/19 to £30,000 in 2019/20. This matches the provision in the CET budgets.

5.12 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 2019/20.

5.13 The combination of awarding the contribution and grant at the recommended level would give the Conservators a balanced budget for 2019/20.

5.14 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. The Cabinet has therefore recommended an annual grant of £65,100 from the

Trust Fund and a contribution of 30,000 from the CET budget. These recommendations are reflected in the reconciling policy, performance and resources report in paragraph 1 of this report.

## **6. Scrutiny Review of Schools Coping with Change**

6.1 The Cabinet has considered a report of the People Scrutiny Committee on its review of Schools Coping with Change. The report is included elsewhere on the agenda (see item 7). The Scrutiny Committee established a Scrutiny Review Board which focussed on organisational matters and partnerships (rather than matters relating to educational attainment). In particular, the issues listed below were the main areas considered by the Board:

- Issues relating to the future role of the Local Authority and other strategic matters. This includes the changing role of the Local Authority and its relationship with other key stake holders; the future shape and role of the Standards and Learning Effectiveness Service and the fragmented nature of the governance/management systems that may evolve in the future.
- School partnerships. This includes consideration of the strengths and weaknesses of the different types of partnerships schools are creating; what the barriers are to their effective operation and whether schools are fully exploiting the benefits of the partnerships already in place.
- The sustainability of small schools. This includes consideration of the particular challenges facing small schools and exploring the potential to develop innovative responses to the evolving situation.

6.2 The Scrutiny Review is welcomed as it provides an insight into some of the challenges for schools and potential for further change in relation to their organisation, funding and governance. Our existing strategy *Excellence for All* and our 2018/19 priorities deal with the issues of securing high quality leadership and governance across all our schools, colleges and settings and building a coherent and sustainable self-improving school system. In 2019 the Children's Services Department will be preparing a refreshed *Excellence for All* strategy for publication in September 2019 which will take account the core offer proposals.

6.3 In welcoming the findings of the Scrutiny Committee, the Cabinet has considered a report by the Director of Children's Services (as set out in Appendix 22 to this report) on the specific recommendations and endorsed it as its response to the recommendations

6.4 The Cabinet, in welcoming the report, recommends the County Council to –

- ☆ approve the response of the Director of Children's Services on the implementation of the recommendations in the Scrutiny Committee's report.

22 January 2019

KEITH GLAZIER  
(Chair)

## REPORT OF THE PEOPLE SCRUTINY COMMITTEE

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The People Scrutiny Committee met on 27 November 2018.

Present: Councillors Angharad Davies (Chair), Michael Ensor, Roy Galley, Tom Liddiard, Laurie Loe, Jim Sheppard, John Ungar (Vice Chair), Trevor Webb, Francis Whetstone and Mr Matthew Jones, Parent Governor Representative, Mrs Ruth Cumming, Assistant Director (Teaching and Learning), Diocese of Chichester.

Also present: Councillor Bob Standley (Lead Member for Education and Inclusion, Special Educational Needs and Disability and Councillor Sylvia Tidy (Lead Member for Children and Families)

### 1. Scrutiny Review of Schools Coping with Change – the Way Forward

1.1 The People Scrutiny Committee has completed its Scrutiny Review of Schools Coping with Change – The Way Forward. A copy of the Committee's full report is attached at Appendix 1.

1.2. The review was established in response to the scale and pace of change occurring within the education system. These changes have helped create new opportunities and new ways of thinking. However, they have also helped create a complex and fragmented educational landscape, with diffuse lines of accountability. Some stakeholders point to what they regard as a lack of a 'direction of travel' within the system. Furthermore, the full impact of some of these changes has not yet been felt.

1.3 As the factors driving change and the challenges and opportunities they present are diverse, the Board made an early decision to focus on organisational matters and partnerships (rather than matters relating to educational attainment). It was with this focus in mind that the Board developed its recommendations, which are aimed at helping schools and academies successfully adapt to change.

1.4 The People Scrutiny Committee **recommends** to the County Council –

1.4.1 The Chair of the People Scrutiny Committee to write on behalf of the committee to the Secretary of State for Education seeking further detail regarding his vision for schools and academies. In particular, the letter should seek clarity regarding the Department's stance on the academy programme and the promotion of formal partnership arrangements.

