



CABINET

TUESDAY, 22 JANUARY 2019

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 11 December 2018 (*Pages 3 - 4*)
- 2 Apologies for absence
- 3 Disclosures of interests
Disclosures by all members present of personal interests in matters on the agenda, the nature of any interest and whether the member regards the interest as prejudicial under the terms of the Code of Conduct.
- 4 Urgent items
Notification of items which the Chair considers to be urgent and proposes to take at the appropriate part of the agenda. Any members who wish to raise urgent items are asked, wherever possible, to notify the Chair before the start of the meeting. In so doing, they must state the special circumstances which they consider justify the matter being considered urgent.
- 5 Reconciling Policy, Performance and Resources (*Pages 5 - 140*)
Report by the Chief Executive
- 6 Core Offer Engagement (*Pages 141 - 170*)
Report by Chief Executive
- 7 Treasury Management Policy and Strategy 2019/20 (*Pages 171 - 200*)
Report by Chief Operating Officer
- 8a Scrutiny Review: Schools coping with change - report of the People Scrutiny Committee (*Pages 201 - 224*)
Report by Assistant Chief Executive
- 8b Schools Coping with Change: Observations on the Scrutiny Committee's report (*Pages 225 - 232*)
Report by Director of Children's Services
- 9 Conservators of Ashdown Forest Budget 2019/20 (*Pages 233 - 242*)
Report by Chief Operating Officer
- 10 Any other items considered urgent by the Chair
- 11 To agree which items are to be reported to the County Council

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14 January 2019

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CABINET

MINUTES of a meeting of the Cabinet held on 11 December 2018 at 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 Godfrey Daniel	- item 5 (minute 38)
Councillor Philip Daniel	- item 7 (minute 40)
Councillor Davies	- item 6 (minute 39)
Councillor Elkin	- items 5 and 7 (minute 38 and 40)
Councillor Ensor	- item 6 (minute 39)
Councillor Field	- item 6 (minute 39)
Councillor Shuttleworth	- item 5 (minute 38)
Councillor Swansborough	- item 5 (minute 38)
Councillor Tidy	- item 6 (minute 39)
Councillor Tutt	- item 5 (minute 38)
Councillor Ungar	- item 5 (minute 38)
Councillor Webb	- items 5 and 6 (minutes 38 and 39)

36 MINUTES OF THE MEETING HELD ON 13 NOVEMBER 2018

36.1 The minutes of the Cabinet meeting held on 13 November 2018 were agreed as a correct record.

37 REPORTS

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

38 COUNCIL MONITORING: QUARTER 2 2018/19

38.1 The Cabinet considered a report by the Chief Executive together with comments from the People Scrutiny Committee RPPR Board on the outline proposal for the use of the additional winter allocation funding.

38.2 It was RESOLVED –

- 1) note the latest monitoring position for the Council;
- 2) approve the proposed amendments to the performance measures set out in paragraph 2.1 of the report; and
- 3) agree the outline proposal for use of the £2.6m additional winter allocation as set out in Appendix 2, and to delegate authority to the Director of Adult Social Care and Health to determine and implement more detailed spending plans

Reason

38.3 The report sets out the Council's position and year end projections for the Council Plan targets, Revenue Budget, Capital Programme, Savings Plan together with Risks for 2018/19 quarter 2. The report also set out proposals for allocating the £2.6m additional winter funding.

39 LOOKED AFTER CHILDREN'S SERVICES ANNUAL REPORT 2017/18

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

39.2 It was RESOLVED to note the Annual Progress Report of Looked After Children's Services 2017/18

Reason

39.3 The report summarised the performance of Looked After Children's Services in 2017/18

40 TREASURY MANAGEMENT ANNUAL REPORT 2017/18 AND MID YEAR REPORT 2018/19.

40.1 The Cabinet considered a report by the Chief Operating Officer

40.2 It was RESOLVED to note the Treasury Management performance in 2017/18 incorporating the mid year review for the first half of 2018/19.

Reason

40.3 This report updates the Cabinet and fulfils the requirement to submit an annual/half yearly report in the form prescribed in the Treasury Management Code of Practice. Short term lending throughout the period covered achieved returns between 0.46% and 0.92%. The key principles of security, liquidity and yield are still relevant. Officers are currently investigating further opportunities within the strategy to minimise costs and increase investment income.

