



CABINET

TUESDAY, 17 JULY 2018

10.00 AM COUNCIL CHAMBER - COUNTY HALL, LEWES

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

A G E N D A

- 1 Minutes of the meeting held on 26 June 2018 (*Pages 3 - 14*)
- 2 Apologies for absence
- 3 Disclosures of interests
Disclosures by all members present of personal interests in matters on the agenda, the nature of any interest and whether the member regards the interest as prejudicial under the terms of the Code of Conduct.
- 4 Urgent items
Notification of items which the Chair considers to be urgent and proposes to take at the appropriate part of the agenda. Any members who wish to raise urgent items are asked, wherever possible, to notify the Chair before the start of the meeting. In so doing, they must state the special circumstances which they consider justify the matter being considered urgent.
- 5 Reconciling Policy, Performance and Resources - State of the County (*Pages 15 - 86*)
Report by Chief Executive
- 6 Internal Audit Annual Report and Opinion 2017/18 (*Pages 87 - 100*)
Report by Chief Operating Officer
- 7 Any other items considered urgent by the Chair
- 8 To agree which items are to be reported to the County Council

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

9 July 2018

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CABINET

MINUTES of a meeting of the Cabinet held on 26 June 2018 at Council Chamber - County Hall, Lewes

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

Members spoke on the items indicated

Councillor Barnes	- item 7 (minute 6)
Councillor Bennett	- item 6 (minute 5)
Councillor Charman	- item 9 (minute 8)
Councillor Godfrey Daniel	- items 6 and 18 (minute 5 and 17)
Councillor Davies	- items 8, 9, 10, 11, and 12 (minutes 7 to 11)
Councillor Elkin	- items 5, 7 and 8 (minutes 4, 6 and 7)
Councillor Field	- items 6, 7, 11 and 18 (minutes 5, 6, 10 and 17)
Councillor Lambert	- items 7 and 8 (minutes 6 and 7)
Councillor Maynard	- items 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17 and 19 (minutes 6 to 16 and 18)
Councillor Stephen Shing	- items 6, 7, 8, 10 and 12 (minutes 5, 6, 7, 9 and 11)
Councillor Shuttleworth	- item 7 (minute 6)
Councillor Simmons	- item 19 (minute 18)
Councillor Standley	- item 6 (minute 5)
Councillor Stogdon	- items 6, 7 and 13 (minutes 5, 6 and 12)
Councillor Swansborough	- item 7 (minute 6)
Councillor Tidy	- item 10 (minute 9)
Councillor Tutt	- items 5, 6, 7 and 10 (minutes 4, 5, 6 and 9)
Councillor Ungar	- items 5, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, and 17 (minutes 4 and 6 to 16)
Councillor Webb	- items 5, 7, 8, 9, 10, 12, 13, 15, 16, and 17 (minutes 4, 6 to 9, 11, 12, 14 to 16)
Councillor Whetstone	- item 6 (minute 5)

1 MINUTES OF THE MEETING HELD ON 24 APRIL 2018

1.1 The minutes of the Cabinet meeting held on 24 April 2018 were agreed as a correct record.

2 DISCLOSURES OF INTERESTS

2.1 Councillor Bentley declared a personal non prejudicial interest in items 7 to 17 (and in particular items 7 and 15) as carer.

2.2 Councillor Field declared a personal non prejudicial interest in item 18 as a Member of Rother District Council and a Member of the Rother District Council Task and Finish Group regarding the proposed civil parking enforcement in the District.

2.3 Councillor Maynard declared a personal non prejudicial interest in item 18 as the Leader of Rother District Council.

2.4 Councillor Standley declared a personal non prejudicial interest in item 6 as a Member of Wadhurst Parish Council and Wealden District Council.

2.5 Councillor Webb declared a personal non prejudicial interest in items 9 and 12 as friends were on the Management Committee of Marlborough House and that he had organised a fund raising event for the Stroke Association.

3 REPORTS

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

4 COUNCIL MONITORING: QUARTER 4 2017/18

4.1 The Cabinet considered a report by the Chief Executive.

4.2 It was RESOLVED – to note the end of year outturns for the Council Plan, revenue budget and capital programme for 2017/18.

Reason

4.3 The report set out the Council's position and year end provisional outturns for the Council Plan targets, Revenue budget, Capital Programme, Savings Plan together with risks for 2017/18

5 HOUSEHOLD WASTE RECYCLING SITE SERVICE REVIEW

5.1 The Cabinet considered a report by the Director of Communities, Economy and Transport together with comments from the Place Scrutiny Committee Waste Review Board. The following people addressed the Cabinet on behalf of petitioners: Councillor Rowena Moore (Forest Row Household Waste Recycling site) and Councillors Anthony Dunnett and Graham Wells (Wadhurst Household Waste Recycling Site)

5.2 It was RESOLVED to –

1) i) introduce disposal charges for rubble, soil, plasterboard, asbestos and tyres and delegate authority to the Director of Communities, Economy and Transport, in consultation with the Chief Finance Officer, to set appropriate charges to cover the disposal costs incurred by East Sussex County Council for non household waste;

ii) close the two part time Household Waste and Recycling Sites at Forest Row and Wadhurst with effect from 30 September 2018;

iii) reduce opening times at Lewes and Mountfield to 9am - 4pm daily; and

2) ask the East Sussex County Council Waste Team to continue to engage with Charitable Organisations currently using ESCC facilities for the disposal of their waste to understand the sources of this waste better and the impact the introduction of any restrictions may have on their organisations, and to report to the Lead Member for Transport and Environment on the findings and options for a Charity Waste Policy in the Autumn of 2018.

Reason

5.3 It is estimated that the savings target will be met if all the proposals are implemented. It is also known that there will be additional revenue budget pressures as funding levels

decrease in future years. Therefore, the Cabinet has agreed that the following changes are made to the Household Waste Recycling Site (HWRS) service –

- Charges are introduced for rubble and soil, plasterboard, asbestos and tyres at all HWRSs
- Closure of the two part time HWRSs at Forest Row and Wadhurst
- Reduction in opening times at Lewes and Mountfield HWRSs to 9-4pm

5.4 We have considered all of the feedback and concerns received during the consultation process and do not feel that the proposals should be withdrawn as a result of the information that our stakeholders have provided. We have learnt of the strong desire for the community to investigate whether they can run a site and we will support by giving advice and guidance. We will also explore whether a full day closure at certain HWRSs might offer further efficiencies beyond a shorter working day. The changes to the HWRS service will enable East Sussex County Council to deliver required savings against its reduced waste budget.

5.5 The implementation of the proposals resulting from the Household Waste Recycling Site Review will enable the waste service to continue to provide high quality sites and a wide range of materials for recycling and disposal. The changes will also mean that East Sussex County Council continues to comply with its statutory obligations to provide sites that are reasonably accessible to residents of East Sussex and available for the free disposal of household waste.

5.6 East Sussex County Council only has a duty to accept residents' household waste free of charge at a HWRS. This duty does not extend to rubble and soil, asbestos, tyres and plasterboard. Charging for a limited number of non-household waste types has been implemented by over a third of Councils and aligns the authority with a number of close neighbours. The likely charge of £4 per bag and £2 per tyre is in line with charges that other authorities make for these types of material, and the proposal relates to materials that most residents do not generate on a regular basis.

5.7 Analysis from the HWRS review shows that 98.4% of residents have access to a site within a 20 minute drive from their property. The agreed reduction in the network shows that 98.2% of residents would still have access to a HWRS within a 20 minute drive from their property.

5.8 East Sussex County Council will provide advice to other organisations who may wish to present a business case to take over the operation of the sites agreed for closure and seek to offer the land at peppercorn rent if appropriate.

5.9 Residents expressed the highest level of support for reducing opening times at the HWRSs, although this proposal delivers a smaller saving. Initially two sites have been identified as suitable for reduced opening. Discussions with Veolia have indicated that a full day closure at each site may offer higher savings, but full day closures did not form part of the public consultation.

5.10 ESCC wants to continue to be able to offer local Charities reasonable levels of support with waste disposal, but this should be framed by an agreed policy. Options will be presented later in the year when engagement with East Sussex charities has been completed.

5.11 ESCC will continue to closely monitor levels of flytipping and take appropriate action with all relevant partner authorities and agencies to ensure implementation of any proposals does not have a negative impact on the environment.

6 ADULT SOCIAL CARE PROPOSALS 2018/19

6.1 The Cabinet considered a report by the Director of Adult Social Care and Health together with the comments of People Scrutiny Committee Review Board.

6.2 It was RESOLVED to:

- 1) note the background to the Adult Social Care proposals for 2018/19;
- 2) note the reports on actions taken to deliver staffing savings; and
- 3) note the proposal to use the additional 2018-2019 Government funding allocation of £1.616m to fund and partly mitigate Supporting People Community Based Services and Supporting People Accommodation Services

Reason

6.3 If the recommendations in this and the supporting reports are agreed, it is proposed that reports are made to the Lead Member for Adult Social Care and Health every six months setting out progress with implementation.

7 OLDER PEOPLE'S INTERMEDIATE CARE BEDS AND DIRECTLY PROVIDED DAY SERVICES

7.1 The Cabinet considered a report by the Director of Adult Social Care and Health together with the comments of the People Scrutiny Committee Review Board. Chris Hartley addressed the Cabinet on behalf of petitioners (Milton Grange and Firwood House)

7.2 It was RESOLVED to –

- 1) agree to the reconfiguration of all intermediate care beds into Milton Grange as set out in the report;
- 2) agree to the reconfiguration of all day services into Milton Grange as set out in the report;
- 3) agree to the closure of the 19 intermediate care beds at Firwood House;
- 4) agree to the closure of the 25 place Warwick House Day Service; and
- 5) delegate to the Director of Adult Social Care and Health authority to take all necessary actions to give effect to the implementation of the above recommendations

Reason

7.3 There is strong local support to retain the Firwood intermediate care beds and Warwick House day services. However, these can be re-provided more efficiently and effectively at Milton Grange whilst maintaining standards of care; retaining quality; retaining workforce expertise; and operating within the reduced budget.

7.4 Combining the Milton and Warwick House day services will provide a more cost effective service and ensure people are able to continue accessing an appropriate day service. Individuals will be supported through the transition of the services.

7.5 Implementation of the decisions will continue to meet the needs of local people by providing a unique short term rehabilitation services, and also ameliorate the impacts on staff of compulsory redundancies

8 OLDER PEOPLE'S COMMISSIONED DAY SERVICES

8.1 The Cabinet considered a report by the Director of Adult Social Care and Health together with comments of the People Scrutiny Committee Review Board and representations received from Sussex Development Community Association.

8.2 It was RESOLVED to –

- 1) agree to continue the model of service at the Phoenix Centre and to re-tender;
- 2) agree to close the services delivered through the Charter Centre and Isabel Blackman Centre and re-commission this care in the Independent Sector; and
- 3) delegate to the Director of Adult Social Care and Health authority to take all necessary actions to give effect to the implementation of the above recommendations

Reason

8.3 There is strong local support to retain the day services at the Charter, Phoenix and Isabel Blackman Centres. The views of carers reflected concern at possible loss of service, quality of staff and capacity to support carers through the respite element of day services. There are a range of viable options to re-commission the day care provision currently delivered at two of the three centres, Charter Centre and Isabel Blackman Centre, whilst ensuring that the current clients continue to be properly supported. The local availability of alternative services combined with low occupancy and high unit costs means that maintaining this provision in the current format is not considered good value.

8.4 The Cabinet therefore agreed to re-commission alternative services in the independent sector. This supports the strategic direction for older peoples' day services by developing the market, challenging price and developing longer term sustainability of service provision. Implementation will deliver savings of £188,000 from older people's commissioned day services

9 LEARNING DISABILITY DIRECTLY PROVIDED SERVICES

9.1 The Cabinet considered a report by the Director of Adult Social Care and Health together with comments from the People Scrutiny Committee Review Board

9.2 It was RESOLVED to –

- 1) agree to the proposed changes to the Learning Disability Directly Provided Services set out in the report; and
- 2) delegate to the Director of Adult Social Care and Health authority to take all necessary actions to give effect to the implementation of the above recommendations.

Reason

9.3 It is acknowledged that feedback has been received from clients, parents and carers opposing the proposals that have been put forward. Officers have made some changes to the original proposals to accommodate the views of clients, parents and carers where possible and appropriate.

9.4 It was noted that everyone who is affected by the proposals would be offered an individual review; early indications suggest that 58 people may experience a total withdrawal of services provided directly by Learning Disability Services and a further 158 people would experience a reduction to the support they currently receive, 27 of whom would experience a decrease in support from more than one service. The proposals include a transitional period, for people in the latter group, to ensure that they experience a consistent level of support from at least one service until April 2019.

9.5 The views of clients, parents and carers reflected concern about a potential loss of skilled staff. Through careful and considered staff engagement in the consultation process, it is anticipated that these proposals would allow for the retention of the majority of staff, with voluntary redundancy used to release staff who wish to move on, thus achieving the required level of reduction without a detrimental effect on service quality.

9.6 The Cabinet has therefore agreed to implement the proposals as set out in Appendix 2, Table 1, of the report. This will reduce the overall cost of Learning Disability Directly Provided Services whilst maintaining high quality in the remaining service provision.

10 AFFINITY TRUST SERVICE

10.1 The Cabinet considered a report by the Director of Adult Social Care and Health together with the comments of the People Scrutiny Committee Review Board.

10.2 It was RESOLVED to –

- 1) agree the re-provisioning of care of five residents from Cregg Na Ba to other local care homes provided by Affinity Trust;
- 2) agree to the closure of the Affinity Trust service at Cregg Na Ba following the re-provisioning of the service within alternative Residential Homes operated by Affinity Trust; and
- 3) delegate to the Director of Adult Social Care and Health authority to take all necessary actions to give effect to the implementation of the above recommendations

Reason

10.3 There is support from families to retain the residential service at Cregg Na Ba. However, the local availability of alternative services operated by the same provider combined with the number of voids across Affinity services and the cost of void payments means that maintaining this provision in the current format is not considered good value. Should it be maintained, savings will need to be made to services elsewhere to continue to support it. The views of families reflected concern at possible loss of service and distress and anxiety this could cause to residents. There is however a range of viable and familiar options for the residents to move to and be supported by familiar staff ensuring that the current clients continue to be properly supported.

11 STROKE RECOVERY SERVICE

11.1 The Cabinet considered a report by the Director of Adult Social Care and Health together with the comments of the People Scrutiny Committee Review Board.

11.2 It was RESOLVED to –

- 1) agree to give notice to vary the agreement, withdrawing the Adult Social Care funding but maintaining the contract with Clinical Commissioning Group funding; and
- 2) delegate to the Director of Adult Social Care and Health authority to take all necessary actions to give effect to the implementation of the above recommendations

Reason

11.3 The Stroke Recovery Service is held in high regard by people who use the service, their families, carers and professionals in other rehabilitation services. It is seen as a successful and effective intervention for stroke survivors and their carers in supporting their longer term recovery after a stroke.

11.4 Stroke survivors and carers have expressed concern over the loss of the adult social care funding, have recognised the impact that this will have on the wider system (particularly healthcare) and have identified limited opportunities to access stroke specific support elsewhere. It has also been highlighted, via the consultation, that the proportion of adult social care funding and the total value does not seem proportionate to other proposed savings proposals.

11.5 The consultation and Equality Impact Assessment have identified limited alternatives to service provision. This will have an impact on those stroke survivors and carers who will no longer be able to access the service due to the triage process that will need to be put in place to manage demand over capacity.

11.6 The project lead, Clinical Commissioning Groups and service provider have held constructive discussions about service model options based on a 50% reduction in funding. The impact of this savings proposal is recognised and the wider health and wellbeing benefits of the services are understood. However, the overall level of savings requirement means that the Adult Social Care needs to make significant funding reductions and is no longer in a position to fund condition specific services.

12 DISCRETIONARY EAST SUSSEX SUPPORT SCHEME

12.1 The Cabinet considered a report by the Director of Adult Social Care and Health together with comments from the People Scrutiny Committee Review Board.

12.2 It was RESOLVED to –

- 1) agree to proceed with the changes in service delivery through remodelling the service as set out in the report; and
- 2) delegate to the Director of Adult Social Care and Health authority to take all necessary actions to give effect to the implementation of the above recommendations

Reason

12.3 Implementation of the proposals set out in Appendix 1 of the report will reduce the overall cost of the Discretionary East Sussex Support Scheme whilst maintaining quality in the remaining provision.

13 HIV SUPPORT SERVICE

13.1 The Cabinet considered a report by the Director of Adult Social Care and Health together with comments of the People Scrutiny Committee Review Board.

13.2 It was RESOLVED to –

- 1) agree that the current service continues through 2018/19 and that self-care groups are established during this period to sustain support in future years;
- 2) agree to give notice to terminate the agreement with the HIV Support Service and withdraw funding; and
- 3) delegate to the Director of Adult Social Care and Health authority to take all necessary actions to give effect to the implementation of the above recommendations

Reason

13.3 The impact of ceasing funding for this service to support people with HIV is likely to increase social isolation. However, the availability of alternative local services means that maintaining this provision is not considered good value nor sustainable given financial constraints.

14 CARERS' SERVICES

14.1 The Cabinet considered a report by the Director of Adult Social Care and Health together with the comments of the People Scrutiny Committee Review Board

14.2 It was RESOLVED to –

- 1) agree to the remodelling of Carers Services as set out in the report; and
- 2) delegate to the Director of Adult Social Care and Health authority to take all necessary actions to give effect to the implementation of the above recommendations.

Reason

14.3 It is recognised that Carers Services are strategically relevant as they make a significant contribution to keeping people with care and support needs safe, preventing their needs from escalating and enabling them to remain living in the community.

14.4 The impact of reducing the budget by £422,000 will be significant and is likely to result in a reduction of carer specific support services. Other forms of support are available in the community; for example, targeted at older people, but like-for-like alternative service provision that recognises the specific needs of carers is unlikely to be available.

14.5 The remodelling of services is in line with the strategic priorities of East Sussex County Council but will be delivered with less resource. The Council is no longer in a position to continue providing or commissioning the same level of Carers Services. Over time, the reduction in service provision may increase pressure on other social care services.

15 SUPPORTING PEOPLE ACCOMMODATION BASED HOUSING SUPPORT SERVICES

15.1 The Cabinet considered a report by the Director of Adult Social Care and Health together with the comments of the People Scrutiny Committee Review Board.

15.2 It was RESOLVED to –

- 1) agree to use £404,000 of the additional 2018-2019 Government funding allocation of £1,616,000 to fund Accommodation Based Housing Support Services; and to commission services within the available resource ensuring that priority is given to those with the highest level of need; and
- 2) delegate to the Director of Adult Social Care and Health authority to take all necessary actions to give effect to the implementation of the above recommendations

Reason

15.3 The accommodation based services within the report provide support to a range of vulnerable adults and younger people with multiple support needs. Demand for the services is high and the unit costs represent good value for money.

15.4 The proposal to utilise £404,000 of the additional £1,616,000 to fund Accommodation Based Services is based upon the vulnerabilities and complexity of need, in addition to the need for accommodation and support, presented by clients accessing the services. The impact of reducing the budget by the original £800,000 would have resulted in the closure of some services. The impact of the £404,000 mitigation has significantly reduced this risk.

15.5 Proceeding with the proposals set out in the report is in line with the strategic priorities of East Sussex County Council but will be delivered with less resource. The Council is no longer in a position to continue providing the same level of service or capacity in terms of units (beds) of support. Over time, the reduction in service provision will increase pressure on other care services.

16 SUPPORTING PEOPLE COMMUNITY BASED HOUSING SUPPORT SERVICES

16.1 The Cabinet considered a report by the Director of Adult Social Care and Health together with the comments of the People Scrutiny Committee Review Board.

16.2 It was RESOLVED to –

- 1) agree to use £1,212,000 of the additional 2018-2019 Government funding allocation of £1,616,000 to provide community based housing support services, as set out in the report, and prioritise support to those with the highest level of need; and
- 2) delegate to the Director of Adult Social Care and Health authority to take all necessary actions to give effect to the implementation of the above recommendations

Reason

16.3 The proposal to utilise £1,212,000 of the additional £1,616,000 to fund community based housing support services is based upon the reach of services provided by STEPS and Home Works in terms of the number of people they support; the complexity and range of needs the visiting housing related support provides; and the prevention aspect of the housing support service which reduces the risk of people being in crisis. All of these issues were themes in both the consultation feedback and equality impact assessment. In addition, Home Works provides a crucial 'move-on' service to help vulnerable people transition safely from other services into independence.

16.4 It is proposed that the budget is used to fund visiting housing support services as there is no other local provision of such services. Whilst the Navigator service would cease, the number of older people who receive housing support can be maintained. There would be a reduction in the number of working age people who would receive housing support and this would be quantified through discussion with providers.

16.5 Alternative provision to be provided with the remaining funding will be designed with providers and key stakeholders including district and borough councils' housing departments. Future services will need to focus on those facing a crisis, those most at risk of destitution and preventing a more costly intervention.

17 INTRODUCTION OF CIVIL PARKING ENFORCEMENT IN ROTHER DISTRICT

17.1 The Cabinet considered a report by the Director of Communities, Economy and Transport.

17.2 It was RESOLVED to –

- 1) welcome Rother District Council's request for East Sussex County Council to introduce Civil Parking Enforcement;
- 2) note the proposed arrangements for Civil Parking Enforcement across Rother District;
- 3) approve that an application is made to the Department for Transport for Civil Parking Enforcement powers across Rother District; and
- 4) approve all actions necessary for the subsequent introduction of Civil Parking Enforcement across Rother District

Reason

17.3 The introduction of Civil Parking Enforcement across Rother District comes at the request of Rother District Council. The Cabinet has agreed that an application be made to the Department for Transport for civil parking enforcement powers in Rother District

18 TRANSPORT FOR THE SOUTH EAST

18.1 The Cabinet considered a report by the Director of Communities, Economy and Transport

18.2 It was RESOLVED to –

(1) note the significant progress that has been made with the establishment of Transport for the South East as a Shadow Sub National Transport Body;

(2) note the recent award of a £1.1million of grant monies from the Department for Transport to fund the development of a Transport Strategy; and

(3) note that investment of £58,000 in 2018-19 has been made by East Sussex County Council (ESCC) as its contribution towards the staff costs and the development of the constitutional arrangements to secure statutory status for TfSE

Reason

18.3 Significant progress has been made with the establishment of Transport for the South East (TfSE) as a shadow Sub National Transport Body with ESCC being its accountable body and officers and members from ESCC leading its development. There have been a number of significant achievements in the last year and TfSE is already fulfilling its role of speaking with one voice about strategic transport issues across its geography. TfSE has gained traction with Government and this has resulted in the award of £1.1million of grant funding to take forward the development Transport Strategy. There is much work still to do to on this and the proposal to Government to achieve statutory status. As a consequence, it will be necessary to continue to levy contributions from each of the constituent authorities with ESCC making a contribution of £58,000 in 2018/19.

19 ASHDOWN FOREST TRUST FUND

19.1 The Cabinet considered a report by the Chief Operating Officer

19.2 It was RESOLVED – to note the report and the Ashdown Forest Trust Income and Expenditure Account for 2017/19 and Balance Sheet as at 31 March 2018

Reason

19.3 To note the final accounts for the Ashdown Forest Trust for 2017/18

20 ITEMS TO BE REPORTED TO THE COUNTY COUNCIL

20.1 The Cabinet agreed that items 5 and 20 should be reported to the County Council.

[Note: The items being reported to the County Council refer to minute numbers 4 and 19]

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Report to: Cabinet
Date: 17 July 2018
By: Chief Executive
Title of report: Reconciling Policy, Performance and Resources (RPPR) – State of the County
Purpose of report: To update members on the issues which need to be taken into account in the priority and budget setting process for 2019/20 and beyond

RECOMMENDATIONS:

Cabinet is recommended to:

- i) note the evidence base on demographics (Appendix 1) and the National and Local Policy and resources outlook (Appendix 2);**
 - ii) review the priority outcomes which form the basis of the Council's business and financial planning set out in paragraph 2;**
 - iii) agree the revised Medium Term Financial Plan and scenarios as the basis for financial planning (Appendix 3);**
 - iv) agree to the development of the Core Offer set out in paragraph 5;**
 - v) agree to the development of a three year business and financial plan based on the priority outcomes, financial scenarios and the draft Core Offer;**
 - vi) agree to continue to develop activity and financial plans to deliver the cuts needed in each of the next three years to operate within the resources available in each of the three financial scenarios;**
 - vii) continue the work on the communications and lobbying plan based on the Core Offer and the need for sustainable funding for the county;**
 - viii) agree to receive reports on more detailed plans for the next three years in October 2018; and**
 - ix) agree the updated Capital Programme set out in Appendix 4.**
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1 Background

1.1 The State of the County report is part of the Council's Reconciling Policy, Performance and Resources (RPPR) process, the Council's integrated business and financial planning cycle. The report sets out the context and provides an overview of the latest position in preparation for more detailed planning for 2019/20 and beyond. The Council spends over £370m net each year and it is vital that these resources, in partnership with others, are deployed in the most effective way.

1.2 This report sets out the policy and financial context within which the County Council is working. The next three years will see more reductions in Government funding. Together with the growth in demand for services, particularly for older people, this means that, notwithstanding the value for money our services offer and the high Council Tax paid by local people, the services we can offer will be constrained. The report sets out the Core

Offer, which will be funded according to our priority outcomes, and is the best service offer we are likely to be able to afford. It will fulfil our duties, offer support to those most in need, preserve some level of early help and prevention and assist with the economic development of the County. There are many variables, but we may reach this level of service by the end of 2020/21 and there is no guarantee that we will have sufficient resources to deliver even the Core Offer sustainably beyond that date unless the Government addresses our fundamental funding issues, which we share with much of local government.

1.3 The Local Government Association (LGA) has estimated that there will be a £5.8bn funding gap by 2019/20 in local government nationally and the County Council Network (CCN) has carried out research which shows that many County Council leaders are not confident that they can deliver balanced budgets beyond 2020/21 without additional cash from the Government.

2 Council Priority Outcomes

2.1 The Council's business and financial planning is underpinned by its four priority outcomes, which provide a focus for decisions about spending and savings and will direct activity across the Council.

2.2 The current four priority outcomes are:

- Driving sustainable economic growth;
- Keeping vulnerable people safe;
- Helping people help themselves; and
- Making best use of resources.

The priority outcome that the Council makes the "best use of resources" is a test that is applied to all activities.

2.3 Those services across all departments which make the most significant contribution to achieving the outcomes under each of the priority areas have been prioritised for investment and, where possible, given relative protection from the requirement to make reductions. The scale of the savings the Council has delivered and the extended period over which savings have been required means, however, that the scope for making savings in non-priority areas is very constrained and therefore savings in areas which support our priorities continue to be inevitable.

3 Demand Changes and Pressures and Financial Background

3.1 The next three years will see demand for services continue to rise due to demographic pressures. The main changes affecting demand are set out below in paragraphs 3.2-3.5 below.

Older People

3.2 Demand for Adult Social Care (ASC) will continue to increase, both as a result of the growth in the proportion of older people and the complexity of their needs with increasing longevity. The proportion of people over 65 in East Sussex is considerably higher than nationally – 25.6% in East Sussex compared to 18% in England. By 2022 this will have risen to 26.7% (19% in England) and by 2031 it will be 31% (22% in England). The proportion of those aged over 85 is already significantly higher in East Sussex than nationally and will continue to rise sharply. It is this group that are the most likely to need our services.

3.3 This increased demand is partially recognised by the Government, which has responded by making a series of short term, one off funding streams available to Councils and the NHS. It has also allowed councils with ASC responsibilities to raise an additional Council Tax levy to contribute to meeting those pressures. In June the Government

announced an additional £20bn for the NHS between 2019/20 and 2023/24, to be made through a series of above inflation annual increases. No additional money for social care has been announced, despite it serving the same population and being crucial to getting and keeping people out of hospital. A much delayed Green Paper on older people is anticipated to make some positive suggestions about how the funding gap in social care can be addressed, but this is unlikely to result in legislative and long term funding changes in the next three years.

Children and Young People

3.4 The number of young people (aged 0-17) will increase by 2.7% in the next three years. We will need to provide school places both in the right areas and of the right kind of provision to meet demand.

3.5 The number of children in need of help and protection also continues to rise locally and nationally, due to the increase in families experiencing financial difficulties leading to neglect and a rise in child exploitation through drug related and other behaviours. Additionally there is a growth in the numbers of children with statements of Special Educational Needs and Disability (SEND) or Education Health and Care Plans (EHCPs). Coupled with the extended period over which Councils have been made responsible for the education of children with SEND to 25 years old, which was unfunded, this adds considerably to the pressures in Children's Services. The LGA has estimated that there will be a £2bn shortfall in the national funding for Children's Services by 2020.

The Economy

3.6 Whilst improving, the economy in East Sussex still underperforms the rest of the South East. We need to keep on creating good quality jobs so that the county's economy continues to improve and to ensure that people have the right skills to take advantage of those jobs, to help local residents live prosperous, healthy and self-sufficient lives.

Housing and Infrastructure

3.7 The key issues in this area are the growth in the number of households in the county and the need to provide suitable accommodation for the new and smaller households that will constitute the increase. In addition, the affordability gap between house prices and wages means that home ownership is unachievable for many. If these housing needs are not met it could lead to an increase in the numbers of people living in poor or unsuitable accommodation. The resulting health and social issues have direct costs for the County Council. Lack of suitable accommodation for older people could mean more entering care earlier than needed.

3.8 We have made and attracted considerable infrastructure investment into the county, but there is still much that needs to be done in terms of road and rail investment in particular to support the housing growth the county needs and to allow people in and moving to the county to access high quality employment.

Resource Background

3.9 In addition there are additional cost pressures from general inflation, increases in contract prices, wage rises and changes to the national minimum wage. The Government is working on a funding formula to decide how nationally retained business rates will be distributed to local authorities. Only 75% of the available funding will, however, be redistributed to councils.

3.10 Any growth in the Council's resources will need to come from either local Council Tax or business rates. Council Tax for East Sussex County Council is the 5th highest of any county in England. When district precepts are taken into account, Council Tax in county areas is higher than in other English areas. Business rate growth in East Sussex has been fairly flat historically.

3.11 Nationally the issues caused by Brexit and the announcement of additional funding for the NHS means that the Government's capacity to deal with wider social issues is limited and the scope for funding to address problems outside of the health service is limited. The national context in which our local issues are set and which will need to be taken into account in the Council's plans is set out in Appendix 2.

4. Current Position

4.1 The County Council plays 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 and to ensure we work in a way that supports people to be actively involved in their communities and solve the issues that are most important to them.

4.2 We have worked to ensure:

- What we do represents good value for money;
- Our activities are transparent and we can be held to account;
- We operate as One Council and focus on key areas for County Council action;
- We prioritise the investment available for front line service delivery by maximising the resources available to us through income generation, treasury management and working in partnership with other organisations;
- We remain true to our purpose and carry out all we do professionally and competently; and
- We remain ambitious, optimistic and realistic about what can be achieved.

4.3 Robust and innovative management means we have transformed the way the Council works and managed to make £129m in savings since 2010 (including those planned for 2018/19). 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 early help 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.

4.4 Making savings on this scale has not, however, been easy or without impact on front line services. 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 ASC services, in assessment and care management staffing levels, in family centres, 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 and will not be able to maintain a comprehensive offer of universal services to all residents. Currently we spend 64% of our net revenue budget on Children's Services and ASC and only 17% on the universal services provided by Communities, Economy and Transport.

4.5 Local Government has to date borne the brunt of austerity and 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. Budget analysis of the County Councils carried out by the CCN shows that they face funding pressures amounting to £3.2bn over the next two years alone, £1.8bn of which are due to projected demand and future inflationary pressures - £1.2bn of which is attributed to Children and ASC. Our demographic 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.

5. Our Core Offer

5.1 With so much already taken out of our budget and more still to save, the County Council now needs to articulate a Core Offer of the realistic level of service we must provide, not merely to meet our statutory duties but to meet real local need. It will need to include an element of early intervention and prevention to prevent an escalation of urgent need and more expensive interventions. It will also include work to support the economy of the county – helping to ensuring that local people have access to well paid, high quality employment is one of the most important things we can do to build resilience and reduce dependency on public services. It is suggested that a Core Offer is developed on the basis set out below.

Highways

5.2 Our core offer:

- Provide sufficient maintenance to keep our highways, footpaths, verges, street lighting and traffic signals safe to use.

Community Services

5.3 Our core offer:

- Provide core archives and records services;
- Provide a statutory trading standards service (e.g. inspections and sampling for high risk food, animal disease control and prosecutions and enforcement actions);
- Provide a statutory Road Safety service:
 - carry out studies into road accidents, and take measures to prevent such accidents;
 - undertake Road Safety Audits on all internal highway improvement schemes;
- Provide a modern and sustainable Library and Information Service, based on current and future needs, and set up support for communities who wish provide a more local service;
- Provide a Gypsy and Travellers service and maintain Bridies Tan transit site and the four permanent traveller sites in East Sussex;
- Provide a core Emergency Planning service ; and
- Provide Registration Services.

Transport

5.4 Our core offer:

- Manage the National Concessionary Fares Scheme in East Sussex; and
- Operate Civil Parking Enforcement where it has been implemented.

Economy

5.5 Our core offer:

- Act as a strategic authority that intervenes, in partnership, decisively and cost effectively where it can make a difference, especially by leveraging in external funding.

Waste Disposal

5.6 Our core offer:

- Dispose of household waste collected by the borough and district councils (Integrated Waste Management Services (PFI) Contract); and
- Provide a limited number of household waste disposal centres.

Planning & Environment

5.7 Our core offer:

- Statutory Planning Service and Development Control service;
- Statutory Flood Risk Management; and
- Statutory Strategic Transport Planning (including delivery of the Local Transport Plan).

Support to schools and pupils

5.8 Our core offer:

- Plan for the right number of school places in the right locations in the county
- Administer a school admission process;
- Commission and purchase Home to School Transport where there is a statutory duty to do so;
- Safeguard children and young people;
- Manage referrals and undertake statutory assessments of children with SEND and commission suitable placements;
- Monitor performance of all schools: advise the Regional Schools Commissioner about concerns relating to academies and identify support for maintained schools at risk of being judged to have serious weaknesses or being placed in special measures by OFSTED;
- Work with schools to support vulnerable pupils who are at risk of or have been excluded or who are not attending; and
- Ensure children who are being educated at home receive suitable provision.