1.4.2 Work to be undertaken by the Local Authority to promote the leadership role of Governing Bodies and Head teachers. Such activity should seek to empower schools to consider actively their current organisational arrangements and the potential benefits of partnership arrangements. If already in some form of partnership, then relevant schools should review whether the benefits of their current arrangements are being fully exploited and actively consider how they strengthen these arrangements over the coming years.

1.4.3 The Local Authority to undertake a thorough review of how the ongoing budget for SLES is best utilised. This will help ensure the purpose of the service and its staffing arrangements are appropriately aligned to meet the needs of the evolving educational landscape in East Sussex.

1.4.4 The Local Authority to consider:

- a) promoting to Head teachers and Governing Boards the benefits of a formal partnership arrangement, as well as developing its critical friend role with regard to partnership proposals.
- b) clarifying to individual schools at risk what it sees as the potential dangers to them of not actively pursuing a formal partnership arrangement.

1.4.5 The Local Authority to consider developing the next iteration of its 'Excellence for All

Strategy' document and other related documents so that it:

- promotes the development of formal partnership arrangements;
- emphasises the leadership role of schools; and
- offers bespoke advice that is tailored to meet the needs of rural primary and small schools.

1.4.6 So as to present a consistent and clear message to schools, and to draw on the combined strengths and experiences of each party, the Local Authority should seek to strengthen its relationships with the main strategic educational bodies in East Sussex. For example, this might include exploring the development of a common approach to formal partnerships.

1.4.7 That the Local Authority develop further it's 'brokerage' role and develop innovative ways of facilitating school partnership that might not otherwise come into being.

1.4.8 The experiences of successful formal partnership arrangements are recorded and shared by the Local Authority. The aim being to:

- help other existing partnerships more fully realise the benefits of their arrangements; and
- develop advice for 'single' schools who are considering entering into a formal partnership arrangement.

1.4.9 To help encourage the development of formal partnerships, the Local Authority should consider promoting to schools the creation of a federation as an initial step. This approach would:

- help address some of the perceptions which are discouraging change; and
- better enable schools to consider, in the context of their local circumstances, whether or not they then wish to convert to academy status.

1.4.10 The Local Authority to develop further guidance which has a focus on the specific role and responsibilities of the formal partnership arrangement governor and their training and development needs.

1.4.11 The Local Authority to further develop its toolkits and guidance for schools who are considering creating a federation or converting to academy status, or who are already in a formal partnership. Such guidance should include specific advice on the role of the Executive Head and Heads of School and their training and development. Consideration should also be given to developing such guidance in partnership with other regional strategic bodies.

1.4.12 Alongside the guidance set out in the Education Commissioning Plan for small and rural schools, that the Local Authority to take steps to explore innovative solutions to the specific problems small, (and in particular), small rural schools are facing. Such solutions could include, for example, technological responses and adapting training provided to primary school teachers. It could also include exploring the solutions which other authorities in similar situations have developed.

[See also Report of the Cabinet – 22 January 2019]

27 November 2018

ANGHARAD DAVIES  
Chair

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### EAST SUSSEX FIRE AUTHORITY

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**Report of a meeting of the East Sussex Fire Authority held at County Hall, St. Anne's Crescent, Lewes BN7 1UE at 10:30 hours on Thursday, 6 December 2018.**

Present: Councillors Barnes (Chairman), Deane, Dowling, Elford, Galley, Lambert, Morris, O'Quinn, Osborne, Peltzer Dunn, Smith, Taylor, Theobald and Tutt.

N.B. Apologies were received from Councillors Penn, Scott and Sheppard.

The agenda and non-confidential reports can be read on the East Sussex Fire & Rescue Service's website at <http://www.esfrs.org/about-us/east-sussex-fire-authority/fire-authority-meetings/> A brief synopsis and the decisions relating to key items is set out below.