41 ANNUAL AUDIT LETTER

41.1 The Cabinet considered a report by the Chief Operating Officer

41.2 It was RESOLVED to approve the Annual Audit Letter and fee update for 2017/18

Reason

41.3 The Annual Audit Letter (AAL) attached as Appendix A summarises key issues arising from the work carried out during the year. This report contains no new findings or recommendations, and reflects issues already reported within the 2017/18 External Audit Report to the Governance Committee, including the objection from local elector, which is currently being finalised.

42 ITEMS TO BE REPORTED TO THE COUNTY COUNCIL

42.1 The Cabinet agreed that items 5 and 6 should be reported to the County Council

[Note: The items being reported refer to minute numbers 38 and 39]

Committee:	Cabinet
Date:	22 January 2019
Title of Report:	Reconciling Policy, Performance and Resources (RPPR)
By:	Chief Executive
Purpose of Report:	To ask Cabinet to approve the draft Council Plan, Council Tax levels, Revenue Budget and Capital Programme for recommendation to the County Council

RECOMMENDATIONS:

Cabinet is recommended to:

- 1. recommend County Council to:**
 - i. Approve in principle the draft Council Plan at Appendix 4 and authorise the Chief Executive to finalise the Plan in consultation with the relevant Lead Members;**
 - ii. Increase Council Tax by 2.99%;**
 - iii. Issue precepts accordingly to be paid by Borough and District Councils in accordance with the agreed schedule of instalments at Appendix 5;**
 - iv. Approve the net Revenue Budget estimate of £375m for 2019/20 set out in Appendix 1 (Medium Term Financial Plan [MTFP]) and Appendix 2 (Budget Summary) and authorise the Chief Operating Officer, in consultation with the Chief Finance Officer, Leader and Deputy Leader, to make adjustments to the presentation of the Budget Summary to reflect the final settlement and final budget decisions;**
 - v. Approve the Capital Strategy and Programme for 2018–2023 at Appendix 7;**
 - vi. Note the MTFP forecast for 2019/20 to 2021/22, set out in Appendix 1;**
 - vii. Note the comments of the Chief Finance Officer on budget risks and robustness, as set out in Appendix 8;**
 - viii. Note the comments from engagement exercises set out in Appendix 9; and**
 - ix. Note the schedule of fees and charges that have increased above inflation at Appendix 6.**
 - 2. agree that Chief Officers consult, where appropriate, on the savings proposals set out in Appendix 3.**
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1. Introduction

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

1.2 Robust and innovative management and strong partnership means we have transformed the way the Council works and made savings of £129m between 2010 and 2019. We have done everything possible to make the most of the money available. We have a joint

back office function with Surrey County Council and Brighton & Hove City Council; we have implemented excellent arrangements in Children's Services which have helped us to avoid the level of rise in the number of children being taken into care that has been seen elsewhere in the country; and we have put in place some excellent services to support health and social care integration.

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

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

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

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

1.7 Spending and savings decisions need to take account of local circumstances. Some of the key factors influencing our choices are:

- the County's residents are poorer than average for England with full time earnings below the national average: this affects health and wellbeing; increases service demand and limits the affordability of Council Tax rises;
- poor transport infrastructure and connectivity which, combined with environmental designations, limits business growth – especially that which generates Business Rates: this leads to poor local wages; poor quality jobs and means that the Council's income gap cannot be filled by business rate growth;
- the county's demography – East Sussex has the second highest proportion of older people in the country and, in line with national trends, the number of vulnerable young people needing support is rising.

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

1.9 Our Reconciling Policy, Performance and Resources (RPPR) process matches available resources with our delivery plans for our priority outcomes. It has enabled us to give relative protection to activity that delivers our priority objectives most effectively. The RPPR process has been applied across all services in the development of the Council Plan (Appendix 4) supported by the MTFP (Appendix 1) and Capital Programme (Appendix 7) set out in this report.

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

1.11 This report sets out:

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

2. National Context and Lobbying

2.1 We have significantly increased our lobbying work in the last year both directly to the Government and with our local, neighbouring and national partners to lobby Government. This work has included using the Core Offer approach (covered elsewhere on this agenda).

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

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

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

2.5 We will continue to develop the current approach make very best use of the resources we have and to develop our MTFP but lobbying the Government for a permanent and sustainable funding solution for local government which takes account of demography and the real needs of local people and which does not place the whole funding burden on local tax

payers and businesses will remain a key activity. This will focus on the Comprehensive Spending Review expected this year.