Children's Social Care

5.9 Our core offer:

- Provide care and support for children and young people where there is evidence that they have suffered significant harm or are at immediate risk of significant harm and provide an alternative home for children who are unable to live with their parents or in their extended family;
- Commission the health visiting service to undertake statutory checks and provide help and advice to parents;
- Provide key worker support for those families covered by the Government's Trouble Family programme and payments; and
- Arrange youth provision where others fund it but think we are best placed to deliver.

Older people and working age adults

5.10 Our core offer:

- Assess and meet critical and substantial need and commission and deliver services that meet that need directly or through the independent and voluntary sectors;
- Engage with the market to ensure that they are aware of and can meet current and future need; and
- Ensure a robust safeguarding system to protect vulnerable people.

5.11 This will be delivered through:

- Health and Social Care Connect – which allows people to
 - report abuse or neglect;
 - apply for care and support; and
 - get support for a carer.

- Locality Teams – multidisciplinary teams of professionals from health and social care. These can include nurses, therapists, social workers and proactive care practitioners to provide consistent care for local people;
- Joint Community Rehabilitation - occupational therapists, physiotherapists and support workers to provide re-ablement and rehabilitation services which help people restore or minimise loss of function and maximise independence and/or wellbeing;
- Equipment and Technology to support independent living; and
- Supporting People – where it provides a replacement for direct care.

How we will work

5.12 Our core offer:

- Members will be supported to fulfil their role as the democratic voice of local people;
- We will be open and transparent about what we do and the decisions we have made and provide information about how we run things;
- We will engage with local people and communities about their aspirations for the lives and respond to their feedback; and
- We will give the best possible customer service.

5.13 If agreed by Cabinet, the Core Offer will be further defined and costed over the summer and used as the basis for business and financial planning in the next three years. The scope and remit of service reviews currently underway will also be reviewed to ensure that they fit within the Core Offer and the resources likely to be available in three years' time.

5.14 Having defined this offer we need to ensure that the public and businesses are aware of it. We also need to engage with them in a discussion about the new offer to the community. The discussion will need to provide assurance that we will continue to strive to deliver the best Core Offer we can within the resources available; but that we also need to encourage and support behaviour change in our communities which will help to deliver positive outcomes for the county and create resilience in places where the Council can no longer step in.

6 Medium Term Financial Plan

6.1 The Medium Term Financial Plan (MTFP) is set out in Appendix 3.

6.2 The projection of Government funding is based on what has currently been confirmed in the latest Local Government Financial Settlement. ESCC's funding will reduce by a further net £16.9m over 2019/20 – 2021/22. In the same period there are unavoidable costs to cover projected inflation and demographic pressures of £65.3m. This equates to a real term loss of purchasing power over this 3 year period of £82.2m. Forecast increases in Council Tax receipts brings £35.8m additional funding but this still leaves a shortfall in spending power of £46.4m, which represents the current forecasted savings requirements.

6.3 The updated MTFP sets out a worst case scenario deficit budget position by 2021/22 of £46.4m.

Medium Term Financial Plan	2019/20	2020/21	2021/22
	£'000	£'000	£'000
Total Resources	(373,957)	(381,025)	(390,409)
Total Expenditure	389,713	415,020	436,769
Total Budget Deficit	15,756	33,995	46,360

6.4 This position excludes the potential positive impacts of a number of national funding streams. Whilst there isn't enough certainty to include additional funding in our MTFP, more money may become available though:

- The Fair Funding Review: a revised formula for Local Government funding allocation is awaited and the Government's timetable indicates that baseline funding levels and finalised transitional arrangements will be ready by autumn 2019, for implementation in 2020/21.
- Older People Social Care Green Paper: now delayed until the autumn but unlikely to provide additional funding until after Comprehensive Spending Review (CSR) and General Election. The Government may make announcements in the Autumn Budget of interim funding arrangements for Social Care to complement the funding it has announced for the NHS.
- Business Rates Retention: the Government are working on a mechanism to move to 75% retention locally of Business Rates. There is also potential for further pilots for 2019/20 but we await the invitation to bid and details of pilot requirements to be published.
- Comprehensive Spending Review 2019: Central Government is set to review funding allocations to all departments, which will impact from 2020/21 but no information is available at this stage.

6.5 There is uncertainty about the future of the Public Health Grant (2018/19 - £27.3m). Government currently plans to remove the ring-fence and to subsume the grant within the Business Rates Retention system. There is significant risk that funding will not be sufficient to meet current levels of Public Health service provision.

6.6 There are therefore a range of financial scenarios that we could face over the next three years.

Financial Scenarios

6.7 There are a number of potential additional or new funding streams or permissions which have currently been excluded from the MTFP, due to the level of uncertainty about whether they will materialise. Appendix 3 sets three possible scenarios based on the availability of additional funding for ASC, Children's Services, Council Tax and business rates. The scenarios potentially reduce the savings figure of £46.6m down to between £39.5m and £12m. The lower target is unlikely to materialise – but additional funding for ASC could become available later in the year. The scenarios will be modelled into the development of the Core Offer and will help us to develop further lobbying activity.

7 Capital Programme

7.1 The approved programme has now been updated to reflect 2017/18 outturn and other approved variations and other updates, the details of which are set out in Appendix 4 including the revised programme.

7.2 A summary of the movements in the gross programme are set out in the table below, further information on each item can be found at Appendix 4:

	£m
Total Programme at Feb 2018 (gross)	444.2
2017/18 Outturn	(81.7)
Net nil variations	15.0
Approved business case – Conquest centre	0.3
Total Programme at July 2018	377.8

7.3 The borrowing requirement at February 2018 was £109.7m. This can now be reduced to £85.6m, primarily due to use of borrowing in 2017/18 of £13.8m, additional

capital receipts of £13.7m together with additional grant funding of £1.8m that can support the current planned programme. This does not include borrowing for the risk provision which has been revised to £7.5m to reflect the current programme.

7.4 The proposed 2018-23 Capital Programme is therefore £377.8m gross, funded by £92.1m specific income, giving a net budget of £285.7m before any risk provision.

8 Lobbying

8.1 Over the last year the Council has carried out extensive lobbying to raise awareness of the issues affecting the people of East Sussex and the effects that reductions in Government funding are having on our ability to support local people. We will continue to impress on the Government that we are already close to the Core Offer. The reduction in resources we face and the growth in demand for children's and adult social care due to demographic growth and change could make the offer unviable beyond 2020/21 unless the financial outlook changes. Although all councils with demand led services are experiencing financial challenges, the County's demographic means that we face now the problems that will not hit others until much later.

8.2 We will lobby, both on our own and with others, for the urgent funding the Council needs in the next financial year to make our services sustainable in the long term and for the removal of those Government requirements that would not be our highest priorities if we were able to target our resources at areas of greatest need. For example, the £8m we are obliged to spend on concessionary fares for older people would provide care packages to allow 700 of the most vulnerable people in this group to continue live independently.

9 Next Steps

9.1 The Core Offer will be developed and costed over the summer. It will form the basis of our future lobbying work and discussions with residents, businesses and partners about what we can realistically provide and how we can help to create resilience in places where the Council can no longer step in.

9.2 More detailed plans will be considered by Cabinet and Scrutiny Committees throughout the autumn in the lead up to our budget setting meeting in February 2019.

Becky Shaw
Chief Executive

Contact Officers:
Ian Gutsell, Chief Finance Officer
Jane Mackney, Head of Policy and Performance

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Hastings



Bexhill



County Hall, Lewes

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East Sussex Population Growth

2

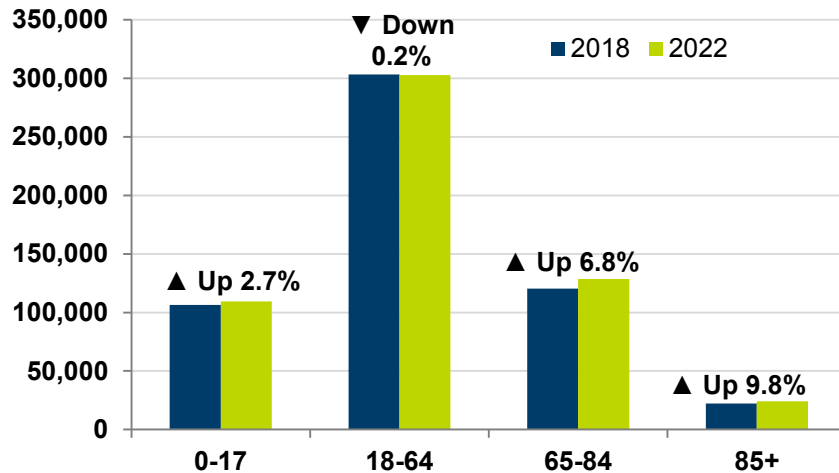
Population 2018 552,110	+	Births 21,150	-	Deaths 24,030	+	Migration in 126,780	-	Migration out 111,130	=	Population 2022 564,860 +12,750 (2.3%)
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Compared to 2018, by 2022 there will be:

- 12,750 more people living in East Sussex (+2.3%), with the most growth at ages 65+
- 820 more people aged 85+ in Wealden, up 13.6%; but just 240 (9.4%) more in Hastings
- A 2.7% increase in the number of children and young people (age 0-17)
- A 0.2% decrease in the working age population (age 18-64)

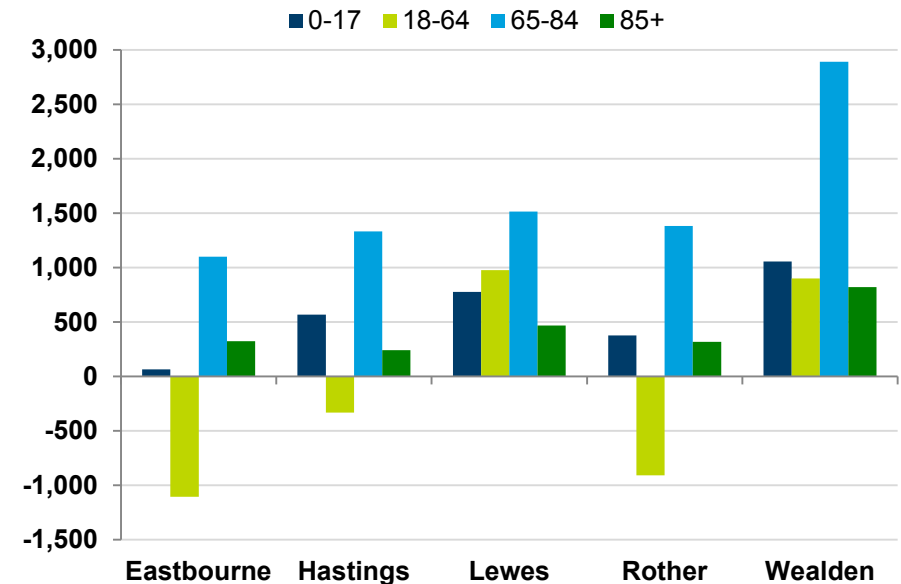
Projected population by age 2018-2022

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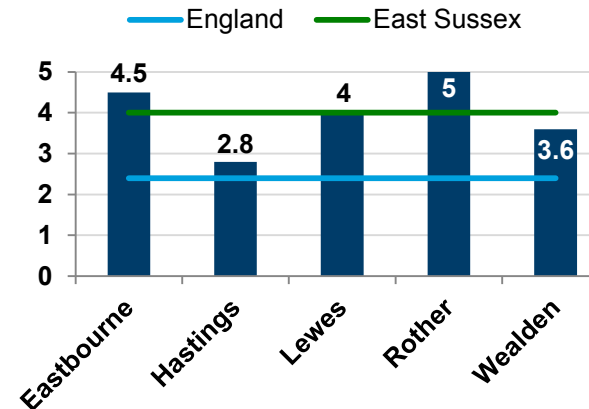


Age band	2018	2022	Change	% change
0-17	106,490	109,330	2,840	2.7
18-64	303,260	302,790	-470	-0.2
65-84	120,250	128,470	8,220	6.8
85+	22,110	24,280	2,170	9.8
All people	552,110	564,860	12,750	2.3

District population change 2018-2022



Population % 85+ (mid 2016 est)



On latest national estimate, before considering projected growth, East Sussex (4.0%) has a greater proportion of people aged 85+ than England (2.4%). Rother (5.0%) has over twice the national rate and Hastings (2.8%) has the lowest rate in the county.

Index of Multiple Deprivation (IMD) 2015

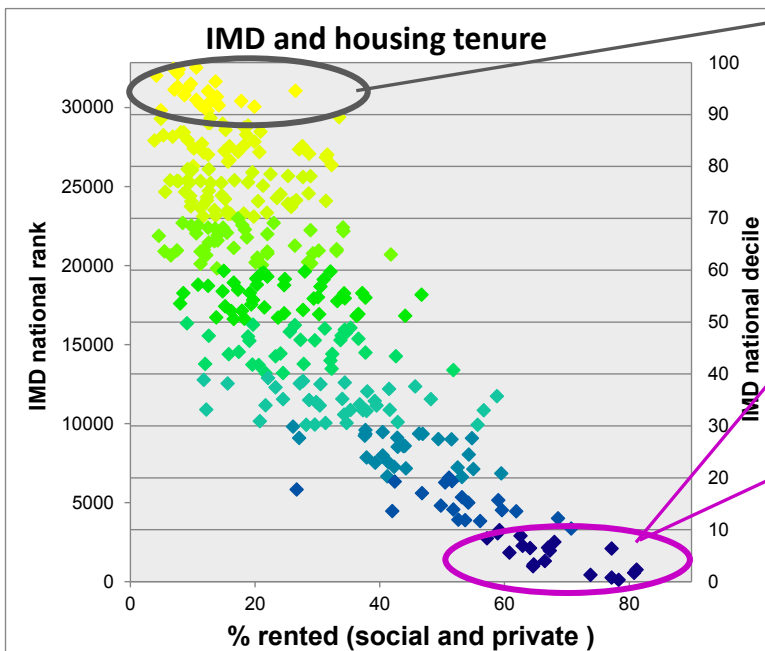
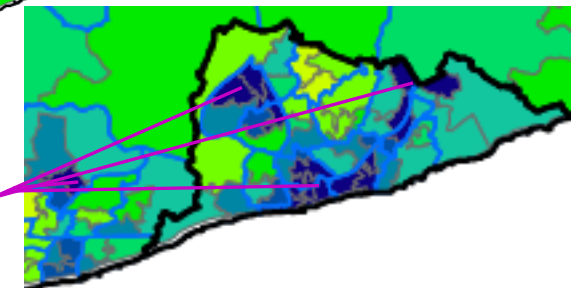
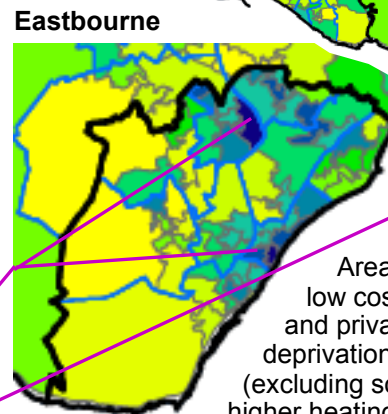
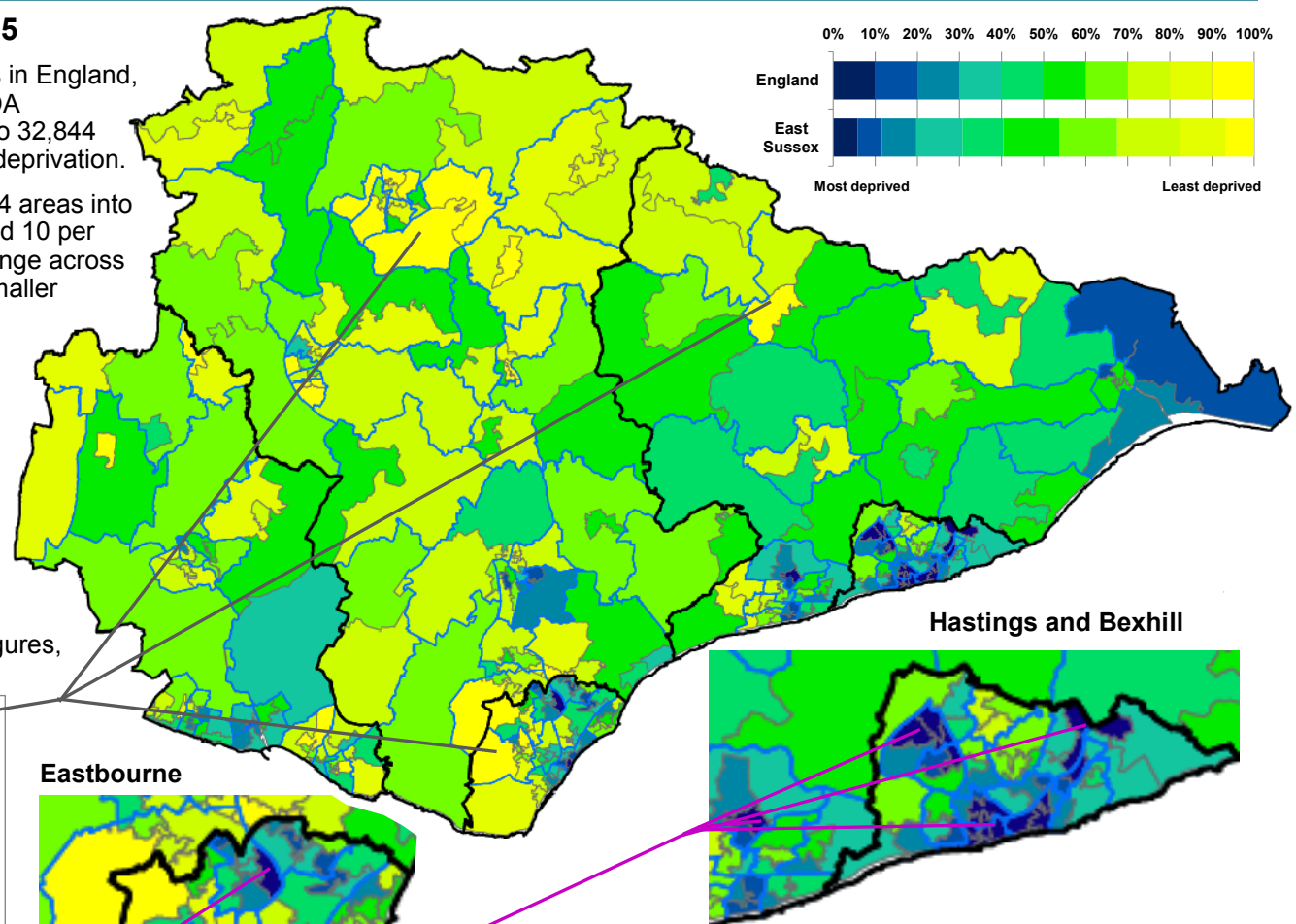
IMD is the official measure of relative deprivation for small areas in England, Lower-layer Super Output Areas (LSOA). There are 32,844 LSOA averaging 1,500 residents each ranked from 1 (most deprived) to 32,844 (least deprived). IMD are weighted toward income/employment deprivation.

LSOA deprivation is shown here by decile i.e. dividing the 32,844 areas into 10 equal groups from most deprived 10 per cent to least deprived 10 per cent. As it is a relative measure there will always be this even range across England, but it is unlikely to be even across the 10 deciles for smaller areas.

In East Sussex, 19 LSOA are in the most deprived 10% nationally, 16 of these are in Hastings, 2 Eastbourne, and 1 Rother. 22 LSOA are in the least deprived 10% nationally, of these 14 are in Wealden, 4 Lewes, 3 Eastbourne, and 1 Rother.

Deprived areas produce higher demand for County Council and other public services, particularly where there are clusters of deprived LSOA. They are characterised by poorer health and disability, lower skills, educational disadvantage, higher crime and drug misuse.

Further information about IMD is available on East Sussex in Figures, eastsussexinfigures.org.uk.



Deprivation and Housing

Areas of high deprivation correlate with rented housing that is meeting a need for low cost housing. This includes concentrations of social rented tenures (up to 70%) and private rented tenures (up to 68%), and both (up to 81%). Measures of deprivation include the indoor living environment and in these areas more properties (excluding social housing) may be in poor condition or without central heating, leading to higher heating costs and other negative outcomes.

The relationship with housing tenure type means that the areas of high deprivation may not change IMD decile quickly unless there are significant housing developments or a process of gentrification. Where household income increases people are likely to move to other areas and be replaced by people with greater need for low cost housing. In the least deprived LSOA home ownership is highest, up to 95.2%. However, deprivation can be present in all areas as suggested by the more even mix of tenure types across middle level deprivation areas.

Compared to 2018, by 2022 there will be:

- 255,850 households in the county, an increase of 3.3% from 247,570 in 2018; with the largest number of new households in Wealden, 3,300
- 3.9% increase in the number of households with children to 63,590
- 5.3% increase in male one person households to 38,364; female one person households increasing to 45,039, +0.4%

Source: ESCC household projections by type (dwelling-led), April 2018

Note: A dwelling is a self-contained unit of accommodation used by one or more households as a home, e.g. a house, apartment, mobile home, houseboat. A single dwelling will be considered to contain multiple households if either meals or living space are not shared. A household consists of one or more people who live in the same dwelling and also share meals or living accommodation, and may consist of a single family or some other grouping of people.

Housing need and supply

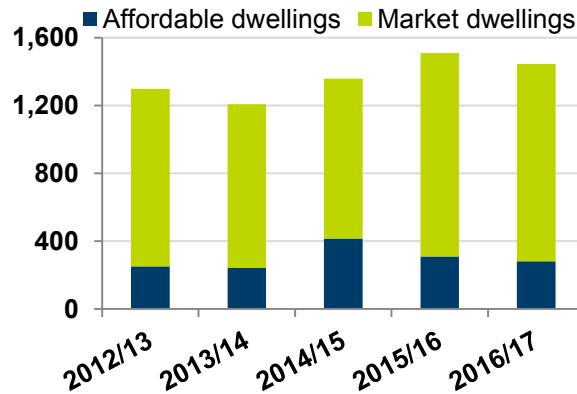
- In 2017 East Sussex had 251,780 dwellings. Social housing consists of 9,600 Local Authority and 17,070 Private Registered Provider
- 6,588 dwellings were vacant in 2017; an increase of 367 since 2016
- In 2016/17, 1,445 dwellings were completed of which 280 were affordable
- 270 households in the county were in temporary accommodation in 2016/17, compared to 192 in 2015/16
- 6.6% of households had fewer rooms than required, 8.7% in England and 7.5% in South East. Concentrations in urban coastal areas. 20.5% in Central St Leonards and over one third in parts of Devonshire ward, Eastbourne (2011)
- Hastings had a high proportion of private rented households (28.8%), East Sussex (17.8%), while Wealden had a high rate of owner occupied property (78.7%), East Sussex (69.2%) (2011)

Sources: Census 2011, MHCLG live tables on dwelling stock including vacants

Note: Affordable housing includes housing for social rent, shared ownership, low cost home ownership and sub-market rent

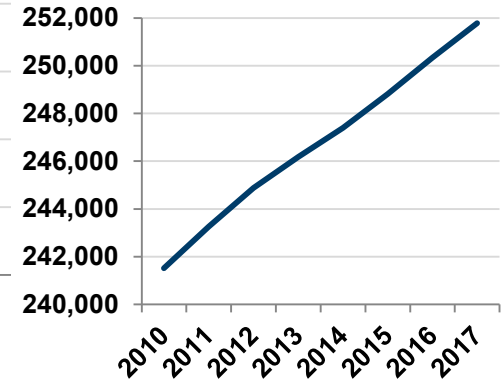
Adopted Local Plans (adoption date)	Number of dwellings over plan period
Eastbourne: Core Strategy Local Plan (February 2013)	5,022 (2006-2027) 239 p.a.
Hastings: The Hastings Planning Strategy (February 2014)	3,400 (2011-2028) 200 p.a.
Lewes: Joint Core Strategy (June 2016)	6,900 (2010-2030) 345 p.a.
Rother: Core Strategy (September 2014)	5,700 (2011-2028) 335 p.a.
Wealden: Core Strategy (February 2013)	9,440 (2006-2027) 450 p.a.
Long term proposed additional growth	
Wealden: Local Plan Draft Proposed Submission 22 March 2017	11,456 (2013-2028) 763 p.a.

Completed new dwellings



Source: ESCC Housing Monitoring Database, Lewes District Council housing monitoring system

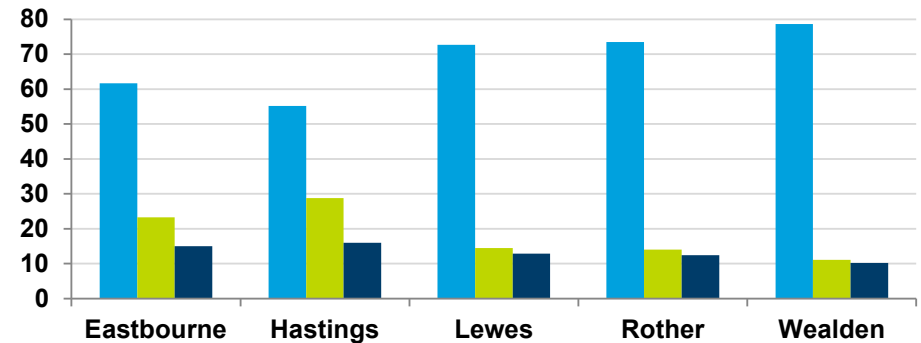
Total housing stock



Source: Gov.uk live tables on dwelling stock including vacants

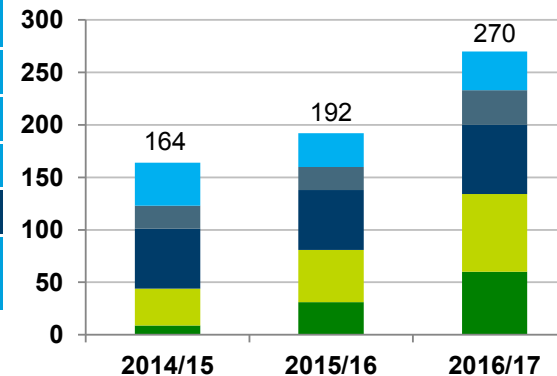
Households percentage by tenure type

Owned (blue), Private rented (yellow), Shared ownership, social rented, rent free (dark blue)



Source: ONS KS402, Census 2011

Number of households in temporary accommodation



	2014/15	2015/16	2016/17
Eastbourne	9	31	60
Hastings	35	50	74
Lewes	57	57	66
Rother	22	22	33
Wealden	41	32	37

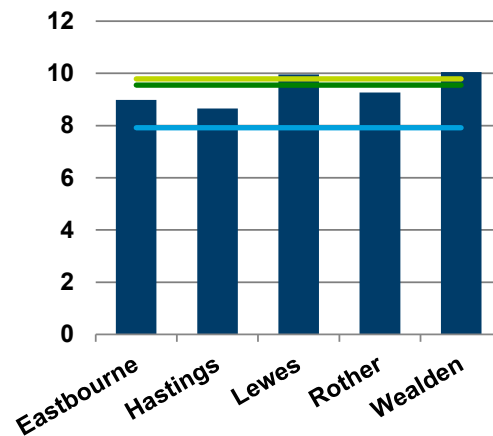
Source: Gov.uk live tables on homelessness

Housing affordability - buying

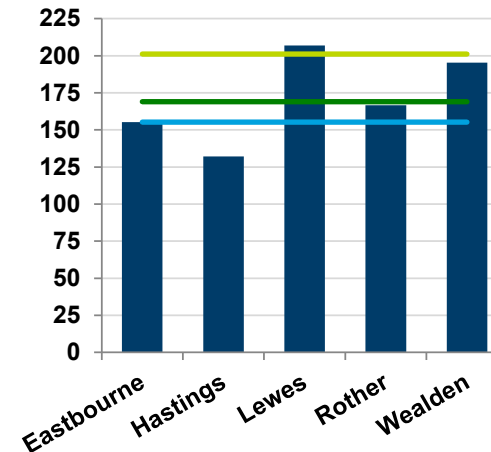
The median property price/income is determined by ranking all property prices/incomes in ascending order. The point at which one half of the values are above and one half are below is the median.

The ratio of median full time earnings (£28,000) to median house prices (£267,500) in the county was 9.55 in 2017, highest in Wealden at 10.05, lowest in Hastings at 8.65. The England ratio was 7.91.

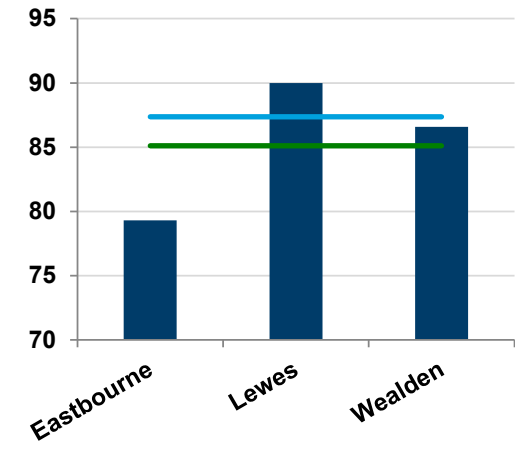
Ratio: median earnings to median house prices 2017



Median private rent 2016/17 £ per week



Average LA rent 2017 £ per week



South East average not published, Hastings and Rother don't have any LA housing stock

Housing affordability - renting

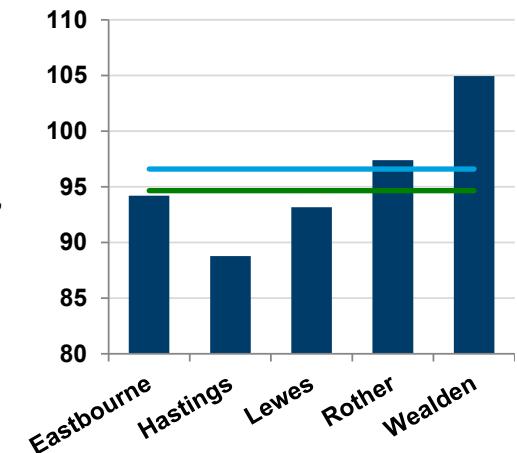
The average private rent per week in 2017 was £169, highest in Lewes at £207, lowest in Hastings at £132. The England average was £155.

The average local authority rent per week in 2017 was £85.10, highest in Lewes at £90.00, lowest in Eastbourne at £79.31. The England average was £87.36.

The average Private Registered Provider (PRP*) rent per week in 2017 was £94.66, highest in Wealden at £104.96, lowest in Hastings at £88.79. The England average was £96.61.

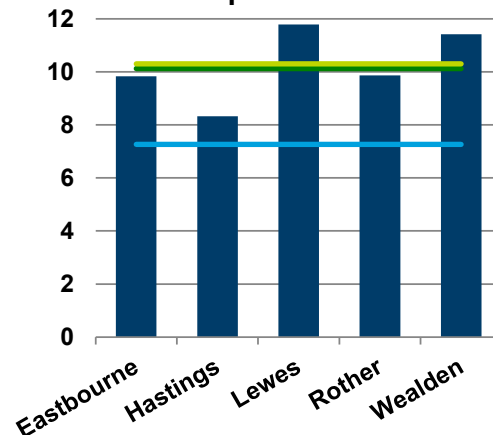
*PRPs are Housing Associations or not-for-profit housing providers approved and regulated by Government. They provide homes for people in housing need and many also run shared ownership schemes to help people who cannot afford to buy their home outright.

Average PRP rent 2017 £ per week



South East average not published

Ratio: lower quartile earnings to lower quartile house prices 2017



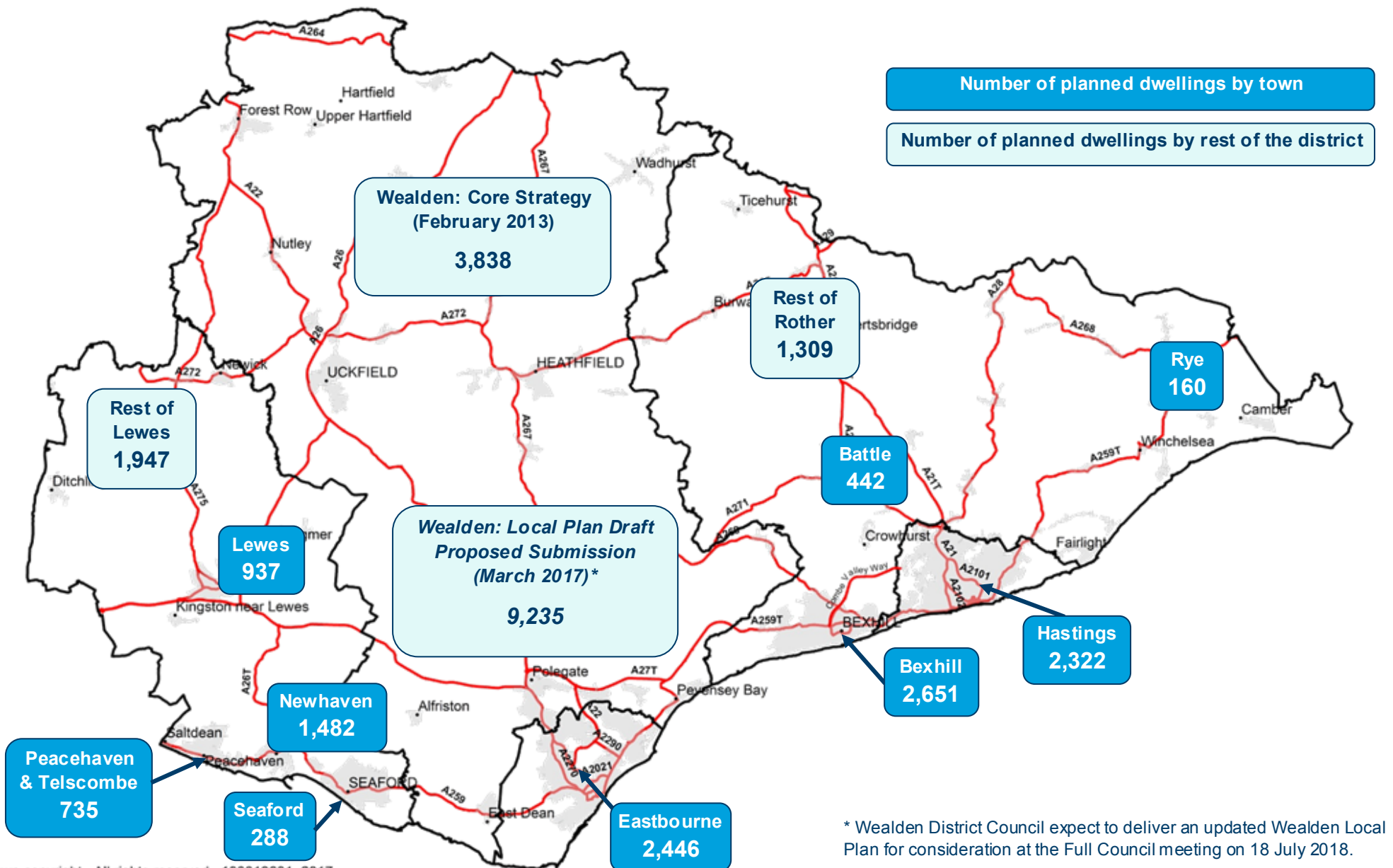
The lower quartile property price/income ratio is determined by ranking all property prices/incomes in ascending order. The lowest 25 per cent of prices are the lower quartile and the highest 75 per cent are above the lower quartile.