#### **1 TRIBUTE & MINUTES SILENCE**

1.1 The Chairman invited Members and Officers to join him in a moment of reflection following the sad death of Councillor Stuart Earl on 18 October 2018 after a short illness. Councillor Earl had been appointed as a Member of the Fire Authority in June 2013 following his election to East Sussex County Council as the Independent Member for Bexhill West.

1.2 Councillor Earl was a popular, well respected and hardworking Member of the Fire Authority and the Pension Board and worked closely with Officers and Members alike, particularly in his role as Member Lead for Health and Safety. The Fire Authority would miss him both personally and for his dedication to the work of the Authority.

1.3 Those present stood for a minutes silence to allow everyone the opportunity to remember Councillor Earl in their own way.

#### **2 PROVISION OF MONITORING OFFICER, DEPUTY MONITORING OFFICER & LEGAL SERVICES**

*The Monitoring Officer left the room for the duration of this item.*

2.1 The Fire Authority received a report setting out and seeking approval for the arrangements for the provision of Legal Services and Monitoring Officer support from 1 April 2019.

2.2 The Authority were informed that the Legal Services agreement between East Sussex Fire Authority and Brighton & Hove City Council (BHCC) was due to expire on 31 March 2019. The Authority was responsible for the appointment of the Monitoring and Deputy Monitoring Officer and the report outlined the current position recommending a course of action which would suit business need and secured best value.

- 2.3 In response to a query regarding regular overspends, Members were informed that there had been more legal issues to deal with over the past 4 years than could have been anticipated and this was likely to be ongoing. Day-to-day provision of legal support amounted to almost half the budget allocation, this cost, and other regular service provision had been consistent and as expected. The overspends were linked to additional legal work including conveyancing for the sale of service houses, the St Michaels Hospice case and matters arising from the Sussex Control Centre and the contract with Remsdaq for the provision of a mobilising system.
- 2.4 The ADR/T explained that these extra cases had required the instruction of QCs, extensive legal advice throughout negotiations and commercial arrangements. It was therefore these external legal advice costs that added to actual spend. It was anticipated that the continued situation regarding SCC would mean additional legal work and the associated costs would be incurred.
- 2.5 The ADR/T added that the rates charged by BHCC had been benchmarked and compared favourably, demonstrating that the Authority was getting good value for money. Going externally had been evaluated, but the service provided by BHCC through Orbis had added value areas including:
- out of hours response, invaluable bearing in mind the 24/7 nature of ESFRS work;
  - specialist lawyers across all fields;
  - consistency with the public sector partnership and collaboration aims; and
  - a high level of understanding of the Fire sector and our specific working practices.
- 2.6 The ADR/T added that the Senior Leadership Team (SLT) had noted an improvement over the past 18 months in the performance monitoring and profile of the experts at BHCC.
- 2.7 The Authority resolved that the Monitoring Officer of Brighton & Hove City Council continue to be the appointed Monitoring Officer for the Authority. Also, that the provision of Legal Services, Monitoring Officer, appointment and deputising arrangements are to be provided by BHCC for a three-year period with an option to extend for two further years. The Members delegated authority to the Assistant Director Resources/Treasurer to agree the detail of the new agreement with BHCC.

### **3 COLLABORATION FRAMEWORK & PRIORITIES (2018-2021)**

- 3.1 The Fire Authority received a report presenting Members with the ESFRS Collaboration Framework & Priorities (2018-2021) document. It provided an oversight on current work being undertaken in relation to collaborations, capturing both the principles of collaboration and the areas of work were captured together.
- 3.2 Members felt the document highlighted the way in which ESFRS was driving collaboration as hard as it could and looking for new opportunities where possible. They were pleased with current collaboration progress and felt the move to shared Headquarters and the collaboration with Sussex Police was a good example of collaboration working well.

- 3.3 That the Authority resolved to approve the adoption of the ESFRS Collaboration Framework & Priorities (2018-2021) document and requested that the progress of the priority collaborations would be reported to the Scrutiny & Audit Panel on a quarterly basis.