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

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

3. Council Plan

3.1 The way in which the Council will use all its resources is captured in the draft Council Plan (Appendix 4). The Council Plan continues to be built on the Council's four overarching priority outcomes: driving sustainable economic growth; keeping vulnerable people safe; helping people help themselves; and making best use of resources. Making best use of resources is the priority test through which any activity must pass. The remaining three priority outcomes guide our activities, direct our resources and are reflected in our Council Plan activities and targets.

3.2 The Council Plan contains the targets and milestones used to judge our performance. The Cabinet and County Council actively consider performance during the year and may decide to adjust targets to reflect any changed circumstances. As resources tighten further, our ambition in some areas will be to maintain performance at current levels rather than seeking improvement. Defining clearly the outcomes we wish to achieve and monitoring our success in delivering these outcomes for the county's residents, communities and businesses is critical. We also keep track of a wide range of key data about East Sussex and related to our priority outcomes. These help us to assess our impact more fully and respond appropriately when we need to do so. Key data will be monitored annually as part of the State of the County report.

3.3 The Council Plan provides a summary for each strategic priority including planned actions and targets for the next three years. It is still work in progress until final budget allocations are made and firm targets can be set. It will be published in April 2019 and refreshed in July when final performance outturn figures for 2018/19 are available. Authorisation is sought for the Chief Executive to make final changes pre and post publication in consultation with Lead Members, as appropriate.

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

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

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

4.3 The Government has set a statutory target for all public sector organisations with 250 or more staff to employ at least 2.3% of their staff as new apprenticeship starts. Based on current headcount, this equates to 225 apprentices: 102 in the Council and 123 in Schools. All

public sector bodies were required to publish details of their progress against this target by 30 September 2018. League tables were published on the 22 November 2018; we achieved 1.1% against the 2.3% target which puts us joint 4th highest amongst county councils.

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

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

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

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

5. Revenue Budget 2019/20

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

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

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

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

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

National Funding

- Savings** – In reviewing and taking the opportunity to re-profile savings it is proposed to move £713k of savings from 2019/20 to 2020/21. Final proposals are set out in Appendix 3 and the changes outlined in paragraph 7 below.
- Council Tax Base** – An updated estimate was provided by the District and Borough Councils in December 2018. They have advised that this is likely to change before the end of January. The final position will be updated for County Council (any balance will be managed through reserves).

3. **Council Tax Collection Fund** – The final position will be provided by District and Borough Councils. This may be later than County Council (any balance will be managed through reserves).
4. **New Homes Bonus (NHB)** – it is proposed that NHB is used to contribute to revenue in 2019/20. The NHB figures have been updated to reflect data on actual housing growth from District and Borough Councils at November 2018.
5. **Business Rates Pilot** – East Sussex will be a business rate pilot. The MTFP has been updated with the estimated £1.6m gain from the pilot.
6. **Social Care Support Grant 2019/20** – The Provisional Local Government Financial Settlement confirmed the funding announced at the Autumn Budget for social care. This one-off grant is aimed at ensuring that adult social care pressures do not create additional demand on the NHS and can also be used to improve the social care offer for older people, people with disabilities and children. This funding will be used to mitigate service pressures.

Cost of Operations

7. **Adult Social Care: Growth and Demography** – A Growth and Demography review has been undertaken and figures updated to reflect the impact of changing service models in recent years.
8. **Adult Social Care: Change in Care Contracts Inflation** – The introduction of the National Living Wage (NLW) in 2016 was recognised as a significant additional inflationary factor however the impact of the NLW has now been reflected within CPI indices for two years; therefore CPI will be used to reflect inflation from 2019/20 onwards for the majority of care contract budgets, but with a higher rate for certain areas (OP Nursing, Direct Payments and Home Care in 2019/20) in recognition of the need for market sustainability.
9. **Children's Services: Growth & Demography** – the opportunity has been taken to review and re-profile the pressures.
10. **Departmental budget pressures** – A strengthened pressures protocol has been used to review and identify pressures which need to be incorporated in order to set a sustainable budget. These include a Home to School Transport pressure and changes to Waste Housing Growth and IT&D licences.
11. **Change in General Inflation** – Business rates and the service inflation model has been updated using the inflation figures published by the Office of Budget Responsibility (OBR) in the Autumn.
12. **Levies and Grants** – Reflects latest estimates of the Flood & Coastal Protection Levy, Sussex Inshore Fisheries Levy and New Responsibilities Funding.
13. **General Contingency** – is calculated at an agreed formula of 1% of net budget, less treasury management.