The ratio of lower quartile full time earnings (£19,511) to lower quartile house prices (£197,500) in the county was 10.12 in 2017, highest in Lewes at 11.79, lowest in Hastings at 8.32. The England ratio was 7.26.

Sources: ONS ratio of house price to residence-based earnings (lower quartile and median)

Source: Gov.uk Private rental market summary statistics, Gov.uk Live tables on rents, lettings and tenancies.

Planned housing growth in Adopted Local Plans (less completions to March 2017)



In 2018:

By 2022:

8,500

Unemployed people actively seeking work

Source: ESIF: Unemployment estimates, 2004-2017 - districts

+

2,030

More economically active people aged 16+ in the workforce

Source: ESIF: Workforce projections by age group (dwelling-led), 2016-2031 - districts

=

10,530

More jobs needed

-

7,300

New jobs expected

Source: Cambridge Econometrics - East of England Forecasting Model: 2016 baseline results

=

3,230

Jobs shortfall

Earnings

Residence-based (those living in East Sussex)

- £28,000 average full-time wage in 2017, 3.7% below the national average and 7.3% below the South East average.
- In 2016, 36.7% of work was part time, England 31.9%, South East 32.6%.
- Average part-time wage £9.02 per hour in 2017, compared to full time wage of £13.64.
- Annual earnings for all residents increased by 2.6% since 2016, England +2.0%, South East +1.7%.

Workplace-based (those working in East Sussex)

- £25,796 average full-time wage in 2017.
- 11.3% below the national average and 14.6% below the South East average.
- Average part-time wage in 2017 was £8.64 per hour; full-time £12.39.

Source: Annual Survey of Hours and Earnings (ASHE), ONS Business Register and Employment Survey (BRES)

Average (median) full time earnings						
Workplace-based				Residence-based		
	2011	2017	% Change 2011/17	2011	2017	% Change 2011/17
Eastbourne	£25,153	£24,696	-1.81%	£23,496	£25,626	+9.07%
Hastings	£22,585	£23,996	N/A	£22,410	£23,710	+5.80%
Lewes	£25,226	£30,952	+22.70%	£27,967	£31,113	+11.25%
Rother	£21,393	£24,723	+15.57%	£25,416	£29,454	N/A
Wealden	£24,015	£26,677	+11.08%	£29,494	£30,854	+4.61%

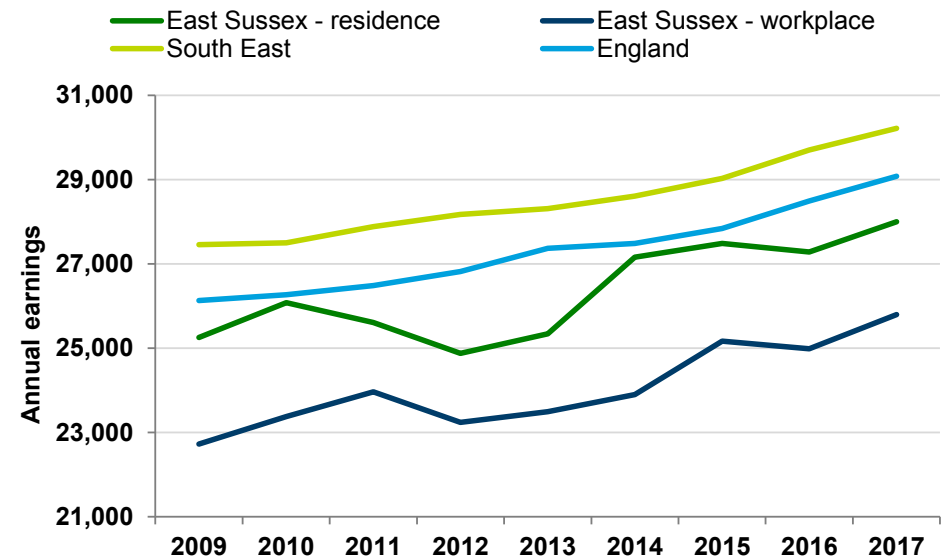
Data for annual earnings are not available for some areas. For these areas annualised weekly earnings are used and are recorded in **bold grey italics**. Annualised weekly earnings are not produced on an identical basis to annual earnings and are therefore not directly comparable.

Employment

- 75.6% of working age population (age 16-64) in employment 2016/17 (up from 74.2% in 2015/16), England 74.4%, South East 77.7%.
- County employment rate remains below pre-recession level of 76.0% in 2007.
- Overall claimant rate for JSA or Universal Credit March 2018, 2.1%
- 18-24 year old claimant rate for JSA or Universal Credit March 2018:
 - 3.5% (1,330 claimants) up from 2.6% (1,015 claimants) March 2017
 - there has been a rise in all districts and boroughs, with the largest increase in Hastings, 6.4% in March 2018 up from 4.1% in March 2017
 - lowest rate, Wealden 1.3%

Sources: ONS Nomis claimant count including JSA and Universal Credit by age, 2016-2018 - districts, Annual Population Survey

Average full-time earnings



Source: Annual Survey of Hours and Earnings (ASHE)

East Sussex Growth Strategy

Published in 2014, The East Sussex Growth Strategy (ESGS) sets out an ambitious vision for the East Sussex economy to 2020. Goals include:

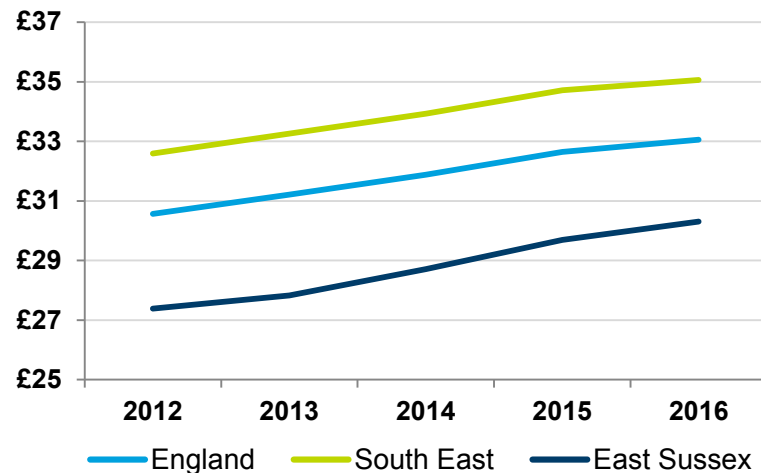
- increasing Gross Value Added per capita by 20% by 2020;
- enhancing digital connectivity (e.g. broadband) and physical connectivity (e.g. roads);
- supporting business start-ups and promoting the county as a business location; and
- developing skills that match business needs

The ESGS highlights emerging high growth and innovative sub-sectors including: engineering and advanced manufacturing; health and social care; and digital, media and creative

Gross Value Added (GVA)

- GVA per hour measures the value of goods or services produced in an area per hour worked in that area
- GVA per hour in East Sussex in 2016 was £30.31; England £33.05, South East £35.06
- The East Sussex rate is an increase of 10.7% (£2.93) since 2012; above the increases in England, 8.1% (£2.49) and the South East, 7.6% (£2.47)

GVA per hour



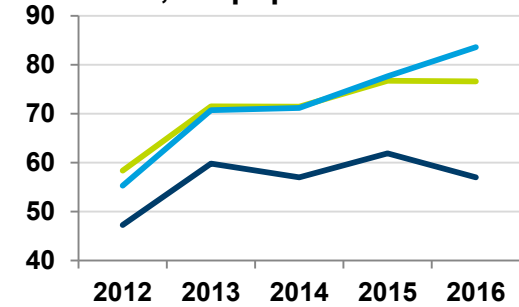
Source: Gross value added (GVA), 1998-2016 - districts

Active businesses and new business registration rates

- Business formation rates have decreased in the last year
- However there were more active businesses in 2016 (23,880) than in 2015 (23,350)
- More business starts (2,590) than closures (2,405), the number of closures is the highest level since 2009 (2,535)
- Between 2015 and 2016 East Sussex registration rates per 10,000 population have fallen by 4.1, while England increased by 6.0, while South East was unchanged
- New business registration rate is highest in Wealden, 66.7 and lowest in Hastings, 48.7
- Between 2015 and 2016 Rother saw the largest growth in registration rates with an increase of 2.7, while there was a decrease of 8.4 in Hastings

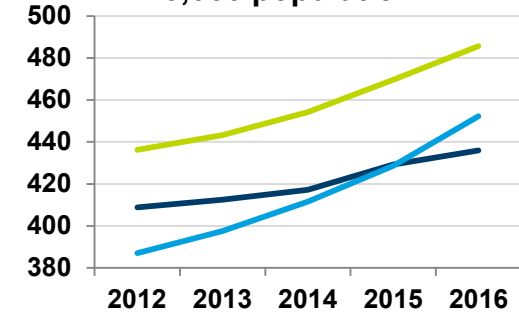
Source: ESCC Business demography, districts, ESCC New business registration rate, districts

New business rate per 10,000 population



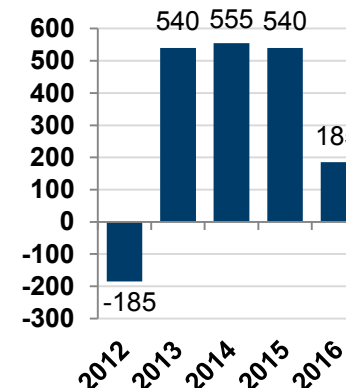
Source: ONS Business Demography data. Nomis mid-year estimate population data

Active business rate per 10,000 population



Source: ONS Business Demography tables

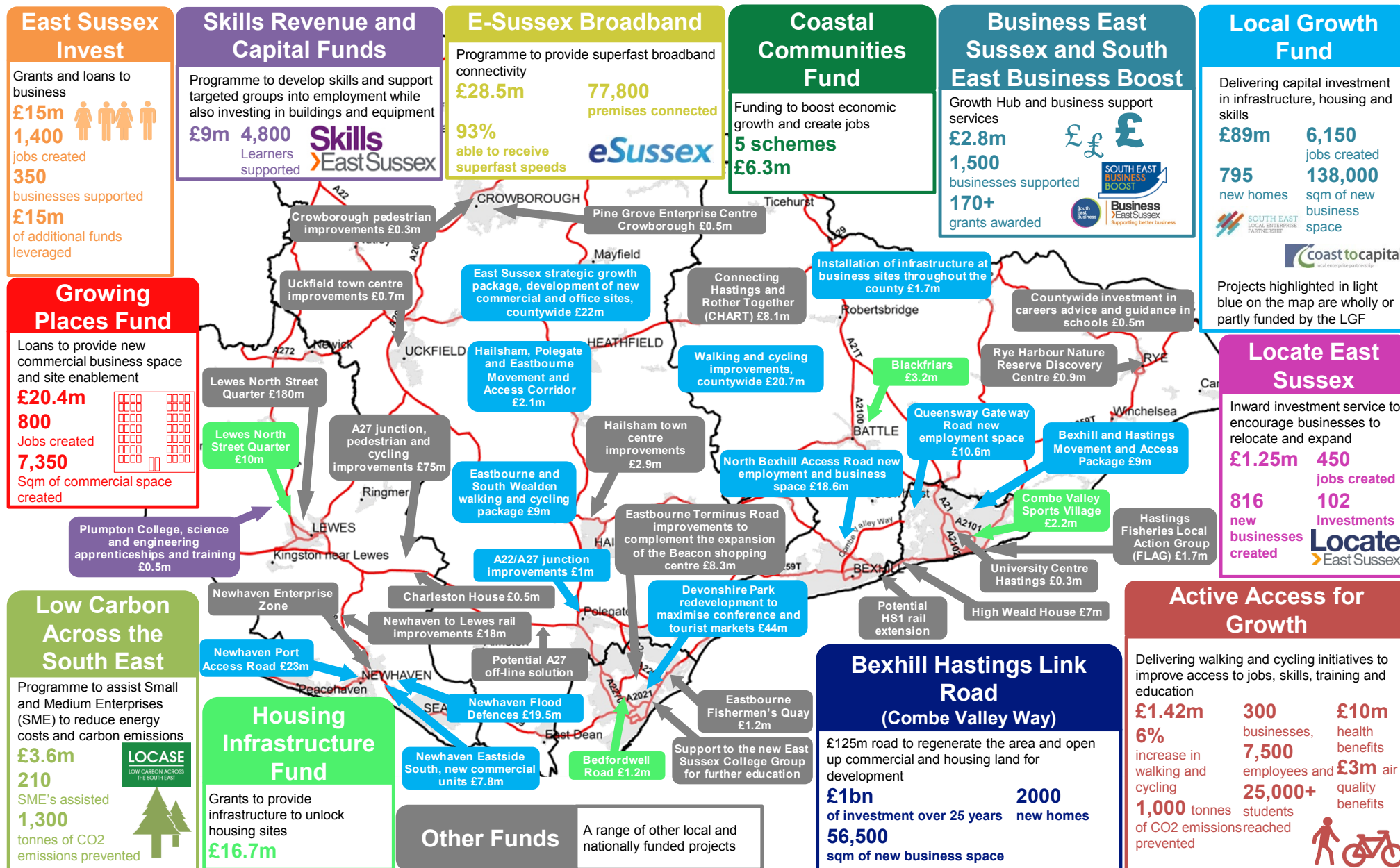
East Sussex Business births - deaths



	2012	2013	2014	2015	2016
Eastbourne	-40	75	95	115	15
Hastings	5	70	95	130	20
Lewes	-65	160	155	70	80
Rother	-40	130	55	10	50
Wealden	-45	105	155	215	20

Source: ONS Business Demography tables

The map below highlights programmes and schemes which will contribute towards the East Sussex Growth Strategy from 2014 until 2020

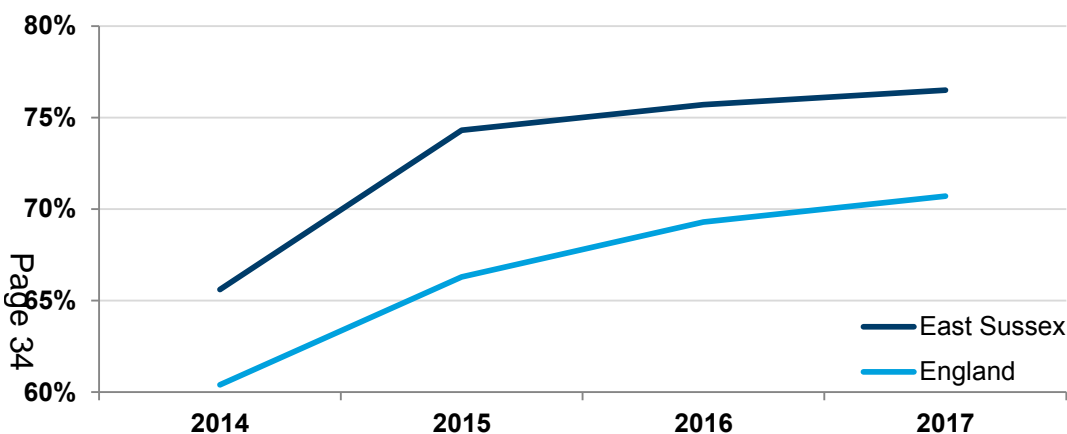


Funding sources: Local Growth Fund (LGF), Highways England, Department for Transport, Department for Work and Pensions Work and Health Programme, Ministry of Housing, Communities and Local Government, East Sussex County Council, District and Borough Councils, Network Rail, Skills Capital, European Regional Development Fund (ERDF), European Social Fund (ESF), European Maritime Fisheries Fund, European Rural Development Programme for England, Big Lottery, The Careers and Enterprise Company and the Higher Education Funding Council for England.

- East Sussex performance continues to outperform the national for Early Years Good Level of Development
- In 2017, in East Sussex, attainment data shows that 57% of pupils achieved the expected standard in reading, writing and maths combined, at Key stage 2. This is an increase of 5 percentage points compared to 2016 but is 5 percentage points below the national average

Early Years

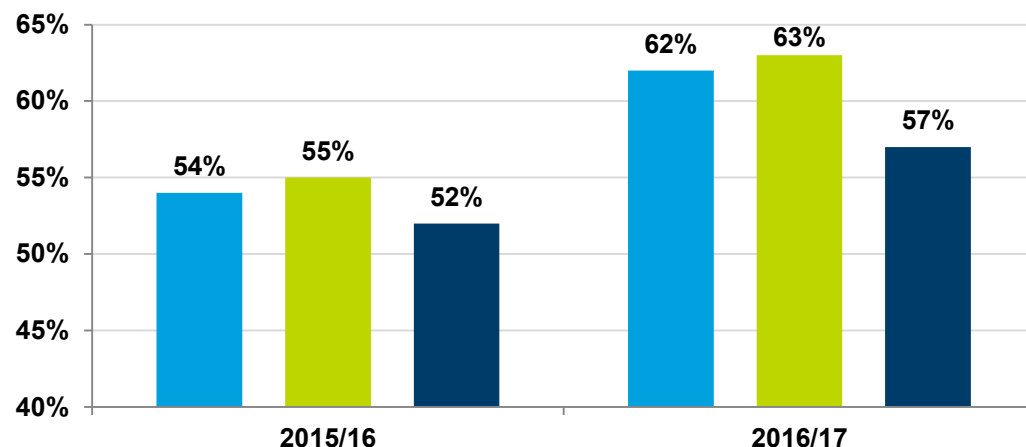
Percentage of children that achieved a good level of development in all areas of learning



Source: All Department for Education (DfE)

Key stage 2

Percentage of pupils reaching the expected standard in reading writing and mathematics

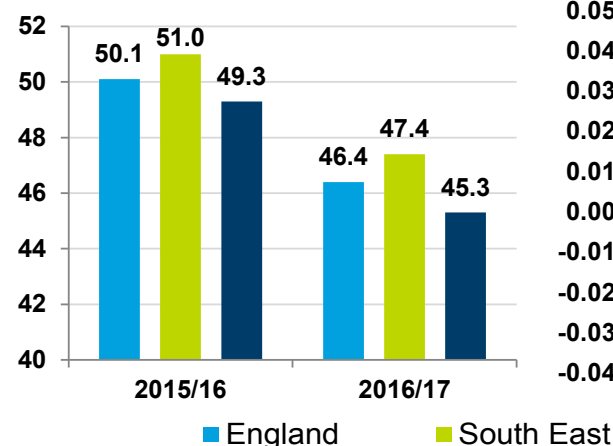


Skills

- Attainment 8 is the students' average achievement across eight subjects: English, mathematics, three other English Baccalaureate (EBacc) subjects (from sciences, computer science, geography, history and languages), and three further subjects, from the range of EBacc subjects, or any other GCSE or approved, high-value arts, academic, or vocational qualification
- Progress 8 is based on students' progress measured across these eight subjects from the end of primary school (Key Stage 2) to the end of secondary school (Key Stage 4)
- The average Attainment 8 score for East Sussex in academic year 2016/17 was 45.3, below the South East rate, 47.4, and the national rate, 46.4
- The overall Progress 8 score for East Sussex is 0.00, in line with the national average

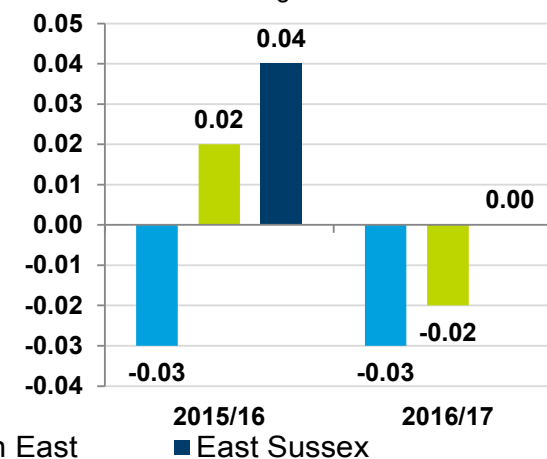
Attainment 8

Average score



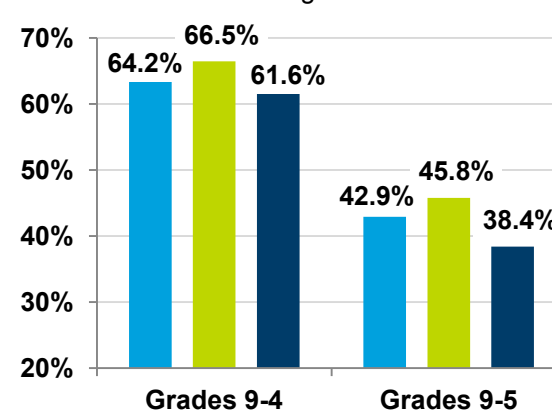
Progress 8

Average score



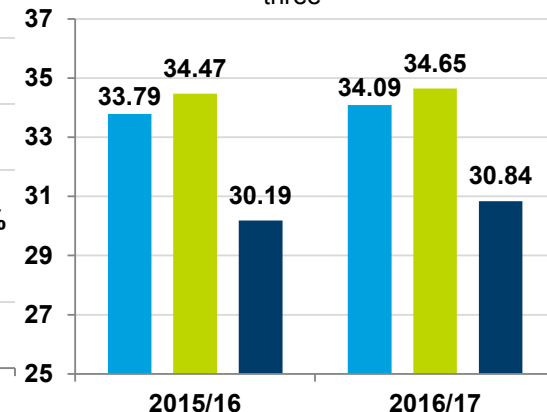
GCSE

Pupils achieving a pass in English and maths



A Level

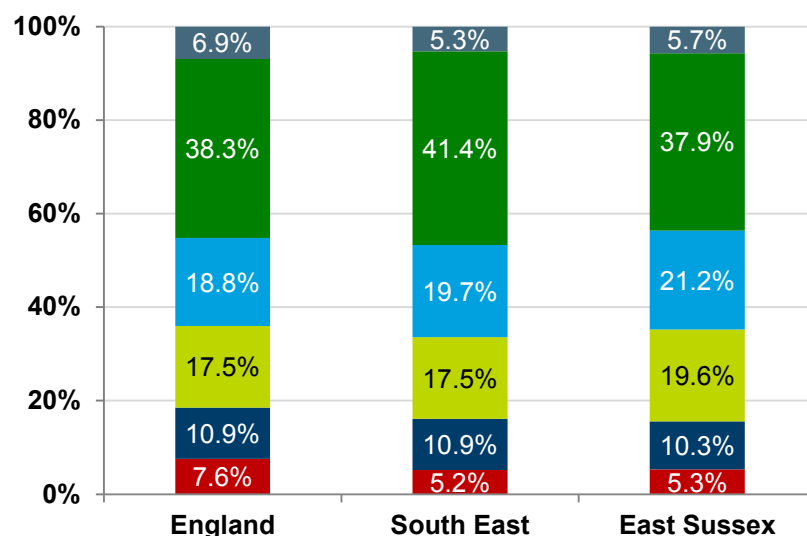
Average point score per entry best three



Qualifications of working age population 2017

- Qualification levels are broadly in line with England and South East averages
- Lewes district has a significantly higher proportion of better qualified people compared with other districts in the county

- None
- NVQ Level 2 (GCSE grade A*-C)
- NVQ Level 4+ (Degree, etc.)
- NVQ Level 1 (GCSE Grade D-G, etc.)
- NVQ Level 3 (A Level, etc.)
- Other



Note: Survey data, confidence intervals apply e.g. up to +/- 3.3% for East Sussex. Therefore care should be taken when reading these results. Data is not published when confidence intervals are very high.

None: No academic or professional qualifications

Source: ONS Nomis Annual Population Survey: Qualifications of working age population, 2005-2016 - districts

Qualifications of working age population 2017

	None	Level 1	Level 2	Level 3	Level 4+	Other
Eastbourne	4.4%	87.6%	74.1%	50.4%	28.1%	8.0%
Hastings	6.5%	84.5%	73.3%	54.6%	31.2%	9.0%
Lewes	3.7%	90.8%	81.2%	64.7%	47.4%	5.4%
Rother	7.3%	90.9%	86.3%	63.1%	37.3%	Not available
Wealden	5.1%	90.5%	79.5%	62.0%	42.8%	4.4%

Meeting business needs

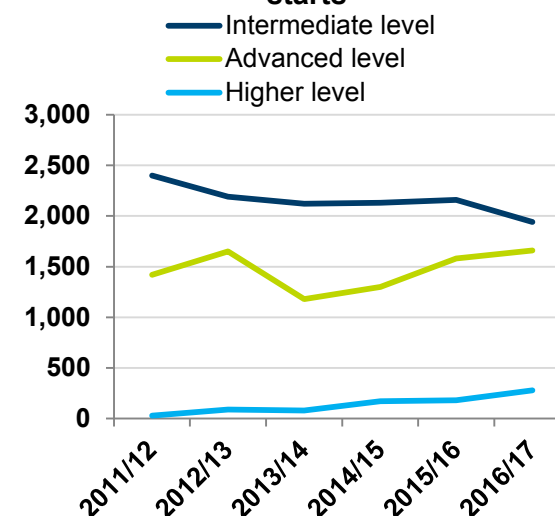
- Innovative firms employ a higher share of Science, Technology, Engineering, Art and Maths (STEAM) graduates
- Six Skills East Sussex (SES) business-led sector task groups for: engineering; land-based; construction; creative and digital industries; visitor economy; and health and social care meet regularly to promote careers in sectors with identified future skills and employment needs
- All task groups are working on careers campaigns for children and adults, developing new courses at Further and Higher Education levels, offering site visits to school children via Open Doors, promoting apprenticeships, delivering training for teachers about their sectors, and running bespoke learning sessions in schools
- The SES Creative Boost project has helped over 200 children to receive information and work experience in the creative industries
- Over 40 Industry Champions have been recruited to act as ambassadors for their sectors and promote STEAM careers to young people

Apprenticeship rates

Over 800 young people and parents attended Apprenticeship East Sussex's apprenticeship roadshow events in March 2018 to find out more about apprenticeship pathways and vacancies. Since 2017/18, the Council has been managing its own Apprenticeship Levy allocation. We are supporting our staff to take up apprenticeships at all levels and working with our schools to help them upskill their workforce via apprenticeship courses.

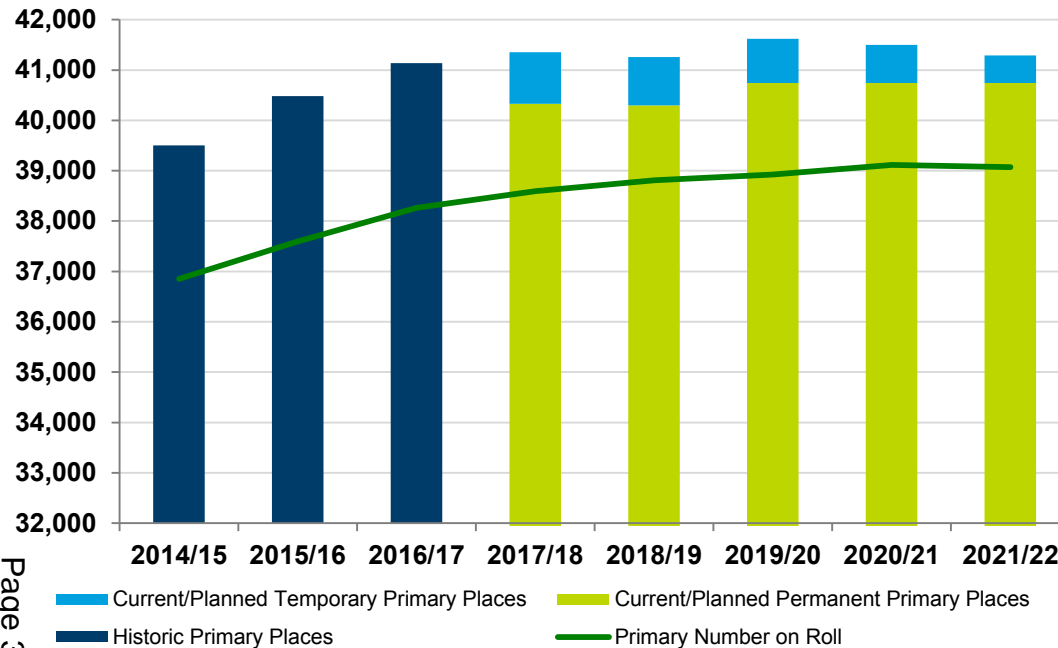
The Government have set a public sector target of 2.3% of the workforce to be undertaking apprenticeships within the first four years of the Levy. Having adopted a 'workforce led' approach, rather than a pure 'target led' one, by March 2018 we achieved just short of 50% of this target.