**4 INDEPENDENT REVIEW OF THE FIRE AUTHORITY GOVERNANCE – OUTCOME REPORT**

- 4.1 The Fire Authority considered a report which provided Members with an update on the outcomes and recommendations following the independent review of the governance of the Authority, which had been undertaken by the Good Governance Institute (GGI). Members were reminded that in December 2017 East Sussex Fire Authority became the first in the country to commission an independent review into the political and organisational governance arrangements in place across the Authority and in relation to East Sussex Fire & Rescue Service.
- 4.2 The Authority recognised that good governance was essential to address the challenges that the public sector face and to ensure public engagement and transparency in service delivery. They were informed that following the early inspections, the HMICFRS had now included governance as part of its inspection regime.
- 4.3 The final report of the Good Governance Institute had been shared with a Member Reference Group (MRG) and that the report in front of the Authority had been created from these discussions and recommendations. Some Members expressed disappointment that GGI did not seem to have fully addressed the size of the Fire Authority, the work of the Panels and how the Panels worked together. Whilst overall Members were not of the opinion that there needed to be an immediate change to the size of the Authority it was acknowledged that there was some evidence that smaller boards could be more effective, but that the Authority must also be cognisant of the need to ensure that its size of membership allowed for appropriate political proportionality.
- 4.4 The GGI had used benchmarking figures created by BHCC officers to make their recommendation regarding the size of the Authority. Members were reassured that this showed that whilst the recommendation was to consider a reduction, the figures showed that ESFA was of average size. The Combination Order required proportionality to be calculated on the electoral figures of both ESCC and BHCC, if there had been a substantial change in either authority then a review would be required automatically. The Senior Democratic Services Officer was working with colleagues at the constituent Authorities to establish whether this may be required.
- 4.5 Members were reminded that all Panel papers were published on the Service website, but only posted to the members of the relevant Panel. A report would be presented to the December meeting of the Senior Leadership Team requesting approval for the purchase and implementation of committee management software. If agreed, this system would allow greater accessibility to papers for both Members and the public. Members expressed their support for such a system being introduced.

- 4.6 With some discussion, the Authority took a decision on each recommendation detailed in the Report. All twelve of the recommendations that had been made by the MRG were agreed by the Authority. Particular attention was paid to the recommendations referenced below.
- 4.7 Recommendation 5: Members were keen for the induction programme to be refreshed and felt it would be helpful for both new and existing Members to attend. There was also support for prospective Members to be given more information on the requirements of being a Member of the Fire Authority from their relevant Constituent Authority, either BHCC or ESCC as applicable.
- 4.8 Recommendation 10: Members welcomed the proposal of an improved "Expectation of Members" document, it was generally felt that there was a feeling that attendance at events outside of meetings were "extra-curricular" where actually they formed an integral part of the role of Member of the Fire Authority. Officers confirmed that all staff appreciated it when Members attended these events. It was agreed that measuring and sharing attendance at these events was important. Members were urged by the Chairman to form and build relationships with their local stations.

## **5 URGENT CONFIDENTIAL ITEM: FIRE BRIGADES UNION UPDATE**

- 5.1 The Authority conducted a discussion under confidential session regarding a press release issued by the Fire Brigades Union which had declared that a vote of no confidence had been taken by its membership in the Senior Leadership Team of East Sussex Fire & Rescue Service. Members discussed this in depth and were keen to express their full support in the SLT and were keen to issue a response as a united Authority. It was agreed therefore that the resolution of this confidential discussion would be made public.
- 5.2 The Fire Authority agreed to record its full confidence in the Senior Leadership Team of East Sussex Fire & Rescue Service. Members recorded their disappointment that the Fire Brigades Union had chosen not to submit its notice of a no-confidence vote through the agreed channels.
- 5.3 The Authority resolved that it be further recorded that the matter raised by the Fire Brigades Union as its basis of a no-confidence vote, namely the potential introduction of appliances of differing size, is one which was set in process in 2014 and was being investigated in accordance with declared policy of the Fire Authority. It would be carried out, as always, in accordance with the relevant policies and procedures and would be subject to full consultation before a decision on any changes is reached and implemented.

**COUNCILLOR JOHN BARNES**  
**CHAIRMAN OF EAST SUSSEX FIRE AUTHORITY**

6 December 2018