Financing

14. **Treasury Management Strategy; Minimum Revenue Provision (MRP) Review** – As part of the Treasury Management Strategy it is proposed the Council move from the straight-line to the annuity method for calculating the minimum revenue provision. Moving to an annuity method will give revenue savings in the early years, although these are matched by higher costs in latter years. It is considered prudent to use the annuity asset life method; one of the methods included in MHCLG guidance.

15. Treasury Management Strategy; Target for reduced cost of carry – work will continue to make targeted reductions through, for example, a decrease in the cost of carry.

16. Revenue Contribution to Capital; remove for the term of the MTFP – It proposed that the funding of £4m annually for the Capital Programme is removed for the life of the MTFP on the basis of continued slippage, new grants received and capital receipts re-profiled to support short life assets.

17. Contribution to balances and reserves – It is proposed that the new one-off grant funding received will be used to support the sustainability of the MTFP in 2019/20 and a net contribution will be made to reserves and balances. This supports the management of the implementation of service changes, changes to Council Tax, updates on business rates, any unforeseen financial pressures and potential management of the peak in pressures arising in 2020/21.

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

6. Engagement Feedback and Future Consultation

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

7. Final Savings Proposals

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

8. Council Tax requirement

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

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

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

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

9. 2020/21 & 2021/22 and beyond

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

10. Capital Programme

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

10.2 The areas of essential core need included in the 2018-2023 programme are:

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

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

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

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

11. Robustness and Reserves

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

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

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

11.2 The level of reserves held by the Council is considered appropriate. It is becoming increasingly important to hold sufficient reserves for the future given the financial uncertainty ahead. It continues to be essential to, wherever possible, transfer resources to the Financial Management reserve. Details of the reserves held and the Chief Finance Officer Statement on Reserves and Budget Robustness is set out in Appendix 8.

12. Equalities

12.1 A high level Equalities Impact Assessment (EqIA) of the revenue savings proposals has been undertaken and is set out in Appendix 3. Further EqIAs will be undertaken where appropriate when individual proposals are being taken. EqIAs have been undertaken of the proposed Capital spending. These are summarised in Appendix 7a. In considering the proposals in this report, Cabinet Members are required to have 'due regard' to the objectives set out in Section 149 of the Equality Act 2010 (the Public Sector Equality Duty). EqIAs are carried out to identify any adverse impacts that may arise as a result of the proposals for those with protected characteristics and to identify appropriate mitigations. The full version of relevant completed EqIAs have been placed in the Members' and Cabinet Rooms and are available on the Cabinet pages of the County Council's website. They can be inspected upon request at County Hall. Members must read the full version of the EqIAs and take their findings into consideration when determining these proposals.

12.2 Whilst the Cabinet is being asked to recommend, and subsequently the County Council asked to agree the Revenue Budget and Capital Programme, the budget decision does not constitute final approval of what policies would be or what sums of money will be saved under the service proposals. The recommendations in the report do not commit the Council to implement any specific savings proposal. When the Executive come to make specific decisions on budget reductions, where necessary, focussed consultations and the full