East Sussex apprenticeship starts

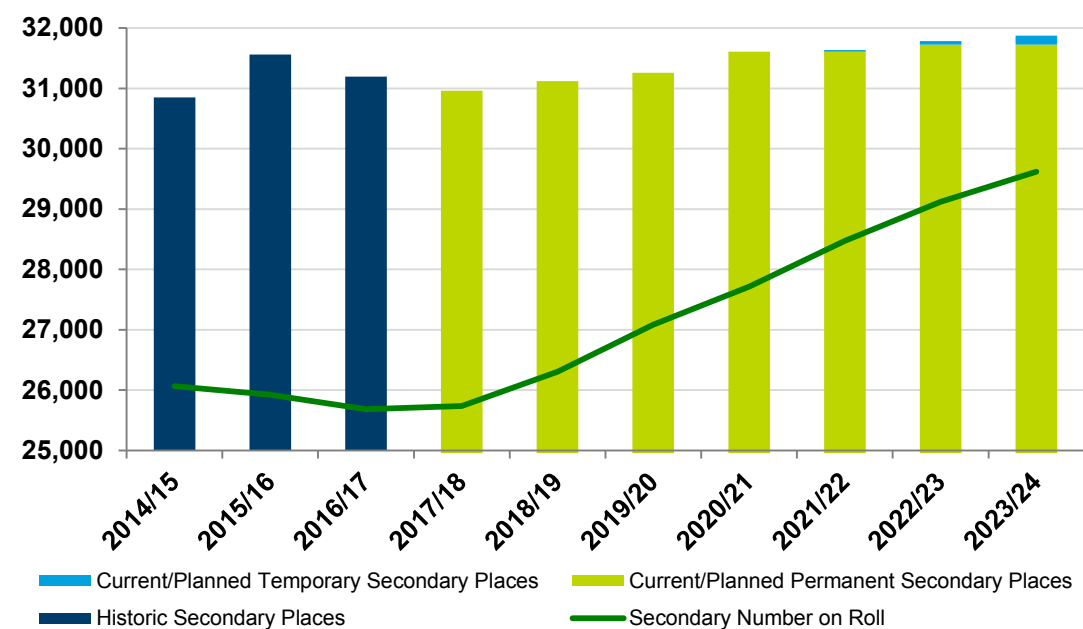


Source: DfE further education data library, apprenticeships

Primary School Places



Secondary School Places



Source: ESCC Pupil Forecasting Model 1st July 2017

Primary school places

- Additional capacity is planned to meet forecast shortfalls in local areas
- Overall, from 2017/18 to 2021/22 there will be a net reduction in capacity of 67 places as previous temporary capacity will be removed when no longer required
- Total numbers of pupils in primary schools are forecast to peak around 2021/22

Secondary school places

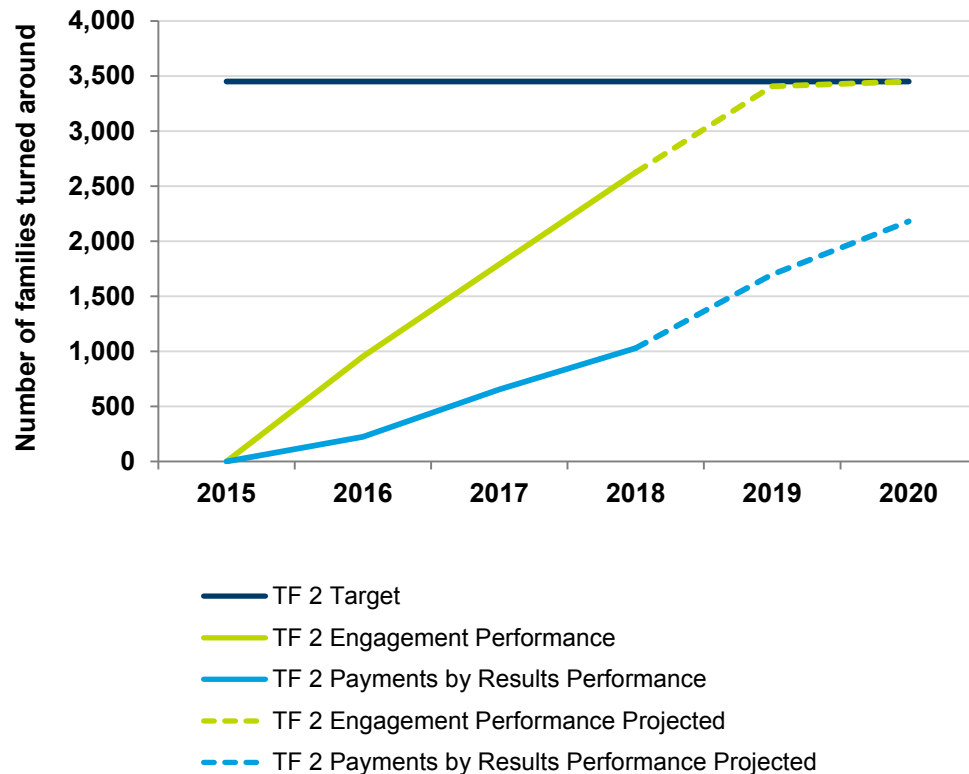
- Total number of places shown on the chart is fewer than primary as the majority of 16-17 year old students attend post-16 colleges rather than school sixth forms
- Secondary pupil numbers are expected to peak around 2025/26
- It is planned to add 915 additional places between 2017/18 and 2023/24 to meet rising demand. These will mainly be permanent places, with a small number of temporary places

Projected change in youth population

	2018	2019	2020	2021	% change 2018-2021	2022	2023	2024	2025	2026	% change 2022-2026
0-3	21,750	21,780	22,040	22,140	+1.8%	22,160	22,250	22,320	22,340	22,320	+0.7%
4-10	43,070	42,940	42,820	42,620	-1.0%	42,320	42,140	42,070	42,170	42,230	-0.2%
11-15	29,890	30,630	31,240	31,970	+7.0%	32,480	32,900	33,000	32,930	32,760	+0.9%
16-17	11,770	11,540	11,860	12,030	+2.2%	12,380	12,820	13,060	13,240	13,350	+7.8%

Source: ESCC population projections by age and gender (dwelling led) April 2018

Troubled Families (TF) programme 2

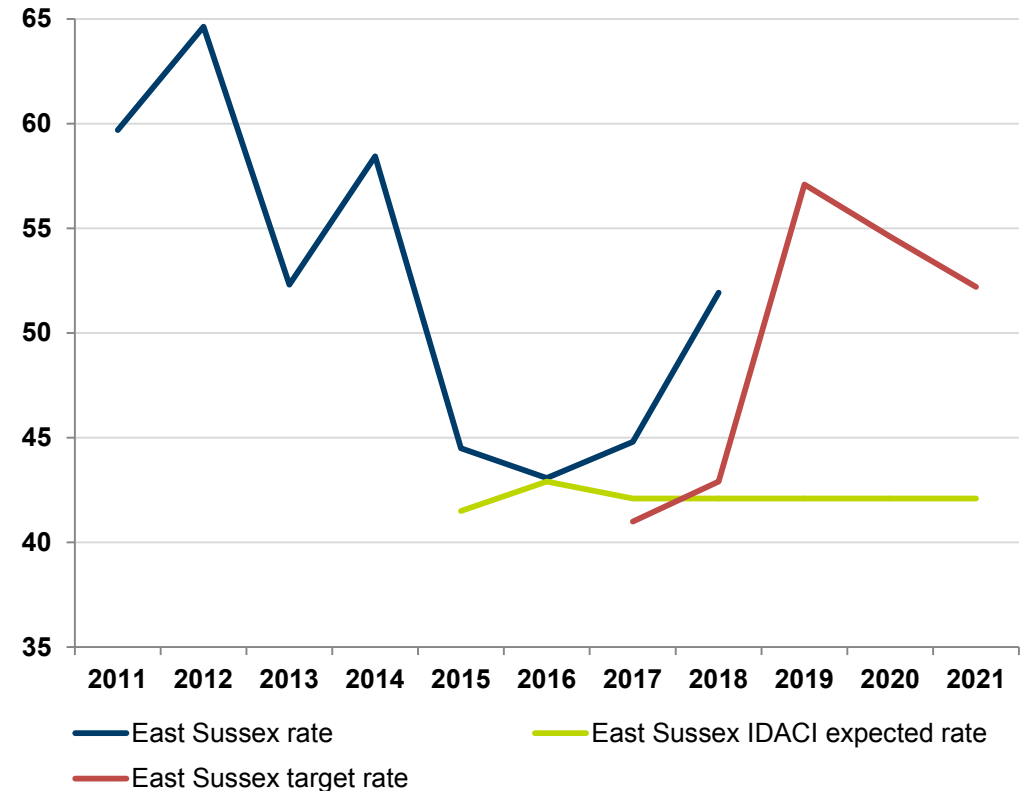


Source: ESCC Children's Services

Troubled Families results

- The national Troubled Families programme (TF2) runs from 2015-2020
- Troubled Families work is a core element of Children's Services delivery
- Payment by Results outcomes are achieved when families reach and sustain progress thresholds in six key areas
- Successful family outcomes impact positively on all priority outcomes and reduce demand for other services
- The 2012-15 Troubled Families 1 programme (TF1) successfully achieved the target of 1,015 households receiving support
- By the end of 2017/18, 2,624 families had received or were receiving support and 1,029 had achieved Payment by Results outcomes

Number of children with a Child Protection Plan

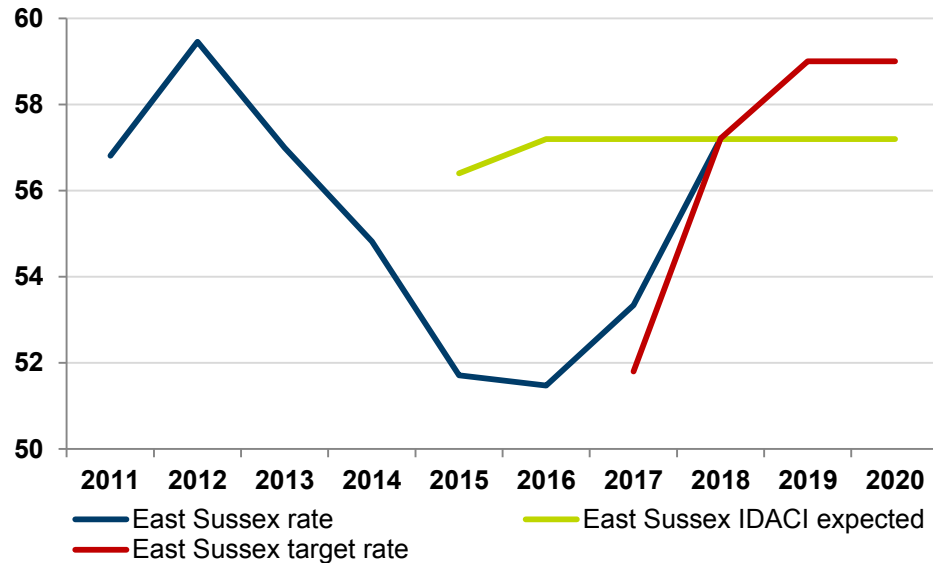


Source: ESCC Children's Services

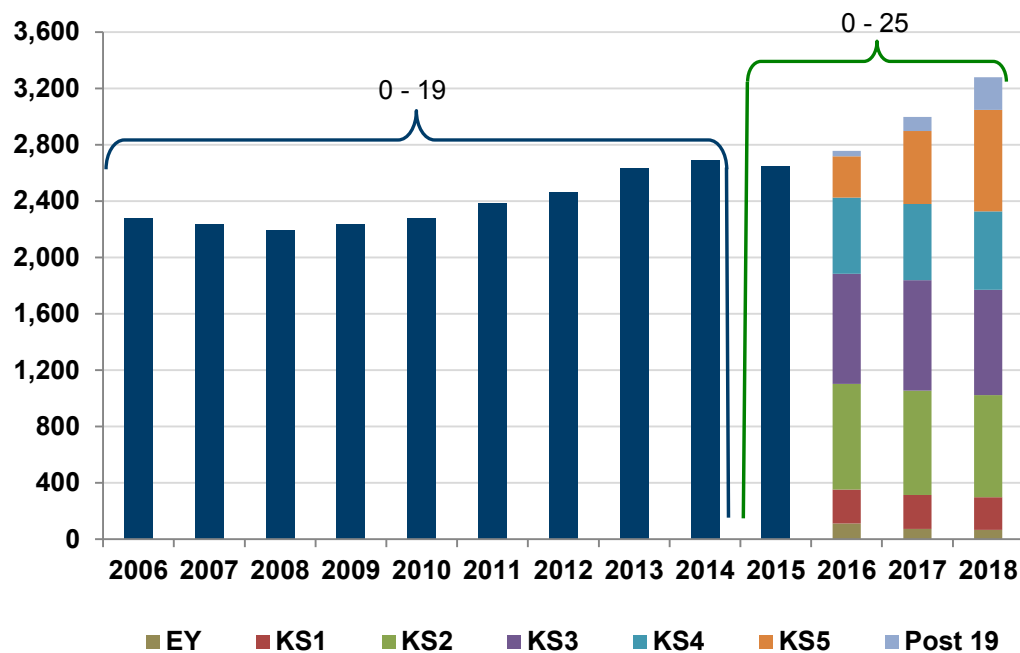
Child Protection (CP) Plans

- The number of CP plans in 2017/18 was 550, a rate of 51.9 per 10,000 children
- This is above the expected rate benchmarked for child deprivation; the Income Deprivation Affecting Children Index (IDACI). The focus continues to be ensuring the right children are made subject to plans for the right amount of time
- Improved practice on Child Sexual Exploitation (CSE), domestic violence and neglect have resulted in more children being identified who need to have a CP plan

Number of Looked After Children



Young people with a Statement or EHCP



Looked After Children (LAC)

- After reaching a low of 545 in 2016 LAC numbers have been increasing, with 606 children looked after in 2017/18 (57.2 per 10,000 children), this compares to a high of 620 in 2012 (59 per 10,000 children)
- Our strategy of using Early Help and CP plans to keep children at home is connected to the rate of Looked After Children (LAC) which is below IDACI expected rates

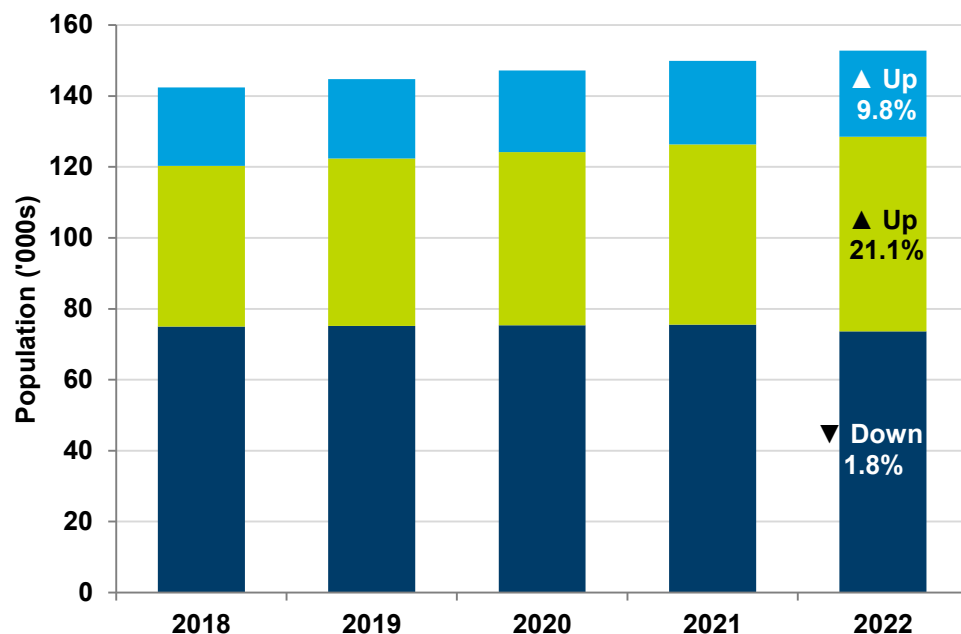
Special Educational Need (SEN) and Disability

- Council funded high cost placements at Independent and Non-Maintained Special Schools (INMSS) have increased significantly since 2015 but remain between 7% and 8% of the total number of Statements/Education, Health & Care Plans (EHCPs)
- EHCPs/Statement of SEN maintained by the Council increased by 50% from 2008 (2,193) to 2018 (3,297)
- All of the increase since 2015 has been in the Key Stage 5 and Post 19 groups
- Numbers are currently forecast to rise to approximately 3,350 by 2021
- Majority of provision funded by a local authority (primarily ESCC) or from within a schools own delegated budget
- ESCC EHC Plan/Statement of SEN as a percentage of population aged 0-25 (2.20% in 2018) continues to be above that for England (1.65% in 2017)
- Due to increased demand, there has been an increase in the number of alternative provision placements for primary age children; an application for a special free school has also been submitted
- Evaluation of parental satisfaction locally is positive for new EHCPs

Until Sep-14 a Statement of SEN could remain in place until the young person reached the age of 19. Since the SEND reforms were introduced from Sep-15 EHC Plans can remain in place until the young person reaches the age of 25. Data prior to Sep-14 is expressed as a percentage population aged 0-19. Data since Sep-14 is expressed as a percentage population aged 0-25.

Increase in older people, 2018-2022

■ 65-74 ■ 75-84 ■ 85+



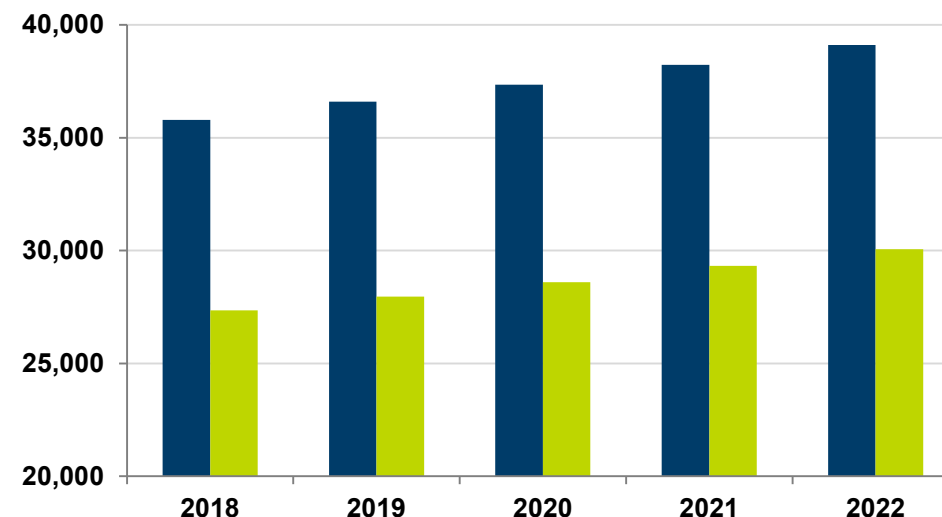
Source: ESCC population projections (dwelling led) April 2018

Compared to 2018, by 2022 there will be:

- A fall in the population of working age people (age 18-64) of 0.2%
- A countywide increase in older people (age 65+) of 10,370 (7.3%) from 142,370 to 152,740
 - Eastbourne: 1,420 more (up 5.5%) biggest increase in age 75-84 (17.8%)
 - Hastings: 1,570 more (up 8.5%), little rise in 65-74 (1.0%), but 9.4% in 85+ and 22.6% in 75-84
 - Lewes: 1,980 more (up 7.6%) biggest increase in age 75-84 (19.3%)
 - Rother: 1,700 more (up 5.6%), small rise in 65-74 (4.0%), 20.7% rise in 75-84
 - Wealden: 3,710 more (up 8.9%), 24.0% rise in 75-84 and 13.6% rise in 85+
- 39,110 older people (age 65+) projected to have a limiting long term illness whose day to day activities are limited a little (up 9.3%), 30,050 limited a lot (up 9.9%)
- 11,830 older people (65+) projected to have dementia (up 12.0%)

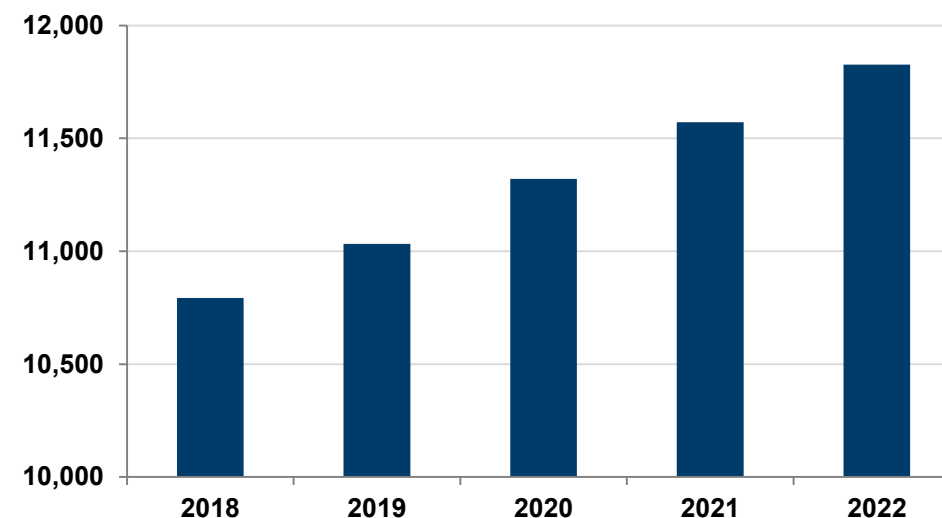
Older people (age 65+) with a limiting long term illness projections

■ Limited a little ■ Limited a lot



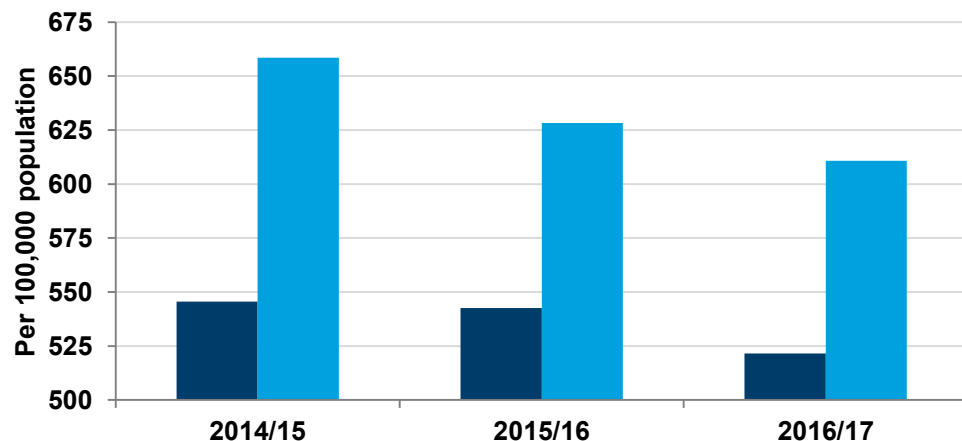
Source: POPPI (Projecting Older People Population Information), www.poppi.org.uk

Older people (age 65+) with dementia projections



Source: POPPI, www.poppi.org.uk

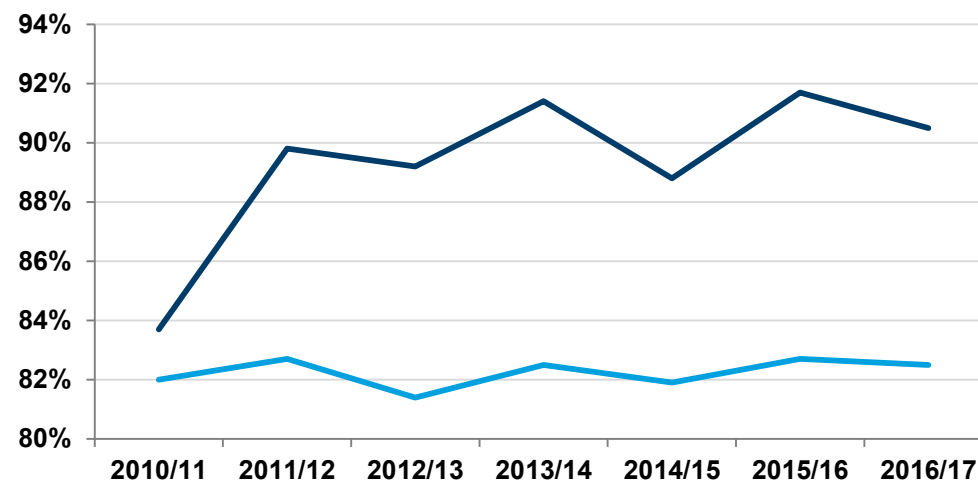
Long-term support needs met by admission to residential and nursing care homes (Older people age 65+)



Source: NHS Digital Adult Social Care Outcomes Framework data ASCOF 2A2
Note: New definition 2014/15 onwards, not comparable to previous years

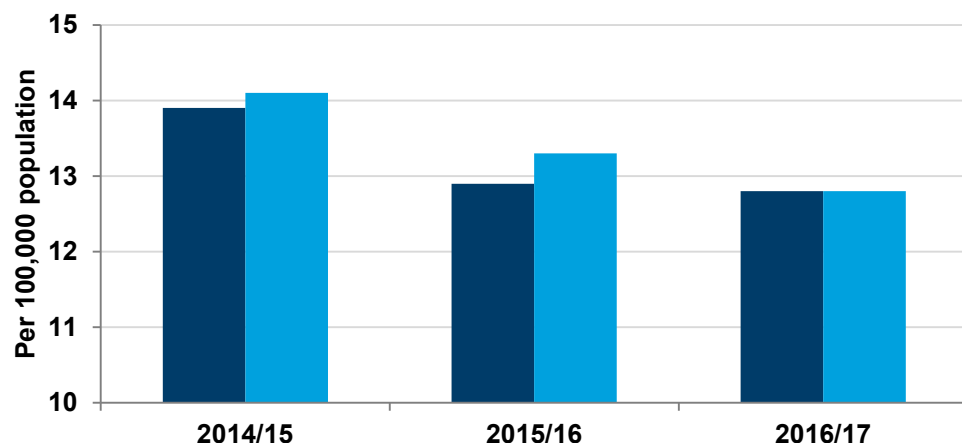
■ East Sussex ■ England

Older people (age 65+) still at home 91 days after discharge from hospital



Source: NHS Digital Adult Social Care Outcomes Framework ASCOF 2B1

Long-term support needs met by admission to residential and nursing care homes (Working age people age 18-64)



Source: NHS Digital Adult Social Care Outcomes Framework data ASCOF 2A1
Note: New definition 2014/15 onwards, not comparable to previous years

Community care and promoting independence

- Work to reduce dependency on long term residential care has seen permanent admissions of working age people (age 18-64) to residential and nursing care homes reduce to levels in line with the national rate
- Permanent admissions of older people (age 65+) reduced in 2016/17 and remain significantly below the rate for England
- The proportion of older people (age 65+) still at home 91 days after discharge from hospital into reablement/rehabilitation services decreased in 2016/17 to 90.5%, however this is still significantly above the national figure 82.5%
- The number of older people (age 65+) admitted to hospital due to falls has decreased in 2016/17 to 2,072 per 100,000 (England 2,114)

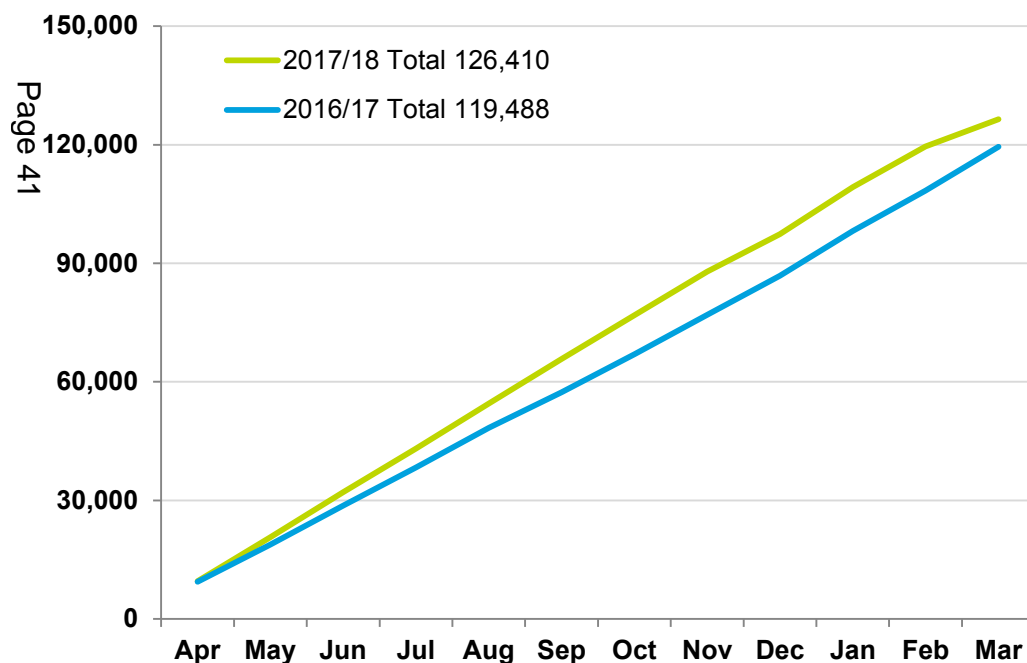
Source: ASCOF and Public Health Outcomes Framework

Integrating health and social care

- East Sussex Better Together (ESBT) and Connecting for You (C4Y) are our local health and social care transformation programmes, which will help us develop a fully integrated health and social care system
- East Sussex is covered by three Clinical Commissioning Groups (CCGs): High Weald, Lewes and Havens (HWLH); Hastings and Rother (H&R); and Eastbourne Hailsham and Seaford (EHS)
- ESBT is a collaboration between the Council, EHS and H&R CCGs
- C4Y is a collaboration between the Council and HWLH CCG

Requests for support

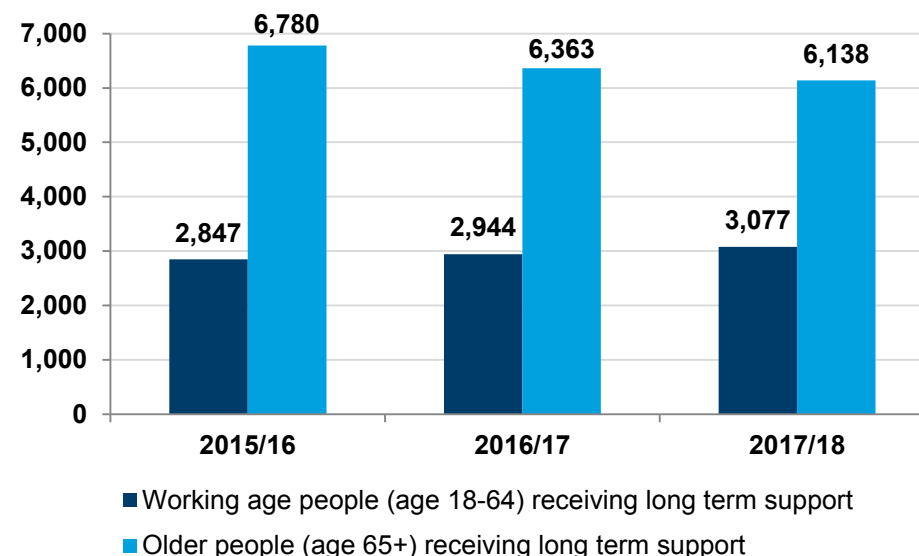
Cumulative Health and Social Care Connect contacts/referrals



- Health and Social Care Connect (HSCC) received 126,410 contacts in 2017/18, an increase of 6,922 (5.8%) compared to 2016/17

Source: East Sussex Health and Social Care Connect

People receiving Long term support

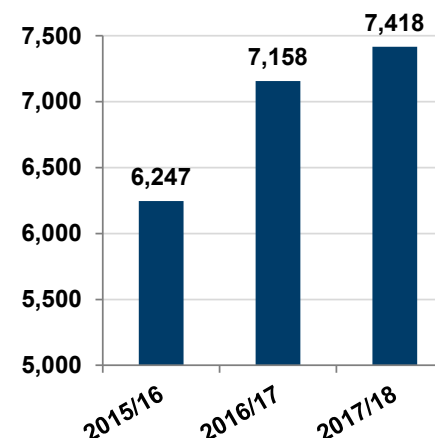


- The total number of clients receiving Long Term support has decreased by 1.0% in 2017/18 to 9,215

Long Term support encompasses any service or support which is provided with the intention of maintaining quality of life for an individual on an ongoing basis, and which has been allocated on the basis of eligibility criteria/policies (i.e. an assessment of need has taken place) and is subject to regular review

Source: East Sussex Health and Social Care Connect

Carers receiving support

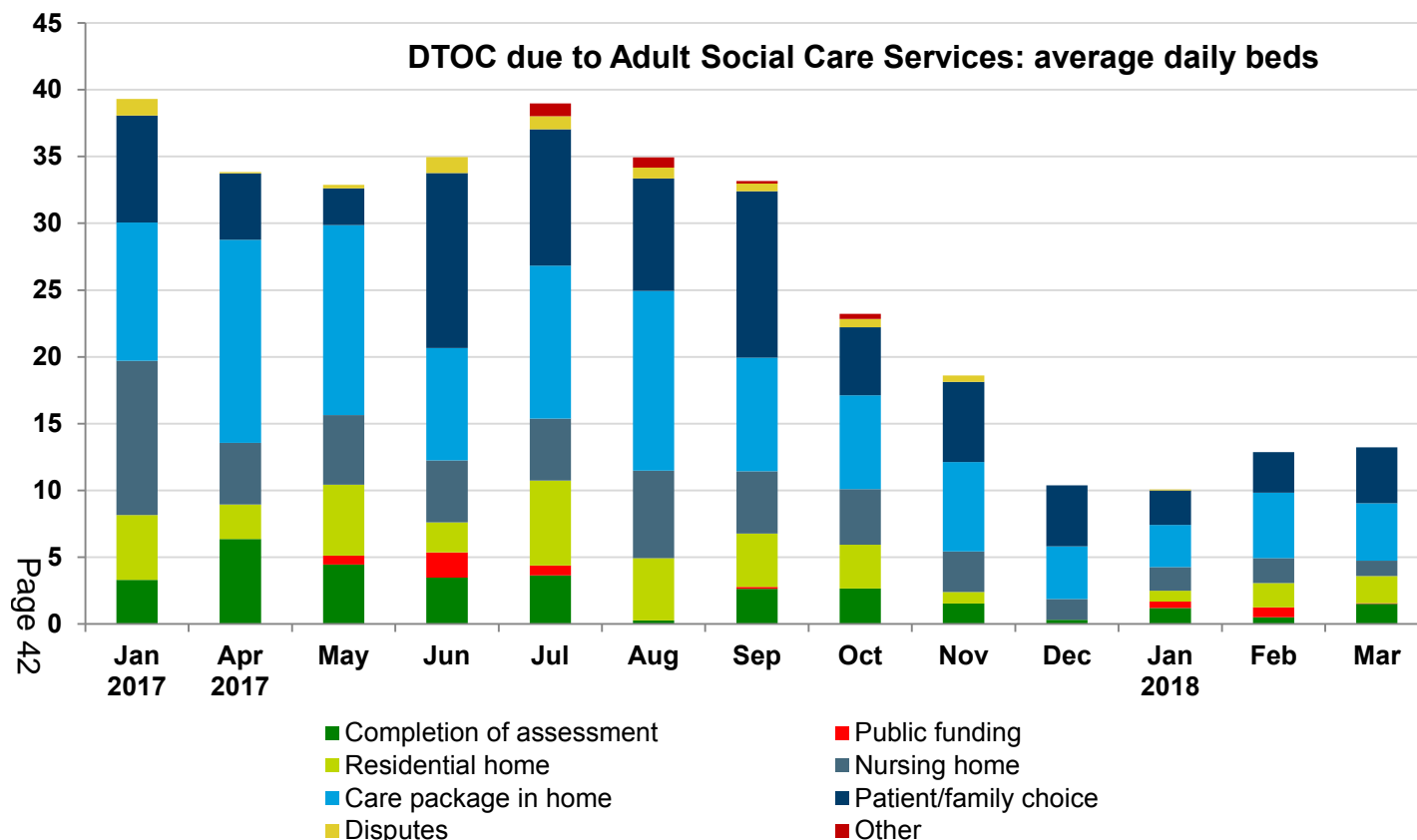


- The total number of carers receiving support has increased by 3.6% in 2017/18
- Carers receiving support including Information, Advice and Other Universal Services / Signposting

Source: East Sussex Health and Social Care Connect

Delayed Transfers of Care (DTOC)

DTOC due to Adult Social Care Services: average daily beds

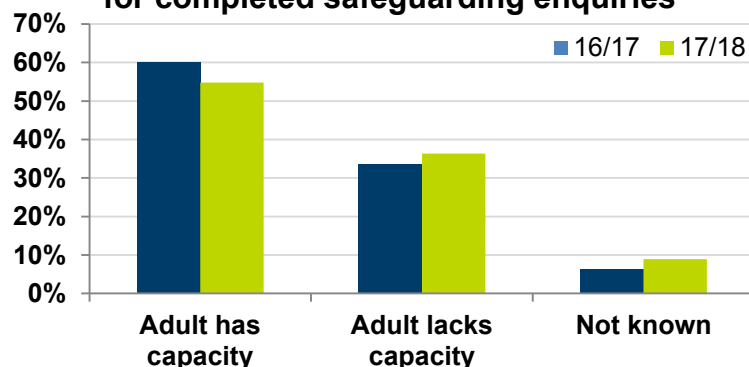


DTOC due to Council services only: average daily beds per month

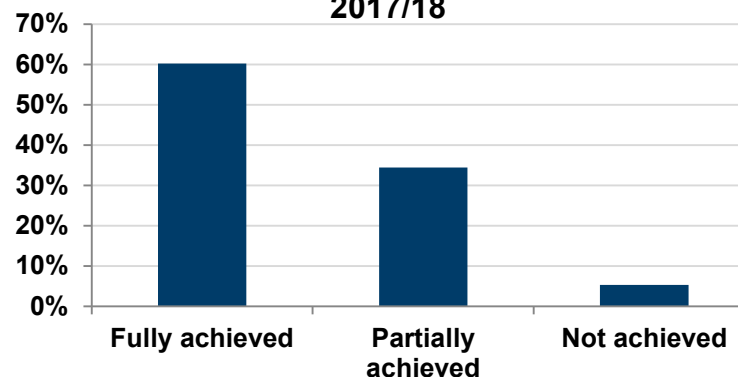
- Average daily DTOC beds is based on the number of delayed days divided by number of days in the month giving an average number of delays per day
- The average number of daily delays attributable to Adult Social Care (ASC) has decreased from 39 in January 2017 to 13 in March 2018 (a 66% reduction)
- The main reasons for ASC delays in March 2018 were:
 - Awaiting care package in own home: average 4 delays per day, 32% of delays
 - Patient of Family Choice: average 4 delays per day, 32% of delays
 - Awaiting residential home placements: 2 beds, 15% of delays

Adult Safeguarding

Mental Capacity and advocate support for completed safeguarding enquiries



Safeguarding enquiries: outcomes 2017/18



- There has been an increase in the percentage of safeguarding enquiries for adults who lack capacity between 2016/17 and 2017/18 (34% to 36%)
- However, of the adults who lacked capacity, 99% were supported by an advocate compared to 96% in 2016/17
- 94% of safeguarding enquiries resulted in the expressed outcomes being achieved or partially achieved in 2017/18

East Sussex Better Together (ESBT) /
Connecting for You (C4Y) Boundary

Clinical
Commissioning
Group (CCG)
Boundaries

District
Boundaries

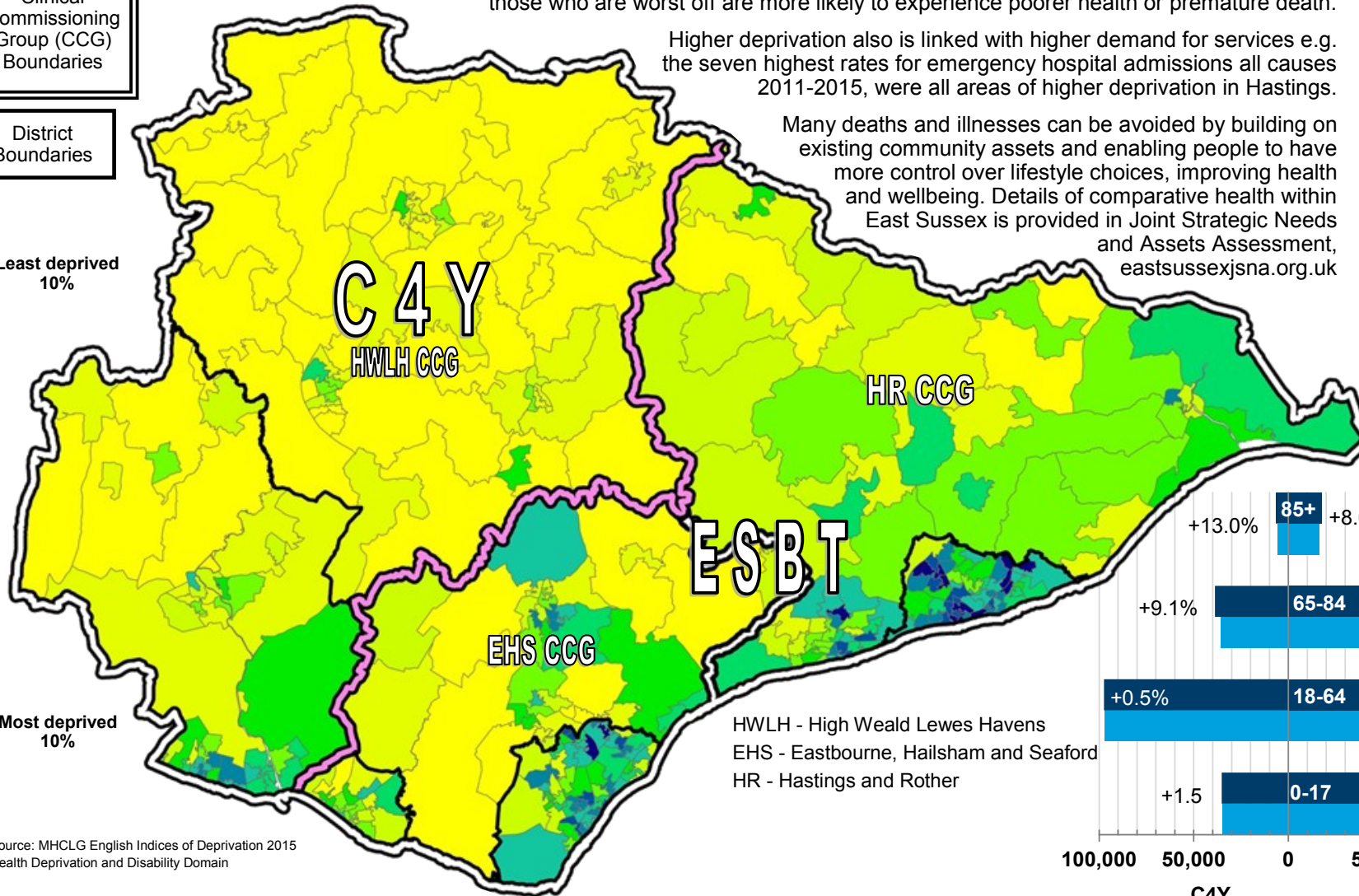
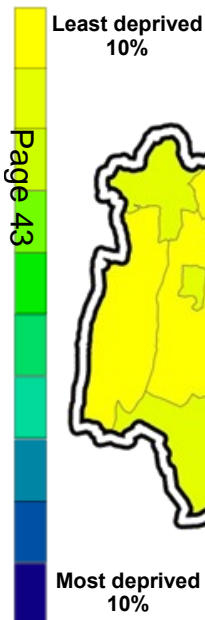
Map of Health Deprivation and Disability 2015

The Health Deprivation and Disability Domain is part of the Index of Multiple Deprivation for LSOAs in England. Measures include: years of potential life lost, comparative illness and disability ratio, acute morbidity, and mood and anxiety disorders. The strong relationship with income deprivation means those who are worst off are more likely to experience poorer health or premature death.

Higher deprivation also is linked with higher demand for services e.g. the seven highest rates for emergency hospital admissions all causes 2011-2015, were all areas of higher deprivation in Hastings.

Many deaths and illnesses can be avoided by building on existing community assets and enabling people to have more control over lifestyle choices, improving health and wellbeing. Details of comparative health within East Sussex is provided in Joint Strategic Needs and Assets Assessment, eastsussexjsna.org.uk

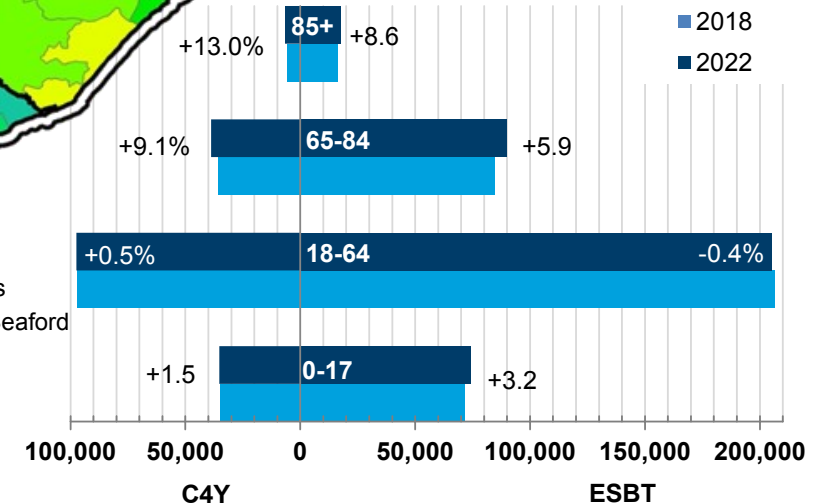
Geography	LSOAs most deprived 10% in England	LSOAs least deprived 10% in England
East Sussex	4.3%	14.6%
ESBT	6.2%	4.8%
C4Y	0.0%	35.6%
Eastbourne	4.9%	0.0%
Hastings	18.9%	0.0%
Lewes	0.0%	9.7%
Rother	1.7%	5.2%
Wealden	0.0%	41.1%



Source: MHCLG English Indices of Deprivation 2015
Health Deprivation and Disability Domain

Population projection 2022

Connecting for You (C4Y)
East Sussex Better Together (ESBT)



East Sussex Better Together and Connecting 4 You are our local health and social care transformation programmes. We are working together with local people and organisations to design and commission safe, high quality and more integrated health and social care services that will meet the needs of people now and in the future.



State of the County Data

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We use a wide range of data to help us understand the context for our plans and the impact we are having through our work and in partnership. A selection of this data is listed below. Years are financial (April-March) or academic (September-August) unless otherwise stated.

Measure	15/16	16/17	16/17 Eng	Measure	15/16	16/17	16/17 Eng
Percentage of working age residents (16-64 year olds) with a level 4 or higher qualification (HNC, HND, degree etc) (CY)	34.1% (2016)	37.9% (2017)	38.3% (2017)	Rate per 10,000 (aged 0-17 population) of Looked After Children	51	53	62
Percentage of working age residents (16-64 year olds) with no qualifications or qualified only to NVQ1 (CY)	22.4% (2016)	15.6% (2017)	18.5% (2017)	Rate per 10,000 (aged 0-17 population) of children with a Child Protection Plan	43.1	44.8	43.3
Annual gross earnings, median average (residence based)	£20,609	£20,738	£23,743	Percentage of children who ceased to be looked after adopted during the year ending 31 March	24%	20%	14%
Percentage of working age population (16-64 year olds) in employment	73.8%	75.6%	74.4%	Rate of hospital emergency admissions caused by unintentional and deliberate injuries in children and young people aged 0-14 years per 10,000 population	NA	115.1	101.5
Claimant rate including Job Seeker's Allowance (JSA) and Universal Credit: claimants as a percentage of working age population (16-64 year olds), March	1.5%	1.5%	1.9%	Proportion of people who use Adult Social Care services who feel safe	70.9%	77.4%	70.1%
New business registration rate per 10,000 people over 16	61.9	57.0	83.6	Proportion of people (65 and over) who were still at home 91 days after discharge from hospital	91.7%	90.5%	82.5%
New houses built, total completed / total affordable	1,509 / 308	1445 / 280	N/A	Suicide rate per 100,000 of population, three year average	2013-2015 11.9	2014-2016 12.8	2014-2016 9.9
Percentage of children achieving a good level of development in all areas of learning ('expected' or 'exceeded' in the three prime areas of learning and within literacy and numeracy) in the Early Years Foundation Stage Profile (EYFSP)	75.7%	76.5%	70.7%	Percentage of children aged 4-5 years with excess weight (overweight or obese) LA by postcode of child	22.6%	23.3%	22.6%
Average Attainment 8 score per pupil state funded secondary schools	49.3 Revised	45.3	46.4	Percentage of children aged 10-11 years with excess weight (overweight or obese) LA by postcode of child	32.0%	30.3%	34.2%
Average Progress 8 score for state funded secondary schools	+0.04 Revised	0.00	-0.03	Long-term support needs of younger adults (aged 18-64) met by admission to residential and nursing care homes, per 100,000 population per year	12.9	12.8	12.8
Percentage of pupils reaching the expected standard at key stage 2 in reading, writing and mathematics	52% Revised	57%	62%	Proportion of people who use Adult Social Care services who find it easy to find information about support	76.2%	79.4%	73.5%
Percentage of pupils who achieved a 9-5 pass in English and maths	N/A	38.4%	42.9%	Social isolation: percentage of adult social care users who have as much social contact as they would like	42.6%	51.3%	45.4%
Percentage of Looked After Children who achieved a 9-5 pass in English and maths GCSEs	N/A	9.5%	7.4%	Long-term support needs of older adults (aged 65 and over) met by admission to residential and nursing care homes, per 100,000 population per year	542.6	521.5	610.7
Average point score (APS) per entry for level 3 exams including A levels (16-18 year olds)	30.35 Revised	32.16	33.23	Proportion of older people aged 65 and over who received reablement services following discharge from hospital	1.5%	1.6%	2.7%
Attainment of A level students (age 16-18) average point score (APS) per entry, best 3	NA	30.84%	34.09%	The outcome of short-term services: sequel to service: proportion of people who received short-term services during the year, where no further request was made for ongoing support or support of a lower level	90.5%	97.6%	77.8%
Attainment of A level students (age 16-18) % achieving grades AAB or better at A level, of which at least two are in facilitation subjects	NA	8.7%	14.3%	Number of people killed or seriously injured on the roads (CY)	383 (2016)	370 (2017)	NC

CY = Calendar Year (January-December)

NA = Data Not Available

NC = Data Not Comparable

NM = New Measure

TBC = To Be Confirmed

Local and National Policy and Resources Outlook

1. Introduction

1.1 This appendix provides an overview of the key current and anticipated issues and developments at the local and national level that will form the context for the next round of Reconciling Policy, Performance and Resources (RPPR). The financial outlook for the Council and Local Government as a whole over the coming three years (2019/20-2021/22) remains exceptionally challenging. At the same time, Government capacity and Parliamentary time continue to be taken up by negotiations and preparation for leaving the European Union (EU). In consequence, Central Government commitment to bold policies that could improve this financial context in the immediate future is unlikely. The issues and developments covered in this appendix will inform our planning for the Council's new role and Core Offer to residents, business and partners in this context.

1.2 This Appendix covers the following focus areas:

- Schools
- Children's Services
- Adult Social Care and Health
- Partnerships
- Economy
- Transport and Infrastructure
- Environment
- Communities and Residents
- Workforce
- Funding and Income

2. Schools

2.1 The role that East Sussex County Council (ESCC) plays in schools and for pupils in East Sussex continues to change with the shifting education landscape. This section outlines recent developments and the anticipated key issues for schools and our education services in the coming year.

Schools landscape

2.2 In line with our Excellence for All Strategy 2017-2019, ESCC continues to work with all East Sussex schools to support them in improving standards. Increasingly, this work is delivered through brokering school to school support as we move away from directly providing school improvement services.

2.3 We are seeing a slow rise in schools converting to academies, particularly where they are joining a Diocesan Multi-Academy Trust. We continue to promote the opportunities of school federation and the academy programme and we anticipate we will see an increase in academy conversation in the coming year. The impact of the increase (on ESCC's responsibilities, staff numbers, traded services and the liability of school staff pensions) will continue to be monitored.

Schools Funding

2.4 Schools are facing a challenging financial landscape, in part caused by transition to the National Funding Formula (NFF), but also significantly by the real cost increases to be absorbed within current funding levels.

2.5 The funding system for schools is being replaced by a new NFF, which will determine the level of grant schools receive directly from the Department for Education (DfE). The formula is intended to rectify any disparities in the level of funding schools receive across the country. The current indication is that the NFF will be fully implemented by 2020/21. 2018/19 and 2019/20 are transitional years, where the total funding local authorities receive will be determined by the principles of the NFF, but local authorities will retain the function of distributing funding to schools using a locally determined formula. ESCC, in conjunction with school representatives comprising the Funding Formula Working Group, has used this period to transition towards the NFF with a number of steps taken for 2018/19 and further changes under discussion for 2019/20. The aim of this gradual approach to adoption is to maintain stability in funding for schools.

2.6 Additional transitional funding (for 2018/19 and 2019/20) was announced in September 2017. This was to ensure that no school would see a reduction in funding as a result of NFF introduction during this period. Funding levels beyond 2019/20 are uncertain. Overall, the introduction of the NFF shows a potential net financial gain for East Sussex schools. However, original illustrations of full implementation of the formula, modelled by the DfE in 2017/18, indicated that approximately 45% of schools would see a reduction as a result of the introduction. One of the overriding principles of the NFF is to allocate as much funding as possible via pupil led factors. The major impact of this for East Sussex schools is the lump sum element of the budget to be allocated under the NFF is significantly lower than it has historically been. Smaller schools, with fewer pupils, therefore see little or no increase to their funding from the introduction of the NFF.

2.7 More significant than the impact of the NFF, however, and currently impacting all schools, is the real cost increases schools are required to absorb. Pay awards, higher National Insurance and pension contributions, the implementation of the National Living Wage (NLW) and the Apprenticeship Levy have seen payroll costs increase and continue to add additional pressures in future years. (Further detail on Apprenticeship Levy and pay award costs can be found in Section 10). Additional inflationary pressure on bought in services and non-pay costs are also impacting on schools budgets. Larger schools which will on the whole realise a gain when the NFF is fully implemented will have some level of protection against these cost pressures. However, small schools face a significant risk to overcoming the cost pressures faced.

2.8 To ensure sustainability, ESCC actively encourages schools to plan ahead, to operate differently and to use partnerships and collaborative working to operate more efficiently. We continue to support schools in financial difficulties to find sustainable models. ESCC has also supported schools in challenging Government for a fairer funding regime. Schools are reporting that pressure on their budgets is impacting negatively on children and young people, in particular those who are most vulnerable.

School places

2.9 In May this year, the Secretary of State for Education announced £680m, funding to create 40,000 extra school places in England. A further £50m is to be provided to improve facilities and create more good school places for children with Special Educational Needs. Our review of the interim guidance available suggests East Sussex will not benefit from this additional fund and will continue to rely on Council resources to meet basic need.

Special Educational Needs and Disability (SEND) pressures

2.10 East Sussex has historically had high numbers of children on statements which have now been transferred to Education, Health and Care Plans. Whilst the rise in number of new plans is below that of our neighbouring authorities, the overall numbers of children who are subject to a plan remain high. This has an impact on finding suitable provision and on cost. Both locally and nationally, if this rise continues the High Needs Block of the Dedicated Schools Grant will come under sustained pressure. Children's Services has introduced new systems and processes and is working closely with our schools to manage this demand and try and ensure that children can attend their local school. The successful free school bids we made in 2017 will over time assist in managing this pressure.

2.11 National legislation relating to post-16 provision for young people with SEND has been unfunded; locally and nationally there has been a significant increase in the number of young people supported; and the associated costs have risen disproportionately.

Hastings Opportunity Area

2.12 The Hastings Opportunity Area is an ambitious two year programme to improve educational outcomes and social mobility for children and young people in Hastings. The programme is funded by the DfE, but delivered locally in partnership with ESCC. A delivery plan was published in January 2018 and sets out how the programme will invest £6m direct funding to deliver the Plan's four priorities to:

- improve literacy;
- raise attainment in maths;
- improve mental health and resilience; and
- broaden horizons and prepare young people for work.

3. Children's Services

Safeguarding pressures

3.1 East Sussex is experiencing the same increase in demand in Safeguarding and Looked After Children numbers as other authorities around the country. The rises are contributing to the £2bn shortfall in national funding for Children's Services by 2020 that the Local Government Association (LGA) has identified. Due to changes to national benefits and the rise in children living in poverty we are experiencing a rise in neglect cases and in new families approaching the service. As we prioritise our remaining resources on services for safeguarding and supporting children most in need, we will review our early help offer and the targeted support we provide, which is likely to further increase these pressures in the future.

3.2 ESCC is also experiencing an increase in drug related activity as London gangs target shire authorities in a development which is termed 'County lines'. This development sits within a range of other behaviours that are leading to an increase in the number of children who are being exploited.

Children's Mental Health

3.3 There is increasing focus in the national press and in the Government's 'Transforming children and young people's mental health provision' Green Paper on the growing concerns around children and young people's emotional wellbeing and mental health and their ability to access services. Locally increasing numbers of children require support. The Children and Adolescent Mental Health Services (CAMHS) Transformation Grant continues to be focused on generating innovative solutions. Work

is underway with the Clinical Commissioning Groups to review the CAMHS contract and ensure these innovations are mainstreamed.

4. Adult Social Care and Health

4.1 The need for a long-term sustainable solution for funding the delivery of social care to our increasingly aging population remains a major area of concern for ESCC and continues to receive national Government and media attention. This section sets out the latest national position on reforming social care provision, pressures acting on our budget and our local plans to deliver the best services possible within available resources.

National funding for social care

4.2 The Government announced in the Spring Budget 2017 that it intended to produce a Green Paper to reach a long-term, sustainable solution for providing the care that older people need. An inquiry is currently underway seeking views from expert witnesses and written submissions from interested parties. In June, the Secretary of State for Health and Social Care announced that the Paper would be published in the autumn so that it could be aligned with the new NHS spending plan. The Government has also started parallel work to develop a sustainable funding solution for working age adults' social care.

4.3 It is unlikely that the Older People's Green Paper will resolve the immediate funding problems presented to local authorities that provide social care. The Secretary of State for Health and Social Care has confirmed that the long term funding profile for social care will not be settled until the next Comprehensive Spending Review, due in 2020/21. In the meantime, the Revenue Support Grant (RSG) to local authorities will continue to taper off and the replacement fair funding system (the details of which are still to be confirmed) won't be in place until 2020/21, which leaves us with difficult decisions to make about the services we provide with our remaining resources. (Further detail on local government funding changes and announcements is provided at paragraphs 11.4-11.9.)

National pressures

4.4 National trends influence the way we allocate our resources. Government has recently prioritised the reduction in delayed transfers of care in hospitals, with areas being given nationally mandated targets to achieve and funding for this being provided through the Better Care Fund and Improved Better Care Fund. The targets are expected to continue to get more stringent, although the funding to achieve this is projected to decrease over time. This means that we have to prioritise our resources and activity to support hospital discharges, whereas we know that supporting people in the community so that they do not end up in hospital is the better option for people's health and wellbeing, and as a use of limited resources. Additional funding for the NHS, such as that announced in the five year funding plan in mid-June, without taking a strategic whole system approach to delivery of health and social care is inefficient. We will continue to emphasise to Government the need to recognise the link between community and acute care and to fund both parts of the system appropriately to make the best use of public resources.

4.5 There are also concerns about the sustainability of the care home and home care markets. In East Sussex, we have put a lot of support into care homes which were failing to ensure that they improve the safety and quality of their provision. In the past, some national providers have gone into administration and this may occur again in the

future. The need to pay staff the National Minimum Wage rate for sleep-in shifts and the direction from HM Revenue and Customs to backdate this by six years is likely to have a significant financial impact on providers and councils.

Adult Social Care and Health's (ASC&H) Future Role and Responsibilities

4.6 With national trends and decisions generating pressures; demand on our services rising as our local community ages; and funding stagnating, the Council must rethink how it can continue to meet our statutory duties, powers and responsibilities within available resources. It has a number of statutory duties and powers relating to care, which are laid out in full in the Care Act 2014. Briefly they are to meet people's social care needs, applying National Eligibility Criteria. We also have a number of responsibilities for the promotion of wellbeing and independence. In previous years, the Council has allocated some of its budget to fund preventative services, usually from the voluntary and charitable sector. This has always been acknowledged to be an important aspect of the service we provide to help people maintain their independence for as long as possible.

4.7 To date, savings in ASC&H have been delivered by making reductions in the non-statutory services that we provide, alongside reducing the number of staff employed in management and administrative posts. The review of the future role of our services will focus on how we can continue to improve the way we work, becoming more efficient where possible, and ensuring our staff are supported and trained to have meaningful conversations with people to ensure that their strengths and personal and community assets are included in their support planning. This has proved to be an approach which can promote independence and wellbeing in a cost-effective manner in other areas, and will also empower staff to use greater creativity in the assessment and support planning process.

4.8 There are other areas that we will need to look at in order to focus our resources on delivering our statutory duties. We may not be able to continue delivering the same services in the same way that we do now. We are looking at best practice examples in other local authorities to understand how we can make changes to reduce spend but minimise the impact on residents. One of the aspects we will be looking at is talking to East Sussex communities to agree what they can expect from us, and what we will need from them to help us achieve our priorities.

4.9 Realistically, we are not going to be able to continue to invest in the preventative services that we would wish to. Our community will therefore need to take more responsibility for looking after themselves and each other to keep everyone safe and independent for as long as possible. The longer we can keep people out of institutional care, the more money we will have available to support greater numbers of people to keep their independence for longer.

Health and Social Care Integration

4.10 Since 2014 we have worked closely with our local NHS partners with the vision of developing integrated, seamless services across health and social care in East Sussex, and moving towards a culture of all organisations taking joint responsibility for ensuring our community receives the best service possible within the available resources to improve health and wellbeing outcomes for everyone.

4.11 ESCC is a member of the East Sussex Better Together (ESBT) Alliance, formed from the East Sussex Better Together Programme launched in 2014. The other Alliance

members are the Hastings and Rother Clinical Commissioning Group (CCG), Eastbourne, Hailsham and Seaford CCG, East Sussex Healthcare Trust (ESHT) and Sussex Partnership NHS Foundation Trust. The Alliance's ambition is to build a new model of Accountable Care that integrates the whole health and social care system to make the best use of the £850m spent every year to meet the health and care needs of the people of East Sussex and this will continue to be the focus of work in the coming year.

4.12 In the western side of the county, covering the Wealden, Lewes and Newhaven areas, ESCC is a member of the Connecting 4 You Programme, alongside High Weald Lewes Havens CCG, Sussex Partnership NHS Foundation Trust and Sussex Community Foundation Trust. This Programme was launched in 2016 and will continue to seek greater integration of health and care services to better serve the community throughout the coming year.

Sustainable Transformation Partnership

4.13 The Sussex and East Surrey Sustainable Transformation Partnership (STP) is led by the NHS and brings together health organisations in East and West Sussex, Brighton & Hove, Mid Sussex and East Surrey and represents around 1.9 million residents. East Sussex is geographically represented in two of the four place-based areas within this STP footprint, ESBT to the east of the county, and the Central Sussex Alliance to the west of the county. The STP's purpose is to develop local blueprints for improved health, care and finances which may involve commissioning some services across the whole geographical area where this provides financial and clinical benefits. There is a national expectation that STPs will work in partnership with local authorities.

Care Quality Commission Area Review

4.14 East Sussex participated in the first round of Care Quality Commission (CQC) local system reviews that took place during 2017/18. The focus of the review was the interface between health and social care and the outcomes for older people moving through the system. There was an assessment of the governance in place for the management of resources and of commissioning across the interface; specialist commissioning and mental health services were out of scope.

4.15 The final report was received on 24 January 2018. The report acknowledged the strength of the shared vision and purpose across health and social care organisations, the maturity of organisational relationships, and the local focus on prevention and support for people to maintain their wellbeing. Areas for further work included implementation of the High Impact Change Model, enhanced market capacity and improved discharge processes. An action plan has been developed with our partners to address these areas for further work throughout 2018, and progress against the plan is monitored by the Health and Wellbeing Board.

5. Partnerships

Orbis

5.1 East Sussex and Surrey County Councils have been working in partnership on business services since 2015 through Orbis; Brighton & Hove City Council (B&HCC) joined the partnership in May 2017. Business Services budgets were integrated in April 2018 and optimum integration of services will be achieved by April 2019.

5.2 The Orbis Business Plan 2021 sets out the savings to be achieved for 2018/19 and the areas of search for further efficiencies and savings in response to the financial

challenges faced by the three partner councils. Orbis successfully delivered its targets in the first two years of the business plan and is on track to achieve targets for the third year (2018/19). All services within Orbis have integrated leadership teams and service integration is well developed for most services.

5.3 At this stage, focus is on strengthening and improving the quality and resilience of Orbis services for existing partners/customers rather than actively seeking to attract new partners. Opportunities for collaboration with other large local government partnerships are, however, being explored. An Orbis Partnership website has been launched and its development in 2018/19 will focus on a local government collaboration area for business services.

5.4 For 2018/2019 we will have both an internal focus on how we run the partnership and a customer focus on meeting the needs and priorities of the three partner councils. This means we will look at continued integration of individual services and cross-cutting functions, and the enabling IT and systems to support the partnership to realise financial and non-financial benefits. Orbis will continue to support and be responsive to the strategic priorities and change agendas of each individual partner council in order to ensure that the level and pace of change can be resourced and delivered. One example of this is supporting work throughout 2018/19 to consider what being a digital organisation means and what opportunities there are to exploit emerging ways of working and new technologies.

Orbis Public Law

5.5 Orbis Public Law (OPL) is the legal services partnership between B&HCC and the County Councils of East Sussex, Surrey (SCC) and West Sussex (WSCC). In 2018/19 a number of key areas of work will be pursued to deliver a single integrated service for 2019/20:

- an integrated staffing structure, organised by specialisms;
- a joint operational budget, and
- a single IT case management platform.

5.6 In early 2018, OPL appointed Philip Baker, ESCC Assistant Chief Executive, as Interim Head of OPL and created the Interim Leadership Team composed of:

- Liz Culbert (B&HCC), Interim Head of Commercial and Governance;
- Richard Grout (ESCC), Interim Head of Litigation;
- Sarah Baker (SCC), Interim Head of Children's Social Care;
- Diane Henshaw (WSCC), Interim Head of Adult Social Care, Health and Education; and
- Andrea Kilby (SCC), Business Development Manager.

5.7 A number of work streams and projects are being pursued to bring the proposals into being. These will help the partnership to deliver its objectives of enhancing the value of service to member authorities, improving resilience, reducing the net cost of legal services, increase opportunities for staff and creating the capacity and means to grow.

Strategic Property Asset Collaboration in East Sussex (SPACES)

5.8 SPACES is a partnership between local authorities, emergency services, health services and a number of Government departments in East Sussex and Brighton & Hove. The programme was formed in 2011 as part of the East Sussex Strategic Partnership (ESSP) with the aim of facilitating co-location and collaboration on property

based activity. It aims to achieve £30m in capital receipts, £10m reduction in revenue costs and a 20% reduction in CO2 emissions. To date, just under £13m in benefits have been delivered across the partnership (£1.8m net benefit identified for ESCC).

5.9 The partnership has been successful in One Public Estate phases 5 and 6 bids for funding to support feasibility work and the development of business cases for projects to co-locate emergency services, deliver specialist advice for some local assets and provide some support for development of assets, to support integrated health and social care. Collaborative workspace has been launched and there are a number of hubs that enable staff from the SPACES partner organisations to work in hot desk locations across the county.

Devolution

5.10 In 2015 the Government launched a call for devolution proposals from local authorities and subsequently agreed a number of formal Devolution Deals with areas around the country. The majority of the agreed deals resulted in the establishment of new combined authorities, with directly elected metro mayors appointed as chairs of the combined authorities and granted new powers and responsibilities to make strategic decisions for the area. Six metro mayors were elected in May 2017.

5.11 In 2015, ESCC joined with councils, public sector organisations and Local Enterprise Partnerships (LEPs) across East Sussex, Surrey and West Sussex to establish the Three Southern Counties (3SC) partnership to negotiate a devolution deal with Government. The 3SC proposal did not make provision for an elected mayor. Following the EU referendum result and change in Government in 2016, Government focus has been to support the implementation of agreed devolution deals rather than establish new ones. The 3SC work programme was therefore halted in early 2017 pending clearer direction from Government on opportunities for devolution.

5.12 It is anticipated that the Government will publish a new Devolution Framework in July, which is expected to present opportunities for devolution outside of the mayoral framework.

5.13 Outside of formally agreed deals, the LGA has made the case for a new constitutional settlement post-Brexit to ensure that powers are devolved beyond Whitehall and the devolved Parliaments to local communities. Currently, local government has a formal advisory role in the EU law and policy-making process through its membership to the EU Committee of Regions and the LGA has made the case that local government must play a key role in the decisions and policy making that transferred back to the UK post-Brexit.

5.14 ESCC will monitor developments to ensure we are taking advantage of opportunities to pursue powers for local decision making where it will enhance our ability to improve the delivery of services and our priority outcomes. We will continue to lobby for discretionary powers to manage services and raise revenue in ways we know will improve service delivery locally and make the best use of resources.

6. Economy

6.1 The economy of East Sussex continues to grow. Since 2011, the level of Gross Value Added (GVA) contributions to the UK economy has increased by 20%. Whilst this is really encouraging, the County Council and its partners continue to secure funding to deliver projects that will grow the economy further. This section outlines the progress

that has been made and a number of new opportunities emerging that will help us to continue the growth.

East Sussex Economic Development

6.2 Following a South East Local Enterprise Partnership (SELEP) call for projects for the Growing Places Fund (GPF) in the summer of 2017, two schemes were successful in securing funding. The Eastbourne Fisherman's Quay project will receive £1.15m of loans and will secure the long term future of the fishing fleet at Sovereign Harbour; and The Charleston Trust received £120,000 towards the completion of their Centenary Project, which complements the £400,000 grant from the Coast 2 Capital (C2C) LEP.

6.3 SELEP will be launching another call for projects in the summer of 2018, with the intention to allocate £8.3m of Local Growth Funding (LGF) still available for investment by March 2021. Team East Sussex (TES), as the local growth board, will be managing this call locally and will seek to identify a range of deliverable projects from across the county that can be submitted to the pipeline and be spent by 2021.

6.4 The East Sussex LGF programme for 2018/19 has been confirmed and is profiled for £16.7m across seven projects:

- North Bexhill Access Road;
- Queensway Gateway Road;
- East Sussex Strategic Growth Package;
- Hastings and Bexhill Movement and Access Package;
- Hailsham, Polegate, Eastbourne Movement and Access Corridor;
- Eastbourne and South Wealden Walking and Cycling Package; and
- Eastbourne – Terminus Road Improvements Scheme.

6.5 A tenancy agreement between Sea Change Sussex and the Department for Work & Pensions (DWP) for the GPF funded Havelock House in Hastings has now been confirmed. The agreement is for a 15 year occupation of the entire building. This sees the near-full occupation of the GPF office developments with Sovereign House at 80% full, whilst Glover's House was fully let on opening in 2015.

6.6 Other successful funding bids and initiatives include:

- funding equating to £113,000 through SELEP over the next two years (starting in April 2018) for the Growth Hub "Business East Sussex" to provide a one stop shop for business support services across the county supporting high growth potential companies;
- over £1m from the EU for the South East Business Boost (SEBB) Programme to enhance and extend the business support services available in East Sussex from August 2017 to June 2019. This is accompanied by a SEBB small grants programme of £850,000, enabling small businesses to access capital and revenue funding up to £25,000 to grow their business;
- EU funding has been secured to effectively double the level of funding provided to enhance and extend the offer of Locate East Sussex, the inward investment service for the county; and
- East Sussex Invest (ESI) 5 replaced ESI 4 in April 2017, which awarded £1.88m worth of grant and loan funding to 67 businesses and is projected to create 202 jobs over the next 6 to 12 months. Since May 2017, over £700,000 has been awarded to 15 businesses to create 104 jobs. ESI 5 will continue to support the local economy and create jobs. The fund offers grants ranging from £15,000 to £40,000 and loans

from £10,000 to £200,000. In addition, there is a grant of £1,500 available for taking on a new apprentice.

UK Shared Prosperity Fund

6.7 Government has committed to create a UK Shared Prosperity Fund, a domestic programme of investment after leaving the EU. It will replace and combine current Local Growth and EU Funds and is likely to be the principle source of funding to deliver local growth schemes. A consultation on the fund is due to take place in the autumn, to which the County Council will respond.

Skills

6.8 ESCC continues to facilitate Skills East Sussex (SES), which oversees a range of business-led careers education, information, advice and guidance campaigns and curriculum development activity in the county via six task groups. Each group focuses on the skills needs of our priority sectors; engineering, construction, land based, creative and digital, visitor economy and health and social care (the latter is delivered in partnership with ESBT).

6.9 Our Enterprise Adviser Network supports 40 secondary schools and colleges in East Sussex, identifying initiatives and opportunities for employer engagement in school careers activities.

6.10 Government has published its national Careers Strategy for schools and colleges, and is promoting the introduction of technical education to support the Industrial Strategy (more information on the Industrial Strategy can be found at paragraphs 6.15 - 6.17). Both of these policy changes are being carefully monitored by SES and embedded in the work of our task groups.