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

13. Staffing Impacts and Implications

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

14. Fees & Charges

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

15. Conclusion

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

BECKY SHAW
Chief Executive

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Appendix 1 - Medium Term Financial Plan	18/19	19/20	20/21	21/22
	Approved Budget	Estimate	Estimate	Estimate
	£million	£million	£million	£million
TAXATION & GOVERNMENT FUNDING		(371.304)	(375.145)	(380.594)
Business Rates (Inclusive of BRR Pilot)	(74.706)	(9.055)	4.363	(1.719)
Revenue Support Grant (RSG) *	(14.966)	14.966	(2.015)	1.506
Council Tax	(272.567)	(10.097)	(8.128)	(9.231)
Council Tax - Adult Social Care Precept	(7.834)			
New Homes Bonus	(1.231)	0.345	0.331	0.076
TOTAL TAXATION & GOVERNMENT FUNDING	(371.304)	(375.145)	(380.594)	(389.962)
SERVICE PLAN				
Service Expenditure	344.204	328.083	341.236	356.583
LGPS Secondary element, budget transfer to Corporate #		(2.352)		
Inflation				
Pay Award	2.954	3.635	2.208	2.301
Contractual inflation as per contract	1.101	0.889	0.794	0.866
Contractual inflation at OBR rates	8.485	6.270	6.452	6.943
Adult Social Care				
Growth & Demography	4.500	3.538	3.840	3.500
IBCF planned reduction	(3.239)			
Adult Social Care Support Grant 18/19	1.616	(1.616)		
Children's Services				
Extension of Foster Care to 21	0.700			
Dedicated Schools Grant	2.500	4.891	2.200	
Transition Funding for Schools planned reduction	(0.750)			
Growth & Demography		1.656	1.555	1.070
Looked After Children		1.043	(0.185)	(0.591)
Post 16 i-Send (New Responsibility)		0.269		
Fostering		0.374		
Care leavers (New Responsibility)		0.163		
Home to School Transport		0.726		
Communities, Environment & Transport				
Waste Housing Growth	0.177	0.233	0.237	0.229
Removal of one-off Economic Development Grants	(1.000)			
Street lighting Electricity/Re-payment of Investment	0.107		(0.195)	(0.655)
Trading Standards	0.025			
The Keep rates and utilities	0.061			
Libraries Hastings rates and utilities	0.045	0.046		
Business Services				
Data Centre	0.250			
Contract pressures	0.112			
IT & Digital Licences		0.297		
Governance Services				
Legal pressures	0.059			

Medium Term Financial Plan	18/19 Approved Budget £million	19/20 Estimate £million	20/21 Estimate £million	21/22 Estimate £million
Specific Grants				
Improved Better Care Fund	(7.814)	(7.088)		
Improved Better Care Fund - Supplementary	(7.343)	3.694	3.649	
Adult Social Care Support Grant 18/19	(1.616)	1.616		
NET SERVICE EXPENDITURE	345.134	346.367	361.791	370.246
Corporate Expenditure		43.221	33.909	35.890
Treasury Management	21.436	(3.740)	0.687	(0.179)
Funding Capital Programme - base contribution	4.000	(4.000)		
Funding Capital Programme - New Homes Bonus	1.231	(1.231)	0.555	(0.076)
General Contingency	3.500	0.070	0.050	0.100
Contribution to balances and reserves	4.481	(3.573)	(0.216)	
Pensions #	7.202	3.136	0.885	
Apprenticeship Levy	0.600			
Levies & Grants	0.771	0.026	0.020	0.012
TOTAL CORPORATE EXPENDITURE	43.221	33.909	35.890	35.747
TOTAL PLANNED EXPENDITURE - before savings	388.355	380.276	397.681	405.993
CUMULATIVE DEFICIT/(SURPLUS)	17.051	5.131	17.087	16.031
Savings 18/19	(17.051)			
Savings 19/20 to 21/22		(5.131)	(5.208)	(1.972)
TOTAL PLANNED EXPENDITURE - less savings	371.304	375.145	392.473	404.021
CUMULATIVE DEFICIT/(SURPLUS)	0.000	0.000	11.879	14.059
ANNUAL DEFICIT/(SURPLUS)	0.000	0.000	11.879	2.180

* From 2020/21 the outcome of the Fair Funding Review and Business Rates Retention Reform will impact. The MTFP position reflects the current needs assessment.

LGPS Secondary element transferred from service expenditure into corporate expenditure, £2.352m 2019/20.

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

CUMULATIVE DEFICIT/(SURPLUS)	14.059
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Budget Summary 2019/20

Revenue Budget 2019/20

Medium Term Financial Plan 2019/20 to 2021/22

Capital Programme to 2022/23

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

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

Chief Finance Officer's Foreword

Introduction

This budget summary provides detail on the 2019/20 revenue budget and the Capital Programme to 2022/23. It gives analysis of expenditure by type and also by accountability, along with detail of our resources to finance that expenditure. The summary provides a useful source of information for Council officers, elected members and the public alike.

The 2019/20 Approved Budget

In 2019/20 the Council (including schools) will spend £795.3m to deliver services to the people of East Sussex, with a further £102.4m of investment in infrastructure and assets through its capital programme. The Council's stated priorities outcomes are:-

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

Revenue Budget

Making best use of our resources means achieving all stated outcomes within the context of increasing demand and diminishing resources available to the Council. For 2019/20, savings of £5.1m will be delivered. While for 2019/20 the budget is balanced, there is significant uncertainty regarding government funding in future years and a budget gap by 2020/21. Work continues to identify savings in a number of areas including the cost of operations and financing. In addition the effects of a number of national funding decisions will impact during this period. At the same time, key services have been protected as far as possible from the effects of increased prices and demand with a core offer being developed.