6.11 In the first two quarters of this academic year, August-January 2017/18, there was a 26% decrease in new apprenticeship starts compared to the same period in 2016/17. This compares to a decrease of 24% nationally. Apprenticeships East Sussex, a sub-board of SES, is actively lobbying on issues impacting on the take up of apprenticeships, in particular amongst Small and Medium Enterprises, since the introduction of the Apprenticeship Reforms in May 2017.

6.12 Government is due to undertake a review of post-18 education and funding to ensure an effective, 'joined-up' system. The review will focus on: choice and competition across a joined-up post-18 education and training sector; creating a system that is accessible to all, including disadvantaged learners; delivering the skills our country needs; and value for money for graduates and taxpayers. The County Council will input in to the review where appropriate and through the SELEP.

Broadband coverage

6.13 Work continues on the delivery of the superfast broadband programme for East Sussex. The first contract with BT was completed on time, on budget, over target and contributes to the Government's target to have 95% superfast across the UK. The second contract started in September 2016 and will run until December 2018. It will deliver improved speeds to over 7,500 premises – many of which were not eligible for support through the first contract – and is expected to bring superfast coverage in the county to 96% alongside commercial deployment activity.

6.14 Faster broadband to businesses and communities remains a priority and ESCC intends to increase coverage to as close to 100% as possible. With this in mind a third contract (worth £4.3m) was signed in March 2018. It will deliver a further 7,220 superfast premises, with build starting in January 2019 and project completion provisionally scheduled for the end of March 2020, resulting in the county moving to a position where 99% superfast coverage is expected by spring 2020.

Industrial Strategy White Paper and Local Industrial Strategies

6.15 The Government published its 'Industrial Strategy: Building a Britain Fit for the Future' White Paper at the end of November 2017. The Strategy will act as the country's plan for growth, setting out how the Government intends to help businesses boost productivity and create better, higher-paying jobs with investment in the skills, industries and infrastructure of the future.

6.16 The Strategy focuses on five key foundations: Ideas, People, Infrastructure, Business Environment, and Places. It also highlights four 'Grand Challenges', global trends that will shape our rapidly changing future and which the UK must embrace to ensure we make the most of all the opportunities they bring. These Grand Challenges are: Artificial Intelligence and Data Economy; Clean Growth; the Future of Mobility (for people, goods and services); and an Ageing Society (and the innovation required to meet its needs).

6.17 The Industrial Strategy provides the framework within which local authorities and LEPs will develop their Strategic Economic Plans (SEP) and Local Industrial Strategies. The SELEP has been working to revise its SEP in recent months and will ensure it is fully aligned to the Industrial Strategy; the final draft of the SELEP SEP is expected to be published by September 2018. It is currently unclear when it is anticipated that Local Industrial Strategies will be prepared. There are currently three national pilot strategies, and it is likely that further guidance will follow from Government later in the year.

LEP Reviews

6.18 Towards the end of 2017, the SELEP Secretariat proposed a series of changes to its Assurance Framework to ensure full compliance with the Government's expectations on governance and transparency following the Mary Ney review. Published in October 2017, the Mary Ney review made a series of recommendations designed to strengthen LEP governance arrangements. The Ministry for Housing, Communities and Local Government (MHCLG) later advised that it had accepted all of Mary Ney's recommendations, which will now form part of the next revised National Assurance Framework for LEPs. The changes to the SELEP's Assurance Framework, which included new policies on conflicts of interest, whistleblowing and complaints, were approved in February 2018 and have already been incorporated into the local Terms of Reference for TES.

6.19 SELEP's Annual Conversation with MHCLG took place in December 2017 which led to a 'Deep Dive' audit taking place in March 2018 and culminated in a letter from the MHCLG which confirmed that it was largely in line with the National Assurance Framework for LEPs. Some recommendations were made to further strengthen the SELEP's governance structures, which have now largely been implemented. They related particularly to recruitment to respective boards, and wider governance issues.

6.20 Government has also instigated a national review of LEPs. At this stage it is unclear what the review will conclude, but it could result in some changes to current

LEP boundaries, as Government indicated that it wants to reduce the number of LEPs and review where overlaps exist. The review remains a very fluid process and may well result in no changes whatsoever. Government will also consider the recommendations made in the Sir John Armitt Commission on growth in the Thames Estuary. There would be significant potential impact for East Sussex if the boundaries of our two LEPs were changed. The review is expected to be published during July-August 2018.

7. Infrastructure and Transport

7.1 The need to improve and provide new infrastructure is a key part of the East Sussex Growth Strategy, particularly in relation to transport. The following section sets out strategic infrastructure plans and delivery within the county and wider South East region.

A27 East of Lewes - Smaller scale intervention

7.2 Highways England's (HE) preferred route announcement (PRA) package on the smaller scale interventions on the A27 East of Lewes was published in September 2017. The PRA will be funded from £75m allocated in the Government's Roads Investment Strategy (RIS) 2015–2020. In summary, the package comprises:

- improvement to the A27/A2270 signalised junction and two lanes in both directions to Cophall Roundabout as well as signalisation of the Gainsborough Lane junction;
- ghost island junction improvement and crossing facilities at Wilmington to improve safety;
- enlarged roundabout with two lane entry on both the east and westbound A27 arms at Drusillas to improve capacity; and
- shared use path between Beddingham and Polegate.

7.3 HE will be carrying out further surveys and investigations in order to design the scheme in more detail over the coming months and plan to hold further public information exhibitions in 2018. HE expect construction to commence by March 2020 at the latest, with completion of the works by March 2022.

A27 East of Lewes Study

7.4 £3m of the £75m funding identified in the RIS 2015–2020 for the A27 East of Lewes was allocated by the Secretary of State for Transport in May last year to help develop a strategic outline business case for an offline dual carriageway option, which is required to support the housing and employment growth of the area in the medium and long term. Highways England, with the County Council's involvement in the specification development and tender assessment, commissioned consultants WSP to undertake this work in October 2017.

7.5 The study scope includes the section between Southerham Roundabout and Beddingham Roundabout (online widening), Beddingham Roundabout to Cophall Roundabout (new offline route), and Cophall Roundabout (at-grade or grade-separation for east-west movements). The Do Minimum (i.e. "without scheme") assumes that the A27 East of Lewes online improvements (the RIS1 scheme improvements detailed in paragraphs 7.2 and 7.3 above) will be in place.

7.6 The first stakeholder workshop was held on 12 January 2018 and had representation from local and regional bodies in the public and private sector (including local authorities, trade associations, user-groups and community groups). The focus of the first Reference Group was to seek stakeholder input on:

- current (and future) issues and constraints affecting the A27 between Lewes and Cophall Roundabout, and how these impact on the local and wider region;
- consider transportation, environmental, land use and socioeconomic impacts;
- opportunities for addressing the issues and constraints; and
- what the potential impacts and benefits of any off-line options might be.

7.7 A further stakeholder workshop was held in early May 2018 to outline the emerging findings from the study. The final study will be complete by the end of June 2018 and its outcomes will be considered by the Department for Transport (DfT) as part of the development of HE's Roads Investment Strategy 2 (RIS2) covering the period from 2020 to 2025.

High Speed 1 (HS1)

7.8 We have been working with Network Rail and other partners to make the case for the extension of high speed rail services to run via Ashford International into East Sussex, not only for the travel benefits (for example, a circa 40 minute reduction in journey times between Bexhill and London) but for the economic benefits that would accrue. The high speed rail service could provide economic benefits in the range of £711.2m of GVA (£459.9m for East Sussex and £285.6m nationally in total over a 30 year time horizon) and 1,290 jobs per annum once all benefits are realised.

7.9 Network Rail has commenced design work on the Ashford West junction which would enable the trains to run between the existing high speed rail link, via Ashford International Station, and the Marshlink. The design work, which will be completed by October 2018, will be to Network Rail's Guide to Rail Investment Process (GRIP) Stage 3 and will also identify the anticipated costs for these enhancements (currently estimated at £15 – 25m). It is expected that Network Rail will be looking for third party contributions towards the overall cost of the scheme including potentially from the LEP. Therefore in 2018, a funding strategy will be developed to ensure that the necessary monies are secured to bring the scheme to fruition. Network Rail is seeking to tie the delivery of these enhancements, subject to securing funding, into the proposed track renewals at Ashford International currently programmed for Christmas 2019.

7.10 The South Eastern potential franchisees submitted their bids to Government on 14 March 2018. Whilst high speed rail services into East Sussex were not within the core of the franchise specification, it was an option that the three potential franchisees (Abellio, Stagecoach and Govia) could consider and include in their submission which would increase their score. As the shortlisted bidders developed their submissions, the three authorities (ESCC, Hastings Borough Council and Rother District Council) met with each one and communicated our aspirations for this part of the rail network, particularly around high speed rail. The preferred franchisee is expected to be announced in November 2018 with the new franchise coming into effect in April 2019.

Port Access Road

7.11 The County Council has been continuing the development work for the construction of Phase 2 of the Newhaven Port Access Road (NPAR) across the Newhaven–Seaford railway and Mill Creek to the harbour mouth.

7.12 Within the County Council's capital programme there is £13m allocated towards the scheme and this will be augmented with £10m in C2C LEP Local Growth Deal funding. DfT has identified the NPAR as one of its 'portfolio' schemes and therefore will retain the overall decision making responsibilities for approving the release of the

Growth Deal funding. The final funding approval will be a ministerial decision. Following submission of the business case in June 2018, a decision is expected to take 8 to 10 weeks. Subject to approval of the business case, main construction will start in late summer 2018. Construction will take 19 months with completion anticipated for early 2020.

7.13 Newhaven Port and Properties (NPP) proposals for the extension to port facilities at Newhaven are at an advanced stage of delivery planning. This will include the provision of extended deep water berthing to accommodate larger vessels and the expansion of laying out areas. This will enable NPP to accommodate the increased interest from companies that wish to have a base in the port; at present there is very limited available quayside space to support this.

7.14 These plans will increase port capacity and therefore generate substantial additional Heavy Goods Vehicle (HGV) and related traffic. Presently this traffic can only access the port via Railway Road / Beach Road, which are already inadequate for the level of HGV traffic accessing and leaving the Port. The completion of NPAR is therefore critical to enabling port expansion. The future of the ferry service to Dieppe has been secured with DFDS for a further 5 year period from January 2018. This provides greater stability with the continuing commitment to the current level of crossings with potential for improvements in service.

Transport for the South East (TfSE)

7.15 Transport for the South East (TfSE) is an emerging sub-national transport body for the South East. It will speak with a single voice on the area's transport needs, priorities and investment plans and will directly influence the decisions of national and regional infrastructure providers and operators (for example Network Rail, Highways England, ports and airports). To do this TfSE will develop a Transport Strategy for the South East which will identify and prioritise a programme of strategic transport interventions.

7.16 Early this year an Economic Connectivity Review of the South East was produced by consultants Steer Davies Gleave. The work reviewed the economic characteristics of the area, identifying economic clusters/corridors and estimating the indicative value of connectivity improvements by area/growth corridor.

7.17 The outcomes of the review were presented at the Connecting the South East event in Farnborough on 8 May. At the event it was announced that DfT had allocated £1m to TfSE, which will be used undertake further work to develop the Transport Strategy. The funding will also be used to develop a proposal for statutory status to be submitted to Government and to further raise awareness of TfSE and its purpose with stakeholders in the region. A Westminster Debate on TfSE was secured by Huw Merriman (MP for Bexhill and Battle) in April and helped this work by raising the profile of TfSE at Westminster.

Major Road Network Consultation

7.18 The Government's Transport Investment Strategy laid out plans to consult on the creation of a Major Road Network (MRN) to sit between the Strategic Road Network (SRN), which is the responsibility of HE, and the local road network, which is the responsibility of local authorities, and include the busiest and most economically important local authority A roads. The creation of the MRN intends to provide more

long-term certainty of funding, with a portion of the National Roads Fund being dedicated to the MRN.

7.19 In December 2017, the DfT published a consultation document on the creation of the MRN. The County Council's response to the consultation set out a number of areas where the proposals could be improved, including recommending changes to be made to the criteria used to define the roads eligible for inclusion in the MRN, providing a wider classification which includes economic needs and the provision of resilience for the SRN, for example through alternative routes/ additional capacity. A number of additional roads were also suggested for inclusion. The Government is expected to publish its response to the consultation and final MRN in autumn 2018. It is expected that funding from the newly established National Roads Fund, derived from Vehicle Excise Duty revenues, will be available for improvements to the MRN from the early 2020s.

Housing Infrastructure Fund

7.20 In July 2017 the Government opened competitive bids to the Housing Infrastructure Fund (HIF). The £2.3bn pot was split in two streams:

- Marginal Viability Fund, which was open to lower-tier authorities to overcome viability issues at single site interventions; and
- Forward Funding pot, available to upper-tier authorities to address the requirement for larger scale strategic interventions.

7.21 Officers from the District, Borough and County Councils worked in partnership to identify a list of schemes that would be suitable for each of these available pots. £16.7m has been confirmed for East Sussex, to be invested in the following four schemes:

- Bedfordwell Road, Eastbourne – £1.23m (planning permission granted)
- Combe Valley Sports Village, Hastings – £2.225m
- North Street Quarter, Lewes - £10m (planning permission granted)
- Blackfriars, Battle - £3.24m (planning permission granted)

7.22 The County Council and Wealden District Council (WDC) submitted an Expression of Interest for a £32m bid from the Forward Funding pot focusing on interventions that would address issues surrounding the Ashdown Forest, increase education provision in South Wealden, and improve transport links along the Hailsham to Eastbourne corridor. In March 2018, it was announced that the Expression of Interest had been successful and that a full business case would now need to be developed. ESCC will be working with WDC over the next 12 months to develop and submit the business case to the MHCLG

Revised National Planning Policy Framework

7.23 In March 2018 the Government published a revised draft of the National Planning Policy Framework (NPPF) for consultation. A number of the proposed changes are driven by the Government's Housing White Paper, which aims to tackle the failures of the housing market and increase the number of new houses built in the country. The revised draft of the NPPF sets a number of proposals to ensure that up-to-date Local Plans are in place that set deliverable strategies for where, when and how the housing needs for that area will be met. This includes how the necessary infrastructure and supply of building materials will be delivered and met.

7.24 The Government has proposed Statements of Common Ground as a way of providing clarity and agreement between planning authorities and infrastructure

providers on strategic matters of importance for the Local Plans. The County Council is likely to be a signatory to a number of these Statements of Common Ground. This will be in both its role as an infrastructure provider and the waste and minerals planning authority. Through the statements, the County Council will seek to ensure infrastructure planning is undertaken more effectively on a strategic and cross-boundary basis. Such an approach is essential in order to guarantee a robust, co-ordinated and implementable strategy for ensuring that the required investment in new and improved infrastructure supports the ambitions for housing growth.

Additional Government Pothole Funding

7.25 In March 2018, the Government announced a further £100m nationally to help repair potholes after winter damage. ESCC was allocated £302,029 from the Pothole Action Fund and £875,883 for flood resilience. These funds are being targeted on preventative surfacing and patching works across the county, to prevent the formation of potholes. This Government funding is in addition to the £15m that the County Council invests from its capital programme each year for its planned resurfacing and surface dressing maintenance programmes. It is through this capital investment that the Council has been able to maintain the overall condition of the county's roads.

Community Transport Consultation

7.26 The Government has recently undertaken a consultation on fundamental changes to the operating arrangements of community transport (CT) minibuses operators. The changes follow the threat of legal action from a group representing some commercial bus and coach operators, who have disputed the DfT's previous interpretation of the relevant EU Regulations. New DfT guidance has since been issued to CT operators, which now affects their ability to charge for services and to compete for public sector contracts. This has reversed two decades of previous guidance to the sector.

7.27 Widespread concerns have been raised about the effect on CT providers and their service users. CT operators providing services in East Sussex include CTLA, Brighton & Hove CT, Wealdlink, Cuckmere Buses, Battle Area CT, Rye & District CT, Bexhill Community Bus and Hastings CT. Local authorities are likely to face increased contract costs as a result of not for profit CT suppliers not being able to compete for transport contracts. Some CT operators may overcome these obstacles by changing to public service vehicle operators, though in doing so significantly increase their overheads due to the mandatory licensing and professional training requirements. The outcome of the consultation is expected this autumn.

Home to School Transport

7.28 The County Council has a statutory responsibility to make transport arrangements for children to travel to and from school if: their nearest suitable school is beyond 2 miles (if below the age of 8) or beyond 3 miles (if aged between 8 and 16); they have special educational needs, a disability or impaired mobility; their route is deemed unsafe to walk; or they have extended eligibility. Due to the rural nature of our county, a large number of children are eligible for transport and in 2017/18 the County Council transported 4,492 children from home to school. This is done at an exceptionally large cost to the Council of £11.4m.

7.29 Recent research by the County Councils Network, to which we contributed, illustrated that the costs of providing this service in rural areas is significantly higher than urban areas, in part due to high numbers of eligible children but also due to the

cost of transporting pupils over longer distances, and Government grant allocations do not take these differences in cost into account. We will work with others in the sector in the coming year to make the case to Government that the cost of providing this service in its current form is prohibitive and either requires review or sufficient resourcing.

8. Environment

8.1 The environment is a critical asset. It underpins a productive economy by providing a wide range of goods and services and regulates a healthy living environment. This section sets out the local and national strategies in place to ensure the protection of our environment for the future.

East Sussex Environment Strategy

8.2 The partnership Environment Strategy for East Sussex was adopted by the ESSP in July 2011. The Strategy brings together the high level aims, objectives and actions of a wide range of organisations into one shared, long-term strategic environmental plan for the county up to 2026.

8.3 During 2018-19 the Strategy will be updated to reflect the recent changes in national policy and strategies, notably the Government's 25 Year Environment Plan which was published in January, the Industrial Strategy and the Clean Growth Strategy. An Environment sub-board of TES will also be set up to review the progress of the Environment Strategy, alongside the ESSP. This will ensure that the economic development and environmental agendas are brought together in East Sussex more effectively.

Draft Clean Air Strategy

8.4 In May this year, the Government published a draft Clean Air Strategy, setting out how the Government plans to reduce air pollution. The Secretary of State for Food, Environment and Rural Affairs has indicated that legislation placing a duty on local authorities to reduce air pollution will be brought forward. Air Quality Management Areas are currently managed by Borough and District authorities, and it is unclear whether any legislation would result in a new duty on the County Council. We are responding to the consultation which closes in August and will set out that any new duties on councils will need to be funded appropriately.

LoCASE

8.5 The Low Carbon Across the South East (LoCASE) project is an £18.8m three year EU funded project which aims to provide support to 1,050 businesses across the SELEP area to cut carbon emissions by 6,510 tonnes. The project aims to create 270 new jobs, support 77 new businesses and enable businesses to substantially cut their energy bills. The partnership is led by Kent County Council and includes ESCC, Essex County Council, Thurrock Council and the University of Brighton.

8.6 In 2017/18, 149 businesses in East Sussex received an energy audit and 58 were awarded a grant, which enabled the participating businesses to save £292,380 per year collectively, as well as cut their emissions of CO₂ by 747 tonnes each year. In 2018/19 we aim to award a further 62 grants of up to £10,000 each. Further information about the programme, including what has been achieved to date across the partnership and a range of case studies, can be found on the LoCASE website (www.locase.co.uk).

Flood Risk Management

8.7 The County Council became a Lead Local Flood Authority (LLFA) responsible for managing surface water, groundwater and ordinary watercourse flood risk when the

Flood and Water Management Act was enacted in 2010. Since then the Flood Risk Management Team has been developing its technical capability in what is still a new and demanding area. The biggest challenge it has faced recently has been a change in legislation making the LLFA a statutory consultee to planning authorities when they determine major planning applications.

8.8 We are currently finalising an agreement with the Pevensey and Cuckmere Water Level Management Board which will combine our resources in a particular area of concern for flood risk management in East Sussex. We are also working with Southern Water and other partners to see how surface water in central Eastbourne can be better managed to alleviate pressure on combined sewers in the town. In Forest Row, we are concluding a study into the use of natural flood risk management measures in the upper catchment to slow surface water flows through the village.

Household Waste Recycling Site Review

8.9 On 26 June 2018, Cabinet considered a review of East Sussex Household Waste Recycling Sites (HWRs). The review recommended changes to the service to deliver the £720,000 savings from the Waste Budget agreed by County Council in February. Cabinet agreed to introduce disposal charges for rubble, soil, plasterboard, asbestos and tyres at East Sussex HWRs; close Forest Row and Wadhurst HWRs; and reduce opening times at the Lewes and Mountfield HWRs. The changes will ensure the service remains sustainable and continues to provide high quality sites that are reasonably accessible to residents. Cabinet also asked the ESCC Waste Team to continue to engage with charitable organisations currently using ESCC facilities to dispose of waste, to better understand the impact that the introduction of any waste disposal restrictions may have on their organisations and report the findings to the Lead Member for Transport and Environment in the autumn.

9. Communities and Residents

Libraries

9.1 In March 2018, the refurbished Hastings Library opened after a two year, £9.5m modernisation programme. The refurbishment project has created a modern library, as well as protecting and enhancing the history and heritage of the town by renovating the Grade II listed Brassey Institute in which the library is housed. The new library has more space for the public, with more public access computers, free Wi-Fi and improved toilet facilities. The Children's Library area boasts a bespoke frieze designed by renowned artist and author Sir Quentin Blake.

9.2 In March, we concluded the successful Advantage East Sussex project, a £150,000 programme of events delivered in libraries and through outreach, which was funded by Arts Council England and supported the most disadvantaged communities in East Sussex.

9.3 Work has begun on delivery of the four strategic outcomes in our new Libraries Strategic Commissioning Strategy, approved by Cabinet in March. Work to meet these outcomes includes:

- we've started sessions for families at Shinewater Children's Centre in Eastbourne and at the East Hastings Children's Centre;
- as part of our Children and Young People's Offer we are offering free literacy support to schools in areas of the county with the highest needs, with visits and support from librarians as part of this year's Summer Reading Challenge;

- we are also developing a package of support and a new Teacher's Library Membership for East Sussex schools, allowing teachers to borrow items on a long loan from libraries for use in the classroom. The new scheme will launch in time for the autumn term;
- later in the year we will launch Homework and Study Clubs so that children and young people have quiet spaces with access to resources that can help them study and revise; and
- we have launched the Community Library Membership, which allows communities to set up a volunteer-run Community Collection, a range of items which can be made available locally to the community, for example, within a village hall, community café or a similar setting. Librarians help interested communities to identify where collections will be kept and how best to manage them.

9.4 We have also supported five communities to open Community Libraries in the ESCC library buildings which closed in May 2018, with a free loan of library stock, furniture and fittings, and where possible, rent-free premises. Ringmer Community Library opened in June and we expect that Community Libraries in Ore, Pevensey Bay, Polegate and Willingdon will open towards the end of the summer and early autumn.

Customer Experience

9.5 Our work to improve customer experience across Council services has continued in 2017/18. The Customer Project Board has continued to review ESCC's relationship with customers in order to improve further the quality and consistency of customer experience for those accessing the range of services we provide.

9.6 In 2017/18 a key success of the project included piloting a customer feedback survey, Customer Thermometer, across digital channels – email and webpages. In addition to providing us with a much better picture of overall levels of customer satisfaction, having immediate feedback at the point of customer contact with us enables us to resolve any problems or make improvements quickly.

9.7 We have used this feedback to improve our webpage content, making sure information is more accurate and up-to-date. We've also used the feedback to make our email correspondence with customers clearer and more relevant to their needs, with simpler language and better signposting to further sources of information.

9.8 In 2018/19, key project activity will include continuing and expanding the Customer Thermometer pilot, introducing a random customer satisfaction survey for customers contacting us by phone, and the introduction of face-to-face customer feedback devices at Eastbourne and Hastings Libraries, County Hall, St Mary's and Ocean House.

9.10 We're setting up a Customer Service Network which will provide staff from across varying customer facing teams a quarterly forum to share knowledge and best practice and implement changes to improve customer experience. We are also applying the Customer Promise, which we launched last year, to new contracts with a value of over £100,000 that deliver services to our customers – this will become part of our procurement process.

East Sussex Road Safety Programme

9.11 Over 90% of people Killed and Seriously Injured (KSI) on roads in East Sussex and nationally are caused by driver error. The ESCC Road Safety programme is

designed to target high risk groups and issues with the aim of reducing collisions and the number of people killed and seriously injured in East Sussex. This work includes two main elements, a road infrastructure programme and a range of behaviour change projects delivered in conjunction with the Behavioural Insights Team (BIT). Following detailed data analysis, the key target groups are motorcyclists, young drivers (17-25) and drivers in relation to vulnerable road users (e.g. cyclists and pedestrians). Current work includes the implementation of the identified road improvements and the launch of the behaviour change schemes. These will be delivered with key project partners over approximately the next 18 months and will inform the future direction of the ESCC Road Safety Programme.

Trading Standards

9.12 Trading Standards is developing its commercial business support packages, including workshops, bespoke advice and Primary Authority Partnerships. They will be launching a collaboration with three other neighbouring authorities, known as the Business Advice & Support Partnership, giving scope for collective marketing and larger product offerings for local businesses. This will also see Service Level Agreements developed with other regulators such as the Fire Service and Environmental Health. Trading Standards are also engaged in ever more challenging and complex criminal investigations aimed at protecting the vulnerable and ensuring a fair trading environment is maintained in East Sussex, including via online purchasing platforms.

Counter-terrorism Strategy

9.13 The Government's fourth version of its counter-terrorism strategy, also known as CONTEST, was published on 4 June 2018 and sets out how the Government will continue to reduce the risk to the UK from terrorism. The Strategy continues, but updates, the existing four strands of the Government's counter-terrorism strategy: Prevent and Pursue (intended to reduce the threat of terrorism) and Protect and Prepare (intended to reduce vulnerabilities to terrorism).

9.14 The Strategy maintains the Prevent Duty which requires local authorities to establish or make use of existing multi-agency groups to assess the local picture, coordinate activity and to put in place arrangements to monitor the impact of safeguarding work to prevent radicalisation. The Prevent Board, training and awareness activity is well established and embedded in East Sussex. Partners are fully engaged in this agenda. An example of current activity is the development of an East Sussex Learning Network which will include Prevent (in the sessions) for residents/businesses and community groups as a way of promoting this area of risk more widely.

9.15 The Strategy also includes provision to establish a series of Multi-Agency Centre pilots to trial an approach of MI5 declassifying and sharing information on citizens suspected of terrorist sympathies with neighbourhood policing and local authorities. The first trials will take place in London, the Midlands and Manchester. ESCC will consider learning for the pilots ahead of any new approach being implemented locally.

9.16 The Government has been piloting a new approach to the Channel programme (offered to individuals identified as at risk of radicalisation), where local authorities, rather than the police, take a greater role in running the programme. ESCC is in regular contact with neighbouring authorities and authorities that have been involved in the pilot of this approach to consider and plan for the changes locally. Specific timescales are unclear and no significant issues for ESCC have been identified from the pilots.

10. Workforce

National Living Wage (NLW)

10.1 The Government introduced a new mandatory NLW for workers aged 25 and above from April 2016. This was initially set at £7.20 per hour and will rise to at least £9 per hour by 2020. The NLW is based on achieving 60% of median UK earnings by 2020, and therefore, the actual rate will change when set each year. The National Minimum Wage continues to apply to employees under the age of 25.

10.2 It was agreed in February 2016 that a provision for NLW in 2018/19 be set at £4.7m which reflected increasing the lowest spinal column points to meet the NLW whilst maintaining pay structure differentials. This was in addition to the provision of £2.6m set aside for the standard pay award. Following extensive negotiations, the national employers and trade unions reached an agreement which, in broad terms, provides for a two year deal, covering the period 1 April 2018 to 31 March 2020 (financial years 2018/19 and 2019/20), and gives a headline increase of 2% each year, with more at the bottom end of the pay spine to take account of NLW increases. The total cost of the two year pay award is now estimated at £6.7m, subject to the outcome of Managers' and Chief Officers' pay awards. The balance of £0.6m, once finalised, will be released to fund other pressures. The provision for pay award in future years is 2% in both 2020/21 and 2021/22. Information on provision for budget pressures, including pay awards, is also provided in the separate Medium Term Financial Plan appendix.

Apprenticeship Levy

10.3 From 6 April 2017, employers with an annual wage bill over £3m must pay an Apprenticeship Levy. The Levy is 0.5% of an organisation's annual wage bill. This equates to £559,000 per annum for the Council and £448,000 for schools. The Levy is collected by Government and, in return, employers receive electronic vouchers that can be exchanged with local providers for training of apprentices.

10.4 The Government has set a statutory target of 2.3% of the public sector workforce being apprentices. This equates to 103 apprentices for the Council and 125 in schools. By April 2018, 111 staff will have undertaken an apprenticeship, approximately 48% of the 2.3% target. To support the introduction of the Levy, a small team of an Apprenticeship Strategy Manager, Apprenticeship Co-ordinator and Administrative Officer have been appointed. In addition, a Steering Group has been established, comprising representatives from each department.

10.5 A key component of the approach is that it should complement existing workforce development and training plans that are already in place. Given the greater demands that the new standards place on managers, it is recognised that from a service delivery perspective, a balance needs to be struck between seeking to achieve the 2.3% target and spending the Levy, against distorting the composition of the workforce. The intention is that the Levy is used to support the Council's recruitment and retention needs, especially in "hard to recruit" areas.

Gender Pay

10.6 The Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 required all employers with 250 or more employees to undertake a gender pay analysis and publish the data on the gov.uk website. Public sector bodies were required to publish by 31 March 2018 using pay data from the snapshot date of 31 March 2017.

10.7 The gender pay gap for the Council is 7.47%, significantly lower than the average gender pay gap for County Councils which is approximately 13%. We already have in place a range of initiatives which improve the gender pay position including occupational maternity pay, flexible working and investment in people but are developing an action plan to look at initiatives to reduce the gender pay gap.

Workforce Shape

10.8 The LGA has recently published a consultation document on the strategy for the Local Government workforce: "Great People for Growing places". This notes that over the next ten years the local government sector is facing a funding gap of £5.8bn, changes to the financing structure and uncertainty over social care funding, as well as the impact of Brexit on the labour market. In terms of the workforce, we also expect to see demographic change and growing diversity, changes to the state pension age, changing technologies, digital services and automation/robotics and a workforce that will contain multiple generations from Generation Z to those in their 60s, with different needs and expectations.

10.9 Like many Councils, we have a number of "hard to recruit" areas and our workforce is getting older, with over 67% of our staff aged 40+ and 40% aged over 50. The county as a whole is facing a decreasing working age population and the number of older people will rise sharply. Conversely, only 4% of our workforce is aged under 24 and 13% aged under 30.

10.10 The Council is currently in the process of refreshing its 'People Strategy'. This supports the Council's strategic priorities by identifying the interventions needed to develop staff and managers and build its workforce of the future. The plans and interventions within the People Strategy will therefore include strategies to both attract a diverse workforce and to retain our existing highly skilled staff.

11. Funding and income

2017/18 Outturn

11.1 As previously reported to Cabinet, within service departments there was an overspend of £0.6m in 2017/18. This has been offset by a reduced charge to revenue of £1.2m. The balance of £0.6m (after offsetting the service overspend) has offset the borrowing requirement for the approved capital programme; and the unused general contingency provision of £3.4m has been used, in the first instance to mitigate £1.748m of savings from 2018/19, as previously reported. The remaining balance has been transferred to reserves to help manage future pressures, savings and unknowns.

11.2 Capital Programme expenditure for the 2017/18 year was £81.7m, against a budget of £87.5m, a variation to the gross budget of £5.8m. The variation is largely attributed to slippage of £10.2m, offset by £4.4m spend in advance.

11.3 Reserves and balances have now been updated to reflect the outturn (see 11.14).

Future changes and announcements

11.4 There are a number of announcements expected that could result in significant change for local government finance. What these will mean for the Council is as yet unknown. Given this uncertainty, financial planning continues based on what we know and where we are able to reasonably estimate financial impacts. Where possible, work is being undertaken to support and work with interest groups and within our networks to

understand as early as possible changes that could impact on the Council and to influence decisions through lobbying.

11.5 The next government **Comprehensive Spending Review** (CSR) is expected in the autumn of 2019, coinciding with the last year of the four year deal for local government funding in 2019/20. Spending Reviews provide the plan on how Government money will be allocated across years. The length of the next CSR is unknown given changes to the system, and could be as short as a single year. It will look at the budgets of all the Government departments and sets the maximum amount that each department can spend. It will give us an idea of the level of funding local government can expect and, depending on the period it covers, if the shortfall in the overall quantum is to be addressed.

11.6 There continues to be uncertainty about the replacement funding mechanism for local government, timetabled for introduction in 2020/21. We await the outcome of the consultation on the **Fair Funding Review** that concluded on 12 March 2018, for which we submitted a return. It is anticipated that baseline funding levels and transitional arrangements will be ready by autumn 2019 for implementation in the 2020/21 financial year.

11.7 Government has announced that it will aim for local authorities to retain 75% of **Business Rates** from 2020/21 and the retained amount will roll in the provision for existing grants such as the Rural Services Delivery Grant, Public Health Grant and RSG. The Government is also due to publish its prospectus for the 2019/20 Business Rates Retention pilots shortly. Ahead of this, East Sussex authorities have jointly commissioned LG Futures to conduct an analysis of what a bid for the area could look like and the potential financial impact in 2019/20 (all pilots being agreed for single years only in the run up to the new system).

11.8 It is well publicised now that the growth in the elderly population is putting a strain on both local authority and health finances. The **Older People's Green Paper** will set out the government's proposals on improving care and support for older people and tackling the challenge of an ageing population. Any updates regarding Improved Better Care will likely come after this. (Further information on the Green Paper can be found at paragraph 4.2 - 4.3).

11.9 It is important, therefore, that throughout this year's RPPR process, due regard is taken that any one or all of these changes and announcements that could impact on the currently estimated Medium Term Financial Plan (MTFP) position and therefore the savings targets, particularly in the later years of the MTFP.

Reserves, Contingency and General Fund

11.10 Following the issue of a Section 114 notice by Northamptonshire County Council in February 2018, there have been a number of published reviews on the adequacy of reserves, and therefore, robustness of local authorities' budgets. The National Audit Office paper on financial sustainability of local authorities published in March 2018 used the measure of 'remaining years' worth of total reserves based on usage in 2016/17 and ascertained that 10.6% of single-tier and county councils would have the equivalent of less than three years' worth of reserves left if they continued to spend reserves at the rate of application in 2016/17. The same calculation applied to ESCC calculates that it has circa 16 year's reserves, compared to Northamptonshire which has below 3. On 2 July 2018, CIPFA invited Council's to respond to a consultation on the CIPFA index of

resilience for English councils. The index, based on publically available information, will provide an assessment of the relative financial health of each English council. CIPFA has designed the index to provide reassurance to councils who are financially stable and prompt challenge where it may be needed.

11.11 It is the S151 Officer's duty to consider the robustness of the Council's budgets, the adequacy of reserves and the general fund when they are set annually. This consideration is summarised in the published Robustness Statement and the position reported in February 2018 stands.

11.12 The Council's approach to the management and accounting for earmarked reserves is set out in the Reserve Strategy adopted by the Cabinet in June 2017.

11.13 Reserves are the only source of financing to which ESCC has access to fund risks and one-off pressures over a number of years. Reserves can only be spent once and the possibility of creating new reserves in an era where budgets are tight and can become overspent, not just individually but corporately, is increasingly limited. However, in recognition of the increasingly uncertain financial position and pressures on services the Council has looked to bolster its reserves where possible.

11.14 The reserves are split into two categories: named service specific reserves and strategic reserves, as set out in the Reserve Policy. ESCC reserves total £99.3m as at 1 April 2018:

Summary of Earmarked Reserves estimated at 1 April 2018

	Balance @ 01.04.18 £m	Balance @ 01.04.21 £m
Held on behalf of others or statutorily ringfenced	24.7	18.0
<i>Service Specific Reserves</i>		
Waste Reserve	12.8	12.8
Set aside for the new Capital Programme 2018-23	21.0	0.0
Insurance	5.4	5.4
<i>Strategic Reserves</i>		
Risk Reserve	2.8	4.2
Priority Outcomes and Transformation Reserve	9.8	3.7
Financing Reserve	22.8	6.8
Total ESCC service specific & strategic reserves	74.6	32.9
Total Reserves	99.3	50.9

11.15 Planned use of ESCC specific and strategic reserves is estimated to reduce them to £32.9m by the end of the MTFP period in 2020/21. This is an increase of £4.3m in the last two years as the Council takes every opportunity to top up reserves where possible. Efforts to manage within the overall budget have once again meant that the general contingency of £3.4m for 2017/18 could be used to top up reserves in line with Reserves Policy. This will be used in the first instance to mitigate savings from 2018/19, with the balance remaining in the Financing Reserve to enable the effective management of the MTFP.

11.16 The County Council holds a general contingency in 2018/19 of £3.5m to cushion the impact of unexpected events and emergencies in year (within the base revenue budget). As per 2017/18, any unused balance will be transferred to strategic reserves.

11.17 There is also a General Fund Balance of £10.0m, which, whilst it remains lower proportionately than a lot of other authorities, is considered adequate on the basis that the in-year general contingency is also held.

Treasury Management

11.18 The Treasury Management budget will continue to be reviewed as opportunities are sought to maximise investment income in line with the revised Treasury Management Strategy and reflect the cost of capital investment and borrowing.

Commercialisation

11.19 The East Sussex County, Borough and District Councils have commissioned an LGA peer challenge on commercialisation (following on from the successful, joint “Open for Growth” peer challenge the partners undertook in 2014). The peer challenge will provide an opportunity for the councils to take stock of existing commercial activity taking place, to articulate and promote the existing good and successful practice and explore new opportunities to adopt commercial practices further. The peer challenge is taking place between 16 and 19 July 2018.

11.20 Over the last three years to 2017/18, ESCC has focused on looking at ways of optimising the income that could be generated from adopting a more business-like approach. Work has focused across four core areas: corporate initiatives, fees and charges, potential commercial activity and culture.

11.21 The key activities include:

- Corporate Initiatives - a revised approach to the Treasury Management Policy and optimisation of cash flows, revisions to the Council Tax reduction scheme and introduction of an National Non Domestic Rates pooling arrangement delivered by the Borough and District Councils in East Sussex, have collectively generated £5.6m of annual benefits to the Council.
- Traditional Fees and Charges - a complete review has been undertaken, including benchmarking against other county councils with similar population and geographical characteristics. This showed that ESCC is performing well in terms of generating income per head of population and is charging for the vast majority of services that others are. The new opportunities identified have now been implemented, generating the Council an additional £0.5m per annum.
- Other Income Generating Activity:
 - ESCC has developed/refreshed a number of trading initiatives which may, over time, generate new income opportunities, including, Orbis/OPL, Services to Schools and Buzz Active;
 - opportunities to optimise the income that can be generated from Council assets or activities are under regular review. This has included the investment in solar energy through Solar PV installations on corporate buildings which will generate in the region of £15,000 per year (or £300,000 over the initial 20 year investment period); and
 - establishing a new advertising/sponsorship contract based on highways and property related assets.

11.22 The Council has progressed from the income generation focus onto thinking about a broader commercial strategy. This follows a desktop review of commercial strategies in place in other local authorities and an internal review of the key priorities for the County Council. The ESCC commercial strategy will pull together various existing strands of work in order to ensure our approach is consistent, cohesive and widely understood.

11.23 A component of the commercial strategy will be the County Council's Property Asset Disposal and Investment Strategy. This was approved by Cabinet at its meeting on 24 April 2018 with an initial focus of the areas of the strategy that take a commercial approach to developing assets to support the Councils key priorities in particularly supporting service need. Governance arrangements will be established during 2018 and sites will be brought forward for consideration by Cabinet.

Medium Term Financial Plan (MTFP) Update

1.1 The MTFP has been revised to give an up to date forecast of the savings challenge ahead where possible. The latest proposed MTFP position can be found at Annex 1. The movements are summarised in below and subsequent paragraphs:

Movement since Full Council		19/20 Estimate £million	20/21 Estimate £million	21/22 Estimate £million
Council 6th February 2018 DEFICIT/(SURPLUS)		11.681	18.605	0.000
<i>Removal of previous years new additions*</i>			<i>(4.075)</i>	<i>(3.709)</i>
Residual RSG	A		<i>(2.015)</i>	<i>(0.509)</i>
Business Rates	B	<i>(1.010)</i>	<i>(0.529)</i>	<i>(2.222)</i>
Council Tax Base and Collection Fund	C	<i>(0.855)</i>	<i>(1.761)</i>	<i>(5.062)</i>
Council Tax Increase	D			<i>(5.938)</i>
General Contingency	E	0.040	0.050	0.150
Levies	F	0.027	0.026	0.038
DSG	G	3.057	4.524	5.991
Contract Inflation	H			0.838
Contractual negotiations	H			10.035
Pay award	I			2.751
Growth and Demography ASC	J			5.300
Growth and Demography CSD	J	2.708	3.211	4.281
Growth and Demography CET (waste)	J	0.108	0.203	0.421
State of the County DEFICIT/(SURPLUS)		15.756	18.239	12.365

1.2 **A) Residual RSG** - An analysis by LG Futures in February 2018 estimated a small amount of residual RSG in 2020/21 of £2.0m and 2021/22 of £0.5m. Although RSG will be one of the grants rolled into the new system the Council should see this reflected through and increase to its baseline need. As previously noted, however, Government funding post 2020/21 remains unclear.

1.3 **B) Changes to income from Business Rates** - Given 2021/22 is a new year within the MTFP, no previous inflation figures were included, and therefore the size of the increase in this year, compared to previous years reflects the full impact of inflation on business rates.

1.4 The growth in Business rates that ESCC sees is largely due to changes in policy and methodology rather than pure growth, which was only 2% in total between 2011/12 - 2016/17; an average of 0.3% per year.

1.5 Local plans from District and Borough Councils have now been used to calculate potential Business Rate growth in East Sussex. An indicative average figure of £0.2m has been calculated and reflected in the MTFP. Work is ongoing to refine this against local plan figures provided by Communities, Economy and Transport (CET).

1.6 Proceeds from pooling have been included for 2019/20 at the same level as for 2018/19; this is considered a prudent position. For 2019/20, should the Council choose to pilot, there may be additional income but this again will be one-off in year funding as the

pilots will be superseded by the new funding system in 2020/21. LG Futures have been engaged to undertake a piece of work to establish the benefits of piloting for East Sussex (as referenced in paragraph 11.7).

1.7 **C) Council Tax base growth and Collection Fund** - The assumption for base growth has been increased from 0.8% to 1.1% as a result of the release of growth figures within returns by Borough and District Councils. This is consistent with the increase in the collection fund seen by the Council in recent years and now aligns with our forecast that the collection fund will begin to decrease.

1.8 The growth has been cross checked with infrastructure data on housing developments provided by CET in April 2018. Using these figures and applying averages in terms of bandings, discounts and exemptions an estimated base increase has been worked out. The increase projected by these numbers is also 1.1% per year over the 5 years, although this level of growth is dependent on developments going ahead.

1.9 **D) Council Tax increase** - the annual increase in Council Tax for the additional year of 2021/22 has been assumed at 1.99%. This is reflective of the Minister for Housing, Communities and Local Government's indication that future increases (post 2019/20) in Council Tax may be linked to inflation. The Office of Budget Responsibilities' (OBR) current estimate for 2020/21 and 2021/22 is currently in the region of 2%. Should the annual increase allowable before a referendum is triggered be either maintained at 3% or lifted, this could generate additional income. An additional increase of 1% in Council Tax would generate £2.913m in 2020/21 and £3.124m in 2021/22 respectively based on the current Council Tax base.

1.10 **E) General Contingency formula** - the general contingency is a permanent budget and is formula based (1% net revenue budget less treasury management). This movement is adjusting for changes in net revenue budget.

1.11 **F) Levies** - this is due to an increase in the levy issued by Sussex Inshore Fisheries and Conservation Authority.

1.12 **G) DSG** - the figures for DSG have been updated to reflect current risk and pressures across this funding stream.

1.13 **H) Contract inflation** - contract inflation and inflation on the Council's main contracts is increased for 2021/22 based on the current model which takes the latest rates from the OBR published in November 2017 (PP category (1b)). It also currently makes the assumption that no inflation will be applied to running costs (utilities, buildings maintenance, communications and software etc.). Should the Council allow for inflation across these areas, this would add an approximate additional £850,000 per annum based on current rates.

1.14 **I) Pay award** – for non-LMG staff, unions have accepted the two-year pay award for 2018/19 and 2019/20 which is affordable within the MTFP that has been presented. Should 2% be agreed for LMG staff, this is also affordable in the MTFP.

1.15 For 2021/22 a pay award of 2% has been assumed. This is consistent with the award previously assumed for 2020/21 and with current inflation projections that are in the region of 2% or higher. Should a pay award be negotiated other than at 2%, it should be noted that an additional 1% pay award would be in the region of £1.3m.

1.16 **J) Growth and Demography** - all departments have assessed what the impact of demographic change has been on costs/demand for their service and the figures are now included within the MTFP.

1.17 Work will continue to refine estimates and update figures when and where possible throughout the RPPR process.

Savings

2.1 The current savings targets for 2019/20 to 2021/22 are shown below.

	2018/19 Net Budget £'000	% Split	Indicative Savings Targets			
			2019/20 £'000	2020/21 £'000	2021/22 £'000	Total £'000
Adult Social Care	166,542	51.0%	8,040	9,306	6,309	23,655
Business Services	6,428	2.0%	310	359	244	913
Orbis	14,353	4.4%	693	802	543	2,038
Children's Services	69,459	21.3%	3,353	3,881	2,631	9,865
Communities, Economy & Transport	62,341	19.1%	3,009	3,484	2,362	8,855
Governance Services	7,281	2.2%	351	407	276	1,034
Subtotal Departments	326,404	100.0%	15,756	18,239	12,365	46,360
Centrally Held Budgets	44,900	-	0	0	0	0
Total	371,304	-	15,756	18,239	12,365	46,360

2.2 Table 3 and 4 below reflect the increases required in Council Tax or Business Rates to fund the current estimated deficit in the MTFP.

Table 3 – Council Tax required to fund the deficit

	2019/20	2020/21	2021/22
Current MTFP assumption	2.99%	1.99%	1.99%
Additional % increase required to cover deficit	6%	6%	4%
Total % increase required	8.99%	7.99%	5.99%

Table 4 – Business Rates growth required to fund the deficit

	2019/20	2020/21	2021/22
% growth required to cover deficit	20%	23%	14%

3. Financial Scenarios

There are a number of potential additional or new funding streams or permissions which have currently been excluded from the MTFP, due to the level of uncertainty that they will materialise

3.1 Adult Social Care

- Improved Better Care Fund (iBCF): current funding will reduce to zero by 2020/21, however, if maintained at 2018/19 level an additional £7.0m of iBCF could be made available to meet specific outcomes which may well be NHS performance focussed.
- One off Adult Social Care grant of £1.616m was received in 2018/19; could this funding be made available again?
- Permission to raise Council Tax via the ASC precept allowed the Council to raise £7.4m in 2017/8 and £7.8m in 2018/19. The Council is unable to use this permission in 2019/20 having raised Council Tax by the 6% allowed. An increase of a further 1% in Council Tax via precept in 2020/21 would raise in the region of £2.9m.
- Other funding could arise from one off funding targeted at NHS outcomes and funding from the ASC Older People Green Paper

3.2 Children's Services:

- Similar to Adult Social Care, is there the potential of additional funding to support social care of £2.0m annually?
- Are there opportunities for additional income to support schools to the value of £1.2m annually?

3.3 Communities, Economy and Transport:

- Specific grant funding has been received, for example pot holes grant, but this has generally been provided to meet specific conditions and has not been available to mitigate savings pressure.

3.4 General Funding:

- Permission to raise Council Tax to 3% from 2020/21 would generate £6.0m by 2021/22.
- Permission to raise Council Tax by an additional 1% to 4% from 2019/20 would generate additional funding of £9.2m by 2021/22.
- The new Business Rates system could bring a potential share of growth, prudently estimated at £2.8m by 2021/22. A 75% retention pilot, based on current modelling assumptions prior to prospectus issue, would realise £2.0m of this in 2019/20 ahead of the system's implementation.

What is the likelihood of any additional funding materialising?

3.5 A number of models are provided below to contextualise the impact of additional funding:

3.6 Model A: Assumes that Council Tax cap of 3% in 2019/20 continues into future years, with additional one off £1.6m funding for Adult Social Care in 2019/20 and growth in existing Business Rates Retention pooling arrangements from 2020/21; reducing the savings pressure to £39.6m

	Indicative Savings Targets			
	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total £'000
Adult Social Care	7,223	8,431	4,511	20,165
Business Services	279	326	174	779
Orbis	622	727	389	1,738
Children's Services	3,012	3,517	1,881	8,410
Communities, Economy & Transport	2,704	3,156	1,689	7,549
Governance Services	316	369	197	882
Subtotal Departments	14,156	16,526	8,841	39,523

3.7 Model B: Takes Model A assumptions and adds further 1% Council Tax increase in all years taking the assumed cap to 4%, with power to further raise Council Tax by an ASC precept at 1% from 2020/21 and having a successful bid for a 75% Business Rates Retention Pilot in 2019/20, then maintain this income via the new Business rates Retention system; thereby reducing the savings pressure to £22.3m

	Indicative Savings Targets			
	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total £'000
Adult Social Care	4,775	5,387	1,217	11,379
Business Services	184	208	47	439
Orbis	412	464	105	981
Children's Services	1,991	2,246	507	4,744
Communities, Economy & Transport	1,787	2,016	455	4,258
Governance Services	209	235	53	497
Subtotal Departments	9,358	10,556	2,384	22,298

3.8 Model C: Takes Model B assumptions and adds additional funding for Children's Services and additional iBCF funding, both for all years; thereby reducing the savings pressure to £12.1m.

	Indicative Savings Targets			
	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total £'000
Adult Social Care	1,257	3,698	1,217	6,172
Business Services	49	143	47	239
Orbis	108	319	105	532
Children's Services	524	1,543	507	2,574
Communities, Economy & Transport	471	1,385	455	2,311
Governance Services	55	162	53	270
Subtotal Departments	2,464	7,250	2,384	12,098

MEDIUM TERM FINANCIAL PLAN UPDATE APPENDIX – ANNEX 1

Annex 1 - Medium Term Financial Plan – update for State of the County	2018/19 Approved £m	2019/20 Estimate £m	2020/21 Estimate £m	2021/2 Estimate £m
CORPORATE FUNDING				
Business Rates	(74.706)	(78.341)	(79.256)	(80.933)
Revenue Support Grant	(14.966)	(3.491)	(2.015)	(0.509)
Council Tax	(272.567)	(291.128)	(299.094)	(308.339)
Council Tax - Adult Social Care Precept	(7.834)			
New Homes Bonus	(1.231)	(0.997)	(0.660)	(0.628)
TOTAL CORPORATE FUNDING	(371.304)	(373.957)	(381.025)	(390.409)
PLANNED EXPENDITURE				
Service Expenditure	345.820	343.361	368.841	389.278
Pay Award	3.075	3.735	2.697	2.751
Contractual inflation	1.101	0.792	0.790	0.838
Contractual negotiations	8.485	8.850	9.449	10.035
Adult Social Care				
Growth & Demography	4.500	5.000	5.300	5.300
Spending funded by additional IBCF	(3.239)			
Children's Services				
Extension of Foster Care to 21	0.700			
Dedicated Schools Grant	2.500	4.157	1.467	1.467
Transition Funding for Schools	(0.750)			
Growth & Demography		2.708	0.503	1.070
Communities, Environment & Transport				
Waste Housing Growth	0.177	0.238	0.231	0.218
Economic Development Grants	(1.000)			
Streetlighting Electricity	0.107			
Trading Standards	0.025			
The Keep rates and utilities	0.061			
Libraries Hastings rates and utilities	0.045			
Business Services				
Data Centre	0.250			
Contract pressures	0.112			
Governance Services				
Legal pressures	0.059			
Gross Service Expenditure	362.028	368.841	389.278	410.957
ASC Support Grant	(1.616)			
Improved Better Care Fund	(7.814)	(14.902)	(14.902)	(14.902)
Improved Better Care Fund - Supplementary	(7.343)	(3.649)	0.000	0.000
NET SERVICE EXPENDITURE	345.255	350.290	374.376	396.055
Corporate Expenditure				
Treasury Management	21.436	20.336	20.336	20.936
Funding Capital Programme - base contribution	4.000	4.000	4.000	4.000
Funding Capital Programme - New Homes Bonus	1.231	0.997	0.660	0.628
General Contingency	3.500	3.540	3.600	3.690
Contribution to balances and reserves	4.360	1.148	1.148	1.148
Pensions	7.202	7.986	8.871	8.871
Apprenticeship Levy	0.600	0.600	0.600	0.600
Levies	0.524	0.569	0.582	0.594
Other	0.247	0.247	0.247	0.247
TOTAL CORPORATE EXPENDITURE	43.100	39.423	40.644	40.714
TOTAL PLANNED EXPENDITURE - before savings	388.355	389.713	415.020	436.769
CUMULATIVE DEFICIT/(SURPLUS)	17.051	15.756	33.995	46.360
Approved Savings	(17.051)			
TOTAL PLANNED EXPENDITURE - less savings	371.304	389.713	415.020	436.769
CUMULATIVE DEFICIT/(SURPLUS)	0.000	15.756	33.995	46.360
ANNUAL DEFICIT/(SURPLUS)	0.000	15.756	18.239	12.365

1.0 Capital Programme Update State of the County 2018/19

1.1 Table 1 summarises the movements to the approved programme 2018-23 since budget setting in February 2018. The changes have included year-end and other re-profiling in line with updated information and with the approved governance and variation process. The changes are summarised in table 1 below.

Table 1 – Capital Programme Movements updated for State of the County (SOC)

Movements (£m)	Ref	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Total
Approved programme at Feb 2018		86.2	99.3	88.6	65.0	47.0	58.1	444.2
Re-profiling of 2017/18 slippage/spend in advance and further departmental review	(a)	(5.8)	0.0	13.70	(1.0)	(5.8)	(1.1)	0.0
Approved Variations	(b)	1.3	7.2	3.8	1.0	1.0	1.0	15.3
Less 2017/18 expenditure	(c)	(81.7)						(81.7)
Proposed 2018 -2023 programme at SOC 2018			106.5	106.1	65.0	42.2	58.0	377.8

1.2 The current programme runs from 2018/19 to 2022/23 (current year plus 4). The paragraphs below provide further detail behind the movements summarised in table 1.

1.3 2017/18 outturn

At the end of 2017/18 capital expenditure was £81.7m (ref c) against a budget of £87.5m, a net variation of £5.8m (ref a).

1.4 As part of the ongoing RPPR process, departments have been asked to review spending profiles across all years, including slippage from 2017/18, to ensure projected expenditure is as realistic as current information allows. These amendments are shown across future years in table 1 (ref a) above.

1.5 Additionally since February 2018, there are some net nil approved variations which amount to £1.3m in 2017/18 (ref b). These include additional Highways pothole grant of £0.6m, additional schools delegated capital funding of £0.6m and additional grant for Lansdowne Secure Unit – Phase 1 of £0.1m.

1.6 Approved variations for 2018/19 onwards (ref b) are further detailed in table 2 below and have been added to the proposed programme from 2018/19.

Table 2 – Approved Variations 2018-23

	Total £m
2017/18 variations.	1.3
Lansdown Secure Accommodation Grant – On 4 th May 2018 it was confirmed that the Council would receive a grant from the Department for Education for Lansdown Secure Accommodation Phase 2, to provide additional welfare beds and a high dependency provision.	7.3
Highways Footway and Drainage agreed in February 2017 (£1.3m per annum 2018/19 – 2022/23)	6.5
Pothole and Flood Resilience Grant – On the 29 th March 2018 it was confirmed that additional grant would be received from the Department for Transport to fund additional capital pothole and flood resilience works.	1.2
Hailsham Household Waste and Recycling Site (HWRS) – The additional use of s106 funding for waste facilities in the Hailsham area that could not otherwise be used. This will provide additional waste and recycling facilities on the site. The proposed changes will also improve the customer experience and increase the capacity of the site to accommodate the recent and future planned housing growth.	0.1
School Condition Grant reduction – This grant supports 100% of school condition works, therefore expenditure reduces in line with grant reduction	(1.4)
Total	15.0
Variations supported by business case and approved by the Capital and Strategic Asset Board (CSAB):	
Conquest Centre - A business case has been approved by the CSAB in support of improvement works at the Conquest Centre, Hastings. The proposed work enables the rationalisation of staff and resources to support revenue savings. In return for £0.3m of capital investment, there is a revenue saving of £0.04m p.a. Although this (including MRP and interest forgone) would be 13+ years payback, the business case is considered robust as additionally it releases surplus property budget of £0.06m annually and a capital receipt likely to be in excess of £0.9m.	0.3
Total (ref b-1.3m for 2017/18)	15.3

1.7 Property Building Maintenance

Ongoing budget monitoring suggests there is scope to reduce this budget and therefore a review is underway to establish how much this budget can potentially be reduced by and to realistically profile planned work. Any reduction would result in a reduced borrowing requirement.

1.8 Transport Infrastructure requirements/Community Infrastructure Levy (CIL)

Communities, Environment and Transport (CET) have identified £27m of basic need transport infrastructure requirements necessary up to 2024 to support the delivery of growth allocated in Local Plans across the County. These have been identified through joint infrastructure work with district, boroughs and the South Downs

National Park Authority during the production of Local Plans and are included in the Infrastructure Delivery Plans which authorities have produced to outline essential infrastructure required to support these Local Plans. CET have confirmed these schemes will be principally funded by Development Contributions including the Community Infrastructure Levy (CIL) and external funding sources. These will therefore enter the programme in line with the current variation process as and when funding streams are confirmed.

1.9 Property Asset Disposal and Investment strategy

At State of the County 2017 it was agreed to set some money aside in the Financing Reserve to help realise returns in future years through support for investment and/or for reduced borrowing in the capital programme. The Property Asset Disposal and Investment Strategy was approved at Cabinet on 24 April 2018. During 2018 opportunities will be considered that align with the priorities within the strategy which can now be facilitated by the use of some of these funds to bring forward the development of potential investment sites. Updates will be provided to this through the RPRR process as necessary.

1.10 Capital Risk Provision

There are a number of risks and uncertainties regarding the programme to 2022/23 and beyond which have necessitated holding a risk provision, these include:

- inflationary pressures on construction costs;
- uncertainty about delivery of projects in the programme, e.g. highways and infrastructure requirements;
- any as yet unknown requirements; and
- uncertainty regarding the level of government grants.

1.11 At February 2018, the Capital Risk Provision was £11.2m, reducing to £10.9m the Conquest Centre provision (noted above). This represents 2.9% of the overall programme, proportionally higher than the risk provision previously held of 2.5%, which also covered a longer time period. The programme has now reduced to current year plus 4 years, and therefore it is proposed that this provision is reduced to 2% (£7.5m). While capacity within borrowing arrangements is ensured through treasury management for this provision no borrowing for this is planned to be undertaken currently. This is not funds that are in the Council's accounts, but is permission to borrow for future emerging risks.

2.0 Funding updates

2.1 The capital programme is funded by a combination of government grants, capital receipts and s106 contributions. As these do not cover the required investment in basic need the programme is also supported by borrowing and the revenue contribution to capital (RCCO). Both of which directly impact the revenue budget. The following paragraphs provide updates to these funding sources.

2.2 Capital receipts

When the programme was approved in February 2018, capital receipts previously identified of £13.1m were profiled towards the end of the programme to allow the development and approval of the Property Asset Disposal and Investment Strategy and help facilitate the focus on the maximisation of capital receipts in the short term.

Since then detailed work has been completed and the Property Asset Disposal and Investment Strategy approved.

2.3 Property Services have now provided an update of capital receipts available to support the Capital Programme. This increases the capital receipts available to £21.8m, an increase of £8.7m. This is based on Property Officers' professional judgement and is on a site by site basis. This profile, however, is subject to change should any assets which have been declared surplus have that decision rescinded (i.e they are re used for another purpose), or if the asset is retained but transferred under a long term lease at below market value (i.e. under the Council's Community Asset Transfer policy for 99 years at a peppercorn rent).

2.4 Non-specific grants

There continues to be uncertainty in relation to the £127.8m Government Grants supporting the programme, 68% of which remain unconfirmed. These estimates are based on current levels and formula projections.

2.5 In March 2018 the Government announced the Healthy Pupils Capital Fund, in addition to the basic need grant. ESCC will receive £0.4m which can offset planned improvements to children's and young people's physical and mental health by improving and increasing availability to facilities for physical activity, healthy eating, mental health and wellbeing and medical conditions.

2.6 In May 2018, the Government announced an additional £50m for the Special Provision Capital Funding, with ESCC receiving a further £0.4m towards provision of Special School places. The Council also received a further £0.9m grant towards Priority School Build Programme, and a minor increase in Highways funding of £0.1m . These are offset by a reduction in School Condition grant (for which expenditure is reduced accordingly) of £1.4m (£0.3m per annum).

2.7 Section 106

A review of s106 has been undertaken and has identified further s106's of £0.1m for early years that can be applied to the programme. This will be used to offset borrowing.

2.8 S106 agreements are being replaced by the Community Infrastructure Levy (CIL) and the County Council will have to bid to boroughs and districts for this money, there is therefore a risk that the income from CIL will not match the current levels arising from s106 agreements. Work is ongoing to establish what funding is expected from CIL and the process that the Council will need to undertake to obtain CIL contributions. The County Council will need to work closely with the Borough and District Councils to ensure basic needs are prioritised effectively and ensure CIL funding is secured where appropriate.

2.9 Summary of Funding

The funding has been updated for the paragraphs above and table 3 below shows the updated position.

Table 3 – Summary of funding 2018-23

Funding Source (£m)	2018/19	2019/20	2020/21	2021/22	2022/23	Total
Capital receipts (para 2.3)	(7.0)	(1.7)	(8.2)	(4.9)	-	(21.8)
Non-specific grants (para 2.4)	(22.5)	(36.5)	(18.0)	(24.4)	(26.4)	(127.8)
S106 Contributions (para 2.5)	(3.7)	(1.5)	(8.0)	(1.7)	(0.9)	(15.8)
Specific Grants/External contributions	(34.4)	(25.9)	(11.2)	(2.5)	(2.4)	(76.4)
VPN receipts	(0.6)	(1.5)	(0.4)	-	-	(2.5)
Contributions from revenue reserves set aside	(2.8)	(0.5)	-	-	-	(3.3)
Capital reserves	(21.0)	-	-	-	-	(21.0)
Revenue Contribution to capital (RCCO)	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)	(20.0)
Other departmental revenue contributions	(0.9)	(0.9)	(0.6)	-	-	(2.4)
New Homes Bonus	(1.2)	-	-	-	-	(1.2)
Borrowing (excl. contingency)	(8.4)	(33.6)	(14.6)	(4.7)	(24.3)	(85.6)
Total	(106.5)	(106.1)	(65.0)	(42.2)	(58.0)	(377.8)

2.10 Revenue supported funding (borrowing and revenue contribution to capital (RCCO))

When the Capital Programme was set in February 2018 the borrowing requirement for the period 2017-23 was £109.7m (before the £11.2m Capital Risk Provision). In recognition of the revenue strain borrowing incurs and the continued need for investment post 2023 opportunities within treasury management capacity have been taken when they have arisen to reduce this.

2.11 After taking into account 2017/18 year end financing, there remained a borrowing requirement of £95.8m for the period 2018-23. After use of borrowing to fund the Conquest Centre £0.3m, borrowing has been reduced for: additional capital receipts of £8.7m, offsetting non-specific grants of £1.8m, offsetting s106 contributions of £0.1m. This will reduce the need to borrow to £85.6m plus £7.5m Capital Risk Provision.

2.12 The previously reduced revenue contribution is currently proposed to remain at £4m per annum. This is a minimum level because it supports investment in short life assets (including ICT), that currently average £4.6m annually, as borrowing for these assets would not be sustainable.

2.13 Furthermore assets with a medium life of 5-10 years, including house adaptation are also supported by the balance of the revenue contribution to capital as well as capital receipts and the capital reserve. Maintaining a revenue contribution also allows for a degree of flexibility for future strategic programme planning.

2.14 The prudential code allows the option to borrow for investment in assets with a longer life (20 years or more), e.g. schools, other buildings and highways infrastructure. In the current programme annual borrowing supports 46% additional

expenditure on highways over and above the grant received by the Council and an additional 51% over and above government grant for school basic need places.

3.0 Future Programme

3.1 The capital programme from 2023/24 onwards will require consideration and planning. The level of resources available to fund capital expenditure post 2022/23 will be significantly reduced due to the use in its entirety of the capital programme reserve, potential reductions in government grants, and a reducing potential to generate further capital receipts.

3.2 This will be at a time of increasing spending pressures for the Council and the requirement to continue to provide the infrastructure to support District and Boroughs' extensive Local Growth Plans as well as other basic need requirements.

3.3 The Council will therefore need to give careful consideration to how to spend the limited capital resources to best meet the delivery of the Council's priority outcomes.

3.4 There needs to be consideration given to any future programme affordability and, if needs be, to ensure a measured reduction in investment in basic need, as current levels of borrowing are not sustainable. The Council's capacity to borrow at current levels runs out by circa 2024 without additional budget provision for borrowing. To continue at the same level of basic need investment high level estimates suggest there would be a requirement to add in excess of £8m to base treasury management budget by 2026/27 (circa £1.5m as soon as 2023/24). Any decision to reduce the RCCO this would increase this.

4.0 Ongoing work

4.1 Work continues to refine and update the Capital Programme through the normal RPPR process. The Children's Services Sub-Board continues to scrutinise the £81.3m School Basic Need programme at a more granular level with an aim to manage and, where possible, drive down costs further. The Capital Strategic Asset Board has built in further in-year scrutiny of the Programme in line with the Quarterly monitoring cycle and there are regular reviews of income streams, including a new sub board specifically looking at maximising and managing CIL.

5.0 Conclusion

5.1 Taking into account the movements set out above, the proposed 2018-23 Capital Programme is now £377.8m gross, funded by £92.1m specific income, giving a net programme to be financed of £285.7m (before contingency of £7.5m) and comprises the current year +4. Consideration needs to be given to how to plan for additional years and their affordability. This could be delayed in light of the ongoing revenue uncertainty, however, it is important that revenue decisions are taken with an understanding of the impact on future capital planning and affordability.

5.2 The detailed 2018-23 Programme is set out below.

CAPITAL PROGRAMME 2017-23	Total Budget	Previous Spend	18/19	19/20	20/21	21/22	22/23	Total Remaining
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adult Social Care								
Older People's Service Improvements (formerly Opportunities)	536	406	130					130
Greenacres	2,350	45	1,000	1,200	105			2,305
<i>Grant Funding</i>	<i>(1,250)</i>		<i>(1,000)</i>	<i>(250)</i>				<i>(1,250)</i>
LD Service Opportunities	5,092	4,997	95					95
<i>PSS Grant - 94189</i>	<i>(1,900)</i>	<i>(1,900)</i>						
Refurbishment of Facilities to meet Care Quality Commission Standards	2,373	2,360	13					13
House Adaptations	2,719	732	387	400	400	400	400	1,987
Gross	13,070	8,540	1,625	1,600	505	400	400	4,530
<i>Scheme Specific Resource - Grant/External Contribution</i>	<i>(3,150)</i>	<i>(1,900)</i>	<i>(1,000)</i>	<i>(250)</i>				<i>(1,250)</i>
<i>Scheme Specific Resource - S106 Continuation</i>								
Net	9,920	6,640	625	1,350	505	400	400	3,280
Business Services								
SALIX Contract	4,235	2,099	736	350	350	350	350	2,136
<i>SALIX Grant - 94106</i>	<i>(3,965)</i>	<i>(1,829)</i>	<i>(736)</i>	<i>(350)</i>	<i>(350)</i>	<i>(350)</i>	<i>(350)</i>	<i>(2,136)</i>
Property Agile Works	9,606	9,256	350					350
<i>CERA Contribution</i>	<i>(509)</i>	<i>(509)</i>						
Early Years Nurseries	2,437	1,543	858	36				894
<i>Early Years Capital Fund</i>	<i>(1,406)</i>	<i>(1,383)</i>	<i>(23)</i>					<i>(23)</i>
<i>Schools Contribution</i>	<i>(50)</i>	<i>(50)</i>						
<i>Section 106 - D&Bs</i>	<i>(150)</i>	<i>(19)</i>	<i>(131)</i>					<i>(131)</i>
Lansdowne Secure Unit - Phase 2	7,600	297	4,597	2,706				7,303
<i>Grant - 94104</i>	<i>(7,600)</i>	<i>(297)</i>	<i>(4,597)</i>	<i>(2,706)</i>				<i>(7,303)</i>
Universal Infant Free School Meals	1,901	1,891	10					10
<i>Free School Meals Grant - 94194</i>	<i>(1,901)</i>	<i>(1,891)</i>	<i>(10)</i>					<i>(10)</i>
Core Programme - Schools Basic Need	148,171	66,857	14,226	22,926	16,289	6,980	20,893	81,314
<i>School Contribution</i>	<i>(41)</i>	<i>(41)</i>						
<i>Section 106 - D&Bs</i>	<i>(15,079)</i>	<i>(717)</i>	<i>(2,955)</i>	<i>(871)</i>	<i>(8,026)</i>	<i>(1,710)</i>	<i>(800)</i>	<i>(14,362)</i>
<i>Further S106 and Grant</i>	<i>(148)</i>	<i>(148)</i>						
Core Programme - Capital Building Improvements	84,373	41,308	9,209	11,674	6,907	7,603	7,672	43,065
Core Programme - Libraries Basic Need	2,244		366	491	634	227	526	2,244
<i>Section 106 - D&Bs</i>	<i>(80)</i>						<i>(80)</i>	<i>(80)</i>
Core Programme - IT & Digital Strategy Implementation	31,543	15,942	4,072	4,374	2,300	2,305	2,550	15,601
Gross	292,110	139,193	34,424	42,557	26,480	17,465	31,991	152,917
<i>Scheme Specific Resource - Grant/External Contribution</i>	<i>(15,620)</i>	<i>(6,148)</i>	<i>(5,366)</i>	<i>(3,056)</i>	<i>(350)</i>	<i>(350)</i>	<i>(350)</i>	<i>(9,472)</i>
<i>Scheme Specific Resource - S106 Continuation</i>	<i>(15,309)</i>	<i>(736)</i>	<i>(3,086)</i>	<i>(871)</i>	<i>(8,026)</i>	<i>(1,710)</i>	<i>(880)</i>	<i>(14,573)</i>
Net	261,181	132,309	25,972	38,630	18,104	15,405	30,761	128,872
Children's Services								
Seven Sisters Canoe Barn	24	22	2					2
<i>Grant - 94994</i>	<i>(24)</i>	<i>(22)</i>	<i>(2)</i>					<i>(2)</i>
Family Contact	188	174	14					14
House Adaptations for Disabled Children's Carers Homes	1,468	763	145	140	140	140	140	705
Schools Delegated Capital	13,311	9,348	859	824	791	760	729	3,963
<i>Grant - 94977</i>	<i>(13,311)</i>	<i>(9,348)</i>	<i>(859)</i>	<i>(824)</i>	<i>(791)</i>	<i>(760)</i>	<i>(729)</i>	<i>(3,963)</i>
Conquest Centre redevelopment	350		350					350
Gross	15,341	10,307	1,370	964	931	900	869	5,034
<i>Scheme Specific Resource - Grant/External Contribution</i>	<i>(13,335)</i>	<i>(9,370)</i>	<i>(861)</i>	<i>(824)</i>	<i>(791)</i>	<i>(760)</i>	<i>(729)</i>	<i>(3,965)</i>
<i>Scheme Specific Resource - S106 Continuation</i>								
Net	2,006	937	509	140	140	140	140	1,069

CAPITAL PROGRAMME 2017-23	Total Budget	Previous Spend	18/19	19/20	20/21	21/22	22/23	Total Remaining
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Communities, Economy & Transport								
New Archive and Record Office - "The Keep" - Phase 1 & 2 <i>Other Contributions - 94642</i>	20,178 (6,969)	20,154 (6,969)	24					24
Registration Ceremonies Website <i>CERA Contribution</i>	30 (30)	8 (30)	22					22
Hastings Library <i>CERA Contribution</i>	9,503 (43)	8,169 (43)	645	689				1,334
Newhaven Library	1,713	1,674	39					39
Southover Grange (formerly The Maltings)	1,257	1,209	48					48
Library Refurbishment Programme <i>Section 106 - 94318</i>	1,473 (93)	1,306 (93)	167					167
Travellers Site Bridges Tan	1,347	1,340	7					7
Broadband <i>BDUK Grant - 94191</i> <i>Broadband Clawback</i>	33,800 (13,640) (5,200)	20,777 (10,640)	4,335 (3,000)	5,047 (5,047)	1,821 (153)		1,820	13,023 (3,000) (5,200)
Bexhill and Hastings Link Road <i>LEP Funding (SELEP)</i> <i>Rental Income from Acton's Farm</i> <i>Historic England Grant</i> <i>NB Roundabout Contribution</i>	126,247 (1,586) (44) (407) (12)	121,335 (1,586) (44) (187) (12)	2,912 (22) (20)	1,062 (11) (67)	765 (11) (67)	173 (66)		4,912 (44) (220)
BHLR Complementary Measures <i>Section 106 - 94350</i>	1,800 (36)	1,121 (36)	679					679
Reshaping Uckfield Town Centre <i>Section 106 - 94366</i>	2,500 (2,500)	2,487 (2,487)	13 (13)					13 (13)
Exeat Bridge Replacement (Formerly Maintenance) <i>National Productivity Investment Fund</i>	2,633 (2,133)	91	447 (300)	2,095 (1,833)				2,542 (2,133)
Economic Growth & Strategic Infrastructure Programme								
Economic Intervention Fund <i>Recycled Loan Repayments</i> <i>CERA Contributions</i> <i>Bond Repayment</i>	9,791 (1,700) (900) (80)	5,111 (700) (900) (80)	1,549	1,650 (435)	1,481 (565)			4,680 (1,000)
Stalled Sites	916	319	200	397				597
EDS Upgrading Empty Commercial Properties	500	149	200	151				351
EDS Incubation Units	1,000	250	750					750
North Bexhill Access Road <i>LEP Funding (SELEP)</i>	18,600 (17,010)	16,600 (15,010)	2,000 (2,000)					2,000 (2,000)
Queensway Gateway Road <i>LEP Funding (SELEP)</i>	10,000 (5,559)	7,540 (3,099)	2,460 (2,460)					2,460 (2,460)
East Sussex Strategic Growth Package <i>LEP Funding (SELEP)</i>	8,200 (8,076)	3,550 (3,550)	4,650 (4,526)					4,650 (4,526)
A22/A27 Junction Improvement Package <i>LEP Funding (SELEP)</i> <i>S106 Contributions - D&B held</i>	1,500 (1,000) (500)			500 (500)	1,000 (1,000)			1,500 (1,000) (500)
LGF Business Case Development	196	30	166					166
Integrated Transport - LTP plus Externally Funded								
Hastings and Bexhill Movement & Access Package <i>LEP Funding (SELEP)</i>	9,643 (8,961)	345 (345)	1,913 (1,873)	3,937 (3,295)	3,448 (3,448)			9,298 (8,616)
Eastbourne Town Centre Phase 2 <i>LEP Funding (SELEP)</i>	3,000 (3,000)			1,000 (1,000)	2,000 (2,000)			3,000 (3,000)
Eastbourne/South Wealden Walking & Cycling Package <i>LEP Funding (SELEP)</i> <i>Section 106 - 94806</i>	7,450 (6,058) (250)	2,717 (2,058) (250)	805 (805)	2,428 (1,695)	1,500 (1,500)			4,733 (4,000)
Hailsham/Polegate/Eastbourne Movement & Access Corridor <i>LEP Funding (SELEP)</i> <i>Section 106 - 94806</i>	2,350 (1,564) (250)	405 (254) (151)	600 (64)	1,345 (1,246) (99)				1,945 (1,310) (99)
Other Integrated Transport Schemes <i>Developer and Other Contributions - Various</i> <i>Section 106 - Various</i> <i>LEP Funding (SELEP)</i>	37,288 (6,534) (3,423) (162)	22,117 (4,009) (3,423) (162)	3,224 (1,631)	3,190 (894)	2,919	2,919	2,919	15,171 (2,525)
Community Match Fund <i>CERA Contributions</i>	150 (150)		150					150
Terminus Road Improvements <i>External Contributions - Various</i> <i>Section 106 - C.8.18.004.1</i> <i>LEP Funding (SELEP)</i>	8,250 (450) (352) (3,055)	1,269 (450) (352) (550)	6,481 (450) (352) (2,505)	500				6,981 (450) (352) (2,505)
Newhaven Port Access Road <i>DfT Funding</i>	23,271 (10,000)	1,317	7,548 (5,000)	13,522 (5,000)	884			21,954 (10,000)
Real Time Passenger Information <i>Section 106 - Various</i>	2,449 (517)	2,313 (396)	136 (121)					136 (121)

CAPITAL PROGRAMME 2017-23	Total Budget	Previous Spend	18/19	19/20	20/21	21/22	22/23	Total Remaining
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Communities, Economy & Transport								
Parking Ticket Machine Renewal	1,700		1,150	550				1,700
Queensway Depot Development (Formerly Eastern)	1,586	268	1,318					1,318
Hailsham HWRS	97		97					97
<i>Section 106</i>	(97)		(97)					(97)
Speed Management	2,948	2,928	20					20
Core Programme - Highways Structural Maintenance	236,113	140,333	21,873	20,050	18,476	17,850	17,531	95,780
<i>CERA Contributions</i>	(7,800)	(1,300)	(1,300)	(1,300)	(1,300)	(1,300)	(1,300)	(6,500)
<i>DoT Highways Network Grant</i>	(2,300)	(2,300)						
<i>DfT Pothole Grant</i>	(1,767)	(589)	(1,178)					(1,178)
<i>LEP Funding (SELEP)</i>	(8,074)	(8,074)						
<i>External Contributions - Various</i>	(61)	(61)						
Core Programme - Bridge Assessment Strengthening	13,310	6,880	1,000	1,382	1,425	1,325	1,298	6,430
Core Programme - Street Lighting and Traffic Signals - life expired equipment	10,133	5,622	991	1,030	970	780	740	4,511
Core Programme - Rights of Way Surface Repairs and Bridge Replacement Pro	4,883	2,753	410	430	430	430	430	2,130
Gross	617,805	402,487	69,029	60,955	37,119	23,477	24,738	215,318
<i>Scheme Specific Resource - Grant/External Contribution</i>	(124,325)	(62,658)	(27,134)	(21,823)	(10,044)	(1,366)	(1,300)	(61,667)
<i>Scheme Specific Resource - S106 Contrinution</i>	(8,018)	(6,836)	(583)	(599)				(1,182)
Net	485,462	332,993	41,312	38,533	27,075	22,111	23,438	152,469
Total Gross	938,326	560,527	106,448	106,076	65,035	42,242	57,998	377,799
<i>Scheme Specific Resource - Grant/External Contribution</i>	<i>(156,430)</i>	<i>(80,076)</i>	<i>(34,361)</i>	<i>(25,953)</i>	<i>(11,185)</i>	<i>(2,476)</i>	<i>(2,379)</i>	<i>(76,354)</i>
<i>Scheme Specific Resource - S106 Contrinution</i>	<i>(23,327)</i>	<i>(7,572)</i>	<i>(3,669)</i>	<i>(1,470)</i>	<i>(8,026)</i>	<i>(1,710)</i>	<i>(880)</i>	<i>(15,755)</i>
Total Net	758,569	472,879	68,418	78,653	45,824	38,056	54,739	285,690

Report to: **Cabinet**

Date: **17 July 2018**

By: **Chief Operating Officer**

Title of report: **Internal Audit Services: Annual Report and Opinion 2017/18**

Purpose of report: **To give an opinion on the County Council's control environment for the year from 1 April 2017 to 31 March 2018**

RECOMMENDATIONS

Cabinet is recommended to note the internal audit service's opinion on the Council's control environment.

1. Background

1.1 The purpose of this report is to give an opinion on the adequacy of East Sussex County Council's control environment as a contribution to the proper, economic, efficient and effective use of resources. The report covers the audit work completed in the year from 1 April 2017 to 31 March 2018 in accordance with the Internal Audit Strategy for 2017/18.

2. Supporting Information

2.1 All local authorities must make proper provision for internal audit in line with the 1972 Local Government Act (S151) and the Accounts and Audit Regulations 2015. The latter states that authorities 'must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'.

2.2 It is a management responsibility to establish and maintain internal control systems and to ensure that resources are properly applied, risks appropriately managed and outcomes achieved.

2.3 No assurance can ever be absolute; however based on the internal audit work completed, the Orbis Chief Internal Auditor can provide reasonable assurance that East Sussex County Council has in place an adequate and effective framework of governance, risk management and internal control for the period 1 April 2017 to 31 March 2018.

2.4 This opinion, and the evidence that underpins it, is further explained in the full Internal Audit Services Annual Report and Opinion which forms Annex A of this report. The report highlights:

- Key issues for the year, including a summary of all audit opinions provided;
- Progress on implementation of high risk recommendations;
- Key financial systems;
- Schools;
- Anti Fraud and Corruption.

2.5 Section 6 of the annual report sets out details of internal audit performance for the year, including details of compliance against the relevant professional standards.

3. Conclusions and Reasons for Recommendation

3.1 Cabinet is recommended to note the internal audit service's opinion on the Council's control environment.

3.2 This report is to be considered by the Audit Committee on 13 July 2018. Cabinet will be informed of any comments raised by this Committee.

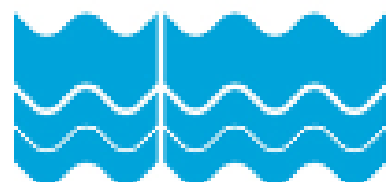
Kevin Foster, Chief Operating Officer

Contact Officers: Russell Banks, Orbis Chief Internal Auditor, 01273 481447
 Nigel Chilcott, Audit Manager, 01273 481992

Background documents:
Strategic Audit Plan 2017/18
Internal Audit Progress Reports 2017/18

INTERNAL AUDIT ANNUAL REPORT & OPINION 2017/2018

East Sussex
County Council



1. Internal Control and the Role of Internal Audit

1.1 All local authorities must make proper provision for internal audit in line with the 1972 Local Government Act (S151) and the Accounts and Audit Regulations 2015. The full role and scope of the Council's Internal Audit Service is set out within our Internal Audit Charter.

1.2 It is a management responsibility to establish and maintain internal control systems and to ensure that resources are properly applied, risks appropriately managed and outcomes achieved.

1.3 Annually the Chief Internal Auditor is required to provide an overall opinion on the Council's internal control environment, risk management arrangements and governance framework to support the Annual Governance Statement.

2. Delivery of the Internal Audit Plan

2.1 The Council's Internal Audit Strategy and Plan is updated each year based on a combination of management's assessment of risk (including that set out within the departmental and strategic risk registers) and our own risk assessment of the Council's major systems and other auditable areas. The process of producing the plan involves extensive consultation with a range of stakeholders to ensure that their views on risks and current issues, within individual departments and corporately, are identified and considered.

2.2 In accordance with the audit plan for 2017/18, a programme of audits was carried out covering all Council departments and, in accordance with best practice, this programme was reviewed during the year and revised to reflect changes in risk and priority. This has included responding to and investigating allegations of fraud and other irregularities.

2.3 All adjustments to the audit plan were agreed with the relevant departments and reported throughout the year to the Audit Committee as part of our periodic internal audit progress reports.

3. Audit Opinion

3.1 No assurance can ever be absolute; however, based on the internal audit work completed, the Chief Internal Auditor can provide reasonable assurance¹ that East Sussex County Council has in place an adequate and effective framework of governance, risk management and internal control for the period 1 April 2017 to 31 March 2018. Audit activity has confirmed that the majority of key controls examined are working in practice, with some specific exceptions.

3.2 Where improvements in controls are required, we have agreed appropriate remedial action with management.

¹ The use of the term 'reasonable assurance' reflects that the opinion has been reached based on the work set out in paragraph 4 below and that it is not possible or practicable to audit all activities of the County Council within a single year.

4. Basis of Opinion

4.1 The opinion and the level of assurance given takes into account:

- All audit work completed during 2017/18, planned and unplanned;
- Follow up of actions from previous audits;
- Management's response to the findings and recommendations;
- Ongoing advice and liaison with management, including regular attendance by the Chief Internal Auditor and Audit Managers at organisational meetings relating to risk, governance and internal control matters;
- Effects of significant changes in the Council's systems;
- The extent of resources available to deliver the audit plan;
- Quality of the internal audit service's performance.

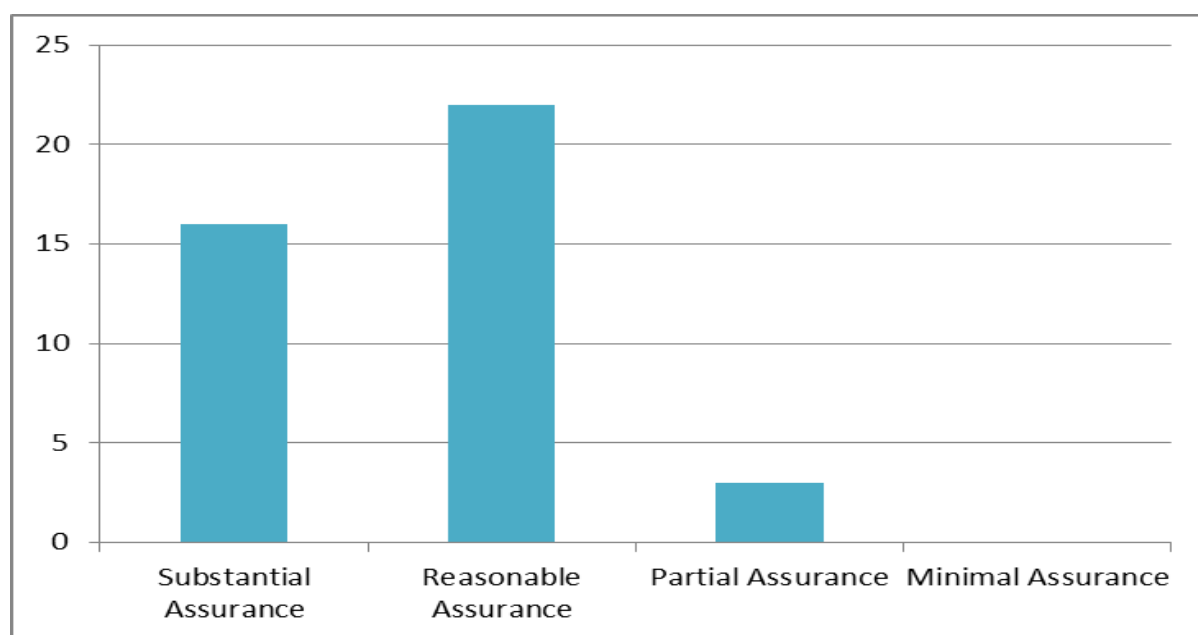
4.2 No limitations have been placed on the scope of Internal Audit during 2017/18.

5. Key Issues for 2017/18

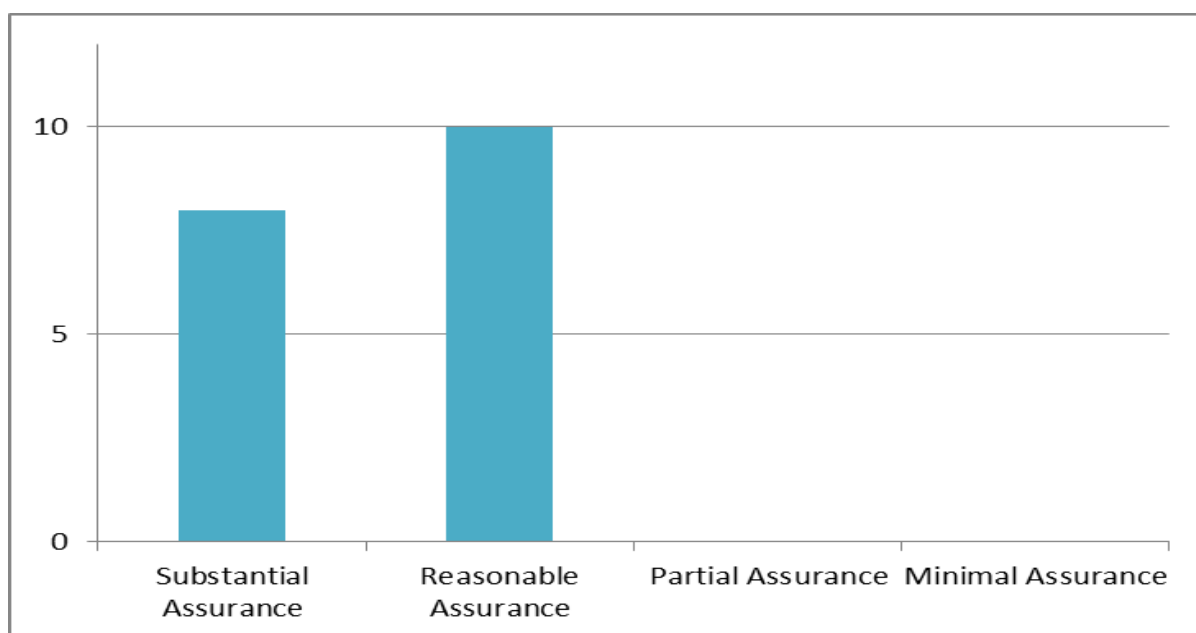
5.1 The overall audit opinion should be read in conjunction with the key issues set out in the following paragraphs. These issues, and the overall opinion, have been taken into account when preparing and approving the Council's Annual Governance Statement.

5.2 The internal audit plan is delivered each year through a combination of formal reviews with standard audit opinions, direct support for projects and new system initiatives, investigations, grant audits and ad hoc advice. The following graphs provide a summary of the outcomes from all non-school audits and school audits finalised during 2017/18 with standard audit opinions:

Non-Schools



Schools



5.3 A full listing of all completed audits and opinions for the year is included at Appendix B, along with an explanation of each of the assurance levels. Significantly, it is pleasing to report that none of the audits completed in the period have resulted in 'minimal assurance' opinions.

5.4 Included with the non-schools graph above are a total of four reviews where we have revisited areas which had previously received lower levels of assurance. For each of these (Contract Management - Agency Workers, Property Pre-Contract Checks, Management of Staff Transfers and Leavers, and Microsite Management), we have been able to issue revised, improved opinions of substantial assurance.

5.5 As well as conducting formal follow up reviews, we have in place arrangements to track the implementation of all high risk audit recommendations issued during the year. As at 31 March 2018, of the 13 high risk recommendations issued and due by the end of the 2017/18, it is pleasing to report that all had been implemented within the agreed timescales.

5.6 At the time of producing this report, a total of 6 planned reviews remained in progress, all of which will be completed during the first quarter of 2018/19. The finalisation of these reports will result in 100% completion of the 2017/18 internal audit plan.

Key Financial Systems

5.7 Given the substantial values involved, each year a significant proportion of our time is spent reviewing the Council's key financial systems, both corporate and departmental. Of those completed during 2017/18, all of these have resulted in either substantial or reasonable assurance being provided over the control environment.

Schools

5.8 Throughout the year, a programme of assurance work in schools has been carried out in accordance with our agreed Schools' Internal Audit Strategy. During 2017/18, we carried out full audit visits to fifteen schools, and three follow-ups where opinions of minimal assurance had previously been given. The outcome of this work can be seen in the above 'schools' graph. In terms of the three follow-ups, clear improvements in control were found, resulting in improved audit opinions.

5.9 Other audit initiatives undertaken during the year to help improve financial governance in schools have included:

- Continuing the work of the Schools Risk Review Group, made up of representatives from Internal Audit, Personnel and Training, Finance, and the Standards and Learning Effectiveness Service (which includes Governor Services), the primary aim of which is to ensure appropriate targeted support and intervention is provided to schools;
- Producing regular information bulletins for all school governors highlighting common themes and issues arising from audit work, encouraging Governors to increase scrutiny of the schools finances and financial position;
- Providing ad-hoc advice and guidance.

5.10 We also continue to consult with Headteachers, Business Managers and Governors about improving the effectiveness of how we provide information and advice to them. This includes considering the offer of alternative activities, such as self-assessment tools, so that schools are able to gain assurance over their control environment between formal audits.

Anti-Fraud and Corruption

5.11 During 2017/18, we logged 35 allegations under the Council's Anti-Fraud and Corruption Strategy, in all cases identified through the Council's confidential reporting hotline or notifications from departments. As a result of the allegations, 11 investigations were undertaken by Internal Audit, with the remainder being referred to local management, another local authority or assessed as requiring no further action. The following provides a summary of the investigation activity undertaken by Internal Audit in the last 12 months:

- Two investigations related to possible failures by Council staff to declare potential conflicts of interest following matches from the National Fraud Initiative (NFI) Companies House data. Our investigations found no evidence of fraud or corruption, but identified weaknesses within governance arrangements in the associated service areas. Internal control improvements were agreed for both areas investigated.
- A further match identified through NFI Companies House data led to an investigation into a staff member failing to declare a conflict of interest and undertaking secondary employment during Council working hours. Our investigation established that the member of staff was a director of a profit making limited company that provided services to the Council which conflicted with their Council role. Through interviews with the officer and their line manager, it was established that the manager was aware of this and no attempt had been made to conceal it from them, but weaknesses were

identified in relation to declaring interests and staff line management. As such, there was no evidence of dishonesty or attempts to deceive by the employee; rather, a failure to follow the proper processes.

As a result of the investigation, both the member of staff and their line manager were subject to formal standard setting. The member of staff concerned was also instructed to resign, with immediate effect, from their position of director within the company.

Following the investigation, we produced an internal control report summarising the control weaknesses identified during the review. Actions to improve controls, particularly in relation to declaring interests and staff line management, were agreed with management.

- An investigation into a conflict of interest within Adult Social Care where an allegation was made that a member of staff was providing service users with the contact details of a family member who worked self-employed as a Personal Care Assistant, and also recommended service users to a residential care home where the family member also worked. Our investigation found no evidence of dishonesty or deliberate attempts to circumvent procedures. However, the staff member concerned was subject to standard setting by management.
- One investigation was undertaken into the theft of cash from a residential children's home. Our work found that there was insufficient evidence to be able to identify who was responsible. We were, however, able to provide advice and guidance on improving internal controls in relation to cash handling.
- An investigation into the over-claiming of mileage and expenses by a member of staff identified serious irregularities in the amounts claimed. The officer was subject to disciplinary proceedings; however, they resigned before these proceedings could be concluded. In referring the matter to Sussex Police, the employee has now been charged.
- An investigation into an allegation relating to recruitment practices at a school, including allegations of favouritism and nepotism. The investigation found no evidence to substantiate the allegation and no further action was taken. However, Internal Audit identified the need for control improvements to strengthen governance arrangements and increase transparency in the management of conflicts of interest.
- Four further investigations remain ongoing at the time of writing this report.

5.12 Any internal control weaknesses identified during our investigation work are reported to management and actions for improvement are agreed. This work is also used to inform future internal audit activity.

5.13 As part of the Cabinet Office's National Fraud Initiative (NFI), the Council is required to provide a range of data in order to carry out a data matching exercise. Data matching involves comparing computer records held by one body against other computer records held by the same or another body for the purpose of identifying potential cases of error or fraud.

5.14 This data, covering a range of areas including payroll, pensions, creditors, residential care clients, concessionary travel passes, residents parking permits and clients in receipt of direct payments, has been investigated by the relevant teams within the Council and, to-date, £32,110 in errors have been identified which are in the process of being recovered.

5.15 As well as the investigation work referred to above, we continue to be proactive in the identification and prevention of potential fraud and corruption activity across the Authority and in raising awareness amongst staff. During 2017/18, this has included data analysis activities along with a proactive review of grant payments made by the Council.

5.16 Whilst it is our opinion that the control environment in relation to fraud and corruption is satisfactory and the incidence of fraud is considered low for an organisation of this size and diversity, we continue to be alert to the risk of fraud. This includes working with local fraud hubs; the aim of which is to deliver a strong and co-ordinated approach to preventing, detecting and responding to fraud.

6. Internal Audit Performance

6.1 Public Sector Internal Audit Standards (PSIAS) require the internal audit service to be reviewed annually against the Standards, supplemented with a full and independent external assessment at least every five years. The following paragraphs provide a summary of our performance during 2017/18, including the results of our first independent PSIAS assessment, an update on our Quality Assurance and Improvement Programme and the year end results against our agreed targets.

PSIAS

6.2 The Standards cover the following aspects of internal audit, all of which have been independently assessed during 2017/18 by the South West Audit Partnership:

- Purpose, authority and responsibility;
- Independence and objectivity;
- Proficiency and due professional care;
- Quality assurance and improvement programme;
- Managing the internal audit activity;
- Nature of work;
- Engagement planning;
- Performing the engagement;
- Communicating results;
- Monitoring progress;
- Communicating the acceptance of risks.

6.3 The results of this work found a high level of conformance with the Standards. Detailed findings are contained within a separate report on the agenda for this meeting.

Key Service Targets

6.4 Performance against our previously agreed service targets is set out in Appendix A. Overall, client satisfaction levels remain high, demonstrated through the results of our post audit questionnaires, discussions with key stakeholders throughout the year and annual consultation meetings with Chief Officers.

6.5 Significantly, we have completed 92.4% of the 2017/18 audit plan, exceeding our target of 90%. As reported in 5.6 above, a small number of outstanding reviews were nearing completion at year end, with all reports due to be finalised early in quarter 1 of 2018/19. We are currently exploring opportunities to improve the benchmarking arrangements for internal audit and will report on this in due course when further information becomes available.

6.6 Internal Audit will continue to liaise with the Council's external auditors (now Grant Thornton) to ensure that the Council obtains maximum value from the combined audit resources available.

6.7 In addition to this annual summary, CMT and the Audit Committee will continue to receive performance information on internal audit throughout the year as part of our quarterly progress reports.

Internal Audit Performance Indicators 2017/18

Aspect of Service	Orbis IA Performance Indicator	Target	RAG Score	Actual Performance
Quality	Annual Audit Plan agreed by Audit Committee	By end April	G	Approved by Audit Committee on 22 March 2018
	Annual Audit Report and Opinion	By end July	G	2017/18 annual report approved by Audit Committee on 14 July 2017
	Customer Satisfaction Levels	90% satisfied	G	100% satisfied
Productivity and Process Efficiency	Audit Plan – completion to draft report stage	90%	G	92.4%
Compliance with Professional Standards	Public Sector Internal Audit Standards	Conforms	G	External assessment by the South West Audit Partnership gave an opinion of 'Generally Conforms' – the highest of three possible rankings
	Relevant legislation such as the Police and Criminal Evidence Act, Criminal Procedures and Investigations Act	Conforms	G	No evidence of non-compliance identified
Outcome and degree of influence	Implementation of management actions agreed in response to audit findings	95% for high priority agreed actions	G	100%
Our staff	Professionally Qualified/Accredited	80%	G	86% ²

² Includes 3 part-qualified staff and those working towards completing their professional examinations

Summary of Opinions for Internal Audit Reports Issued During 2017/18

Substantial Assurance:

(Explanation of assurance levels provided at the bottom of this document)

Audit Title	Department
Budget Management	Corporate
Key Financial System - HR/Payroll	BSD
Key Financial System - Accounts Receivable	BSD
Key Financial System - Accounts Payable	BSD
Pension Fund External Control Assurance	BSD
Property Pre-Contract Checks Follow-Up	BSD
Contract Management – Managed Service Provider for Temporary Agency Workers Follow-Up	BSD
Microsite Management Follow-Up	BSD
Management of Staff Transfers and Leavers Follow-Up	BSD
Storage Area Network	BSD
Public Health: Sexual Health Open Access	ASC
LAS/Controcc	ASC
Unaccompanied Asylum Seeking Children	ASC
Schools Funding Formula	CSD
Waste Affordability Model	CET
Waste Pricing Model	CET

Reasonable Assurance:

Audit Title	Department
Proactive Counter Fraud Review of Grant Payments	Corporate
Key Financial System – Pension Fund Processes and Systems	BSD
Pension Fund Governance and Investments	BSD
Recruitment and Induction	BSD
Procurement Cards	BSD
Bankline	BSD
Ordinary Residence	ASC
Contract Management – Integrated Community Equipment Service	ASC
LCS/Controcc	ASC
Direct Payments	ASC
Social Care Non-Attendance and Deaths	ASC
East Sussex Better Together Integrated Commissioning Arrangements	ASC
East Sussex Better Together Integrated Commissioning Fund	ASC
Debt Management within Deferred Payment Agreements	ASC
Home to School Transport Eligibility	CSD
SEND Budget Management	CSD
Academy Transition Arrangements	CSD
Education Improvement Partnerships	CSD
Schools Registration Arrangements	CSD

Audit Title	Department
Highways Contract Management	CET
Sustainable Drainage Systems	CET
Transport for the South East	CET

Partial Assurance:

Audit Title	Department
Contract Management – Managed Service Provider for Temporary Agency Workers	BSD
Personal Service Companies and Use of Consultants	BSD
Powers of Entry	CET

Other Audit Activity Undertaken During 2017/18 (including direct support for projects and new system initiatives and grant audits):

Audit Title	Department
Data Centre Move	BSD
Orbis – Comparison of Personnel Policies	BSD
Proactive Counter Fraud Risks – P Card Data Analytics	Corporate
Proactive Counter Fraud Risks – Grant Payments	Corporate
Proactive Counter Fraud Risks – ICT Email Fraud	Corporate
Atrium – Works Delivery Module	BSD
ASC Payment and Income Processes	ASC
Child Protection Information Sharing	CSD
Troubled Families	CSD
Broadband – Review of Annual Return to BDUK	CET

Schools

Substantial Assurance:

Name of School
Buxted C.E. Primary School
Harbour Primary School (Follow-Up)
Harlands Primary School
Motcombe Community School
Peacehaven Community School (Follow-Up)
Plumpton Primary School
Willingdon Primary School
Wivelsfield Primary School

Reasonable Assurance:

Name of School
All Saints' & St. Richards' C.E. Primary School
Barcombe C.E. Primary School
Cross In Hand C.E. Primary School
Grovelands Community School
Hankham Primary School
Holy Cross C.E. Primary School
Langney Primary School (Follow-Up)
Newick C.E Primary School
St. Mary Star of the Sea Catholic Primary School
West Rise Junior School

Audit Opinions and Definitions

Opinion	Definition
Substantial Assurance	Controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
Reasonable Assurance	Most controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
Partial Assurance	There are weaknesses in the system of control and/or the level of non-compliance is such as to put the achievement of the system or service objectives at risk.
Minimal Assurance	Controls are generally weak or non-existent, leaving the system open to the risk of significant error or fraud. There is a high risk to the ability of the system/service to meet its objectives.