Government grants amount to £311.3m (39%) of the total expenditure of the Council.

Council Tax finances approximately 36% of the total expenditure of the Council. For 2019/20 the council tax will be increased by 2.99%. Band D council tax will therefore be £1,434.78 per annum, an increase of £41.67 on the current year.

Capital Programme

The programme to 2022/23 is £363.2m gross, £269.5m net over five years. The programme focusses on a strategy to deliver core need, in support of the delivery of priority outcomes, as efficiently as possible. Of this, 35% will be funded by Central Government grants.

Ian Gutsell
Chief Finance Officer
February 2019

Medium Term Financial Planning

£'m	2018/19 Budget	2019/20 Budget	2020/21 Estimate	2021/22 Estimate
CORPORATE FUNDING				
Business Rates	(74.706)	(9.055)	4.363	(1.719)
Revenue Support Grant	(14.966)	14.966	(2.015)	1.506
Council Tax	(280.401)	(10.097)	(8.128)	(9.231)
New Homes Bonus	(1.231)	0.345	0.331	0.076
TOTAL CORPORATE FUNDING	(371.304)	(375.145)	(380.594)	(389.962)
PLANNED EXPENDITURE				
Service Expenditure	344.204	328.083	341.236	356.583
LGPS secondary element, budget tfr to Corporate		(2.352)		
Inflation				
Pay Award	2.954	3.635	2.208	2.301
Contractual Inflation as per contract	1.101	0.889	0.794	0.866
Contractual Inflation at OBR rates	8.485	6.270	6.452	6.943
Adult Social Care				
Growth & Demography	4.500	3.538	3.840	3.500
IBCF planned reduction	(3.239)			
Adult Social Care Support Grant 18/19	1.616	(1.616)		
Children's Services				
Extension of Foster Care to 21	0.700			
Dedicated Schools Grant	2.500	4.891	2.200	
Transition Funding for Schools planned reduction	(0.750)			
Growth & Demography		1.656	1.555	1.070
Looked After Children		1.043	(0.185)	(0.591)
Post 16 i-Send (New Responsibility)		0.269		
Fostering		0.374		
Care leavers (New Responsibility)		0.163		
Home to School Transport		0.726		
Communities, Environment & Transport				
Waste Housing Growth	0.177	0.233	0.237	0.229
Removal of on-off Economic Development Grants	(1.000)			
Streetlighting Electricity	0.107		(0.195)	(0.655)
Trading Standards	0.025			
The Keep rates and utilities	0.061			
Libraries Hastings rates and utilities	0.045	0.046		

Medium Term Financial Planning

£'m	2018/19 Budget	2019/20 Budget	2020/21 Estimate	2021/22 Estimate
Business Services				
Data Centre	0.250			
Contract pressures	0.112			
IT & Digital Licences		0.297		
Governance Services				
Legal pressures	0.059			
Specific Grants				
Improved Better Care Fund	(7.814)	(7.088)		
Improved Better Care Fund - Supplementary	(7.343)	3.694	3.649	
Adult Social Care Support Grant 18/19	(1.616)	1.616		
Total Net Service Expenditure	345.134	346.367	361.791	370.246
Corporate Budgets		43.221	33.909	35.890
Treasury Management	21.436	(3.740)	0.687	(0.179)
Funding Cap Programme - base contribution	4.000	(4.000)		
Funding Cap Programme - New Homes Bonus	1.231	(1.231)	0.555	(0.076)
General Contingency	3.500	0.070	0.050	0.100
Contribution to balances and reserves	4.481	(3.573)	(0.216)	
Pensions	7.202	3.136	0.885	
Apprenticeship Levy	0.600			
Levies & Grants	0.771	0.026	0.020	0.012
Total Corporate Expenditure	43.221	33.909	35.890	35.747
TOTAL PLANNED SPENDING	388.355	380.276	397.681	405.993
CUMULATIVE DEFICIT/(SURPLUS)	17.051	5.131	17.087	16.031
SAVINGS 18/19	(17.051)			
SAVINGS 19/20 to 21/22		(5.131)	(5.208)	(1.972)
ANNUAL DEFICIT/(SURPLUS)	0.000	0.000	11.879	14.059

Resources - funding / core spending power

Settlement Funding Assessment 2019/20

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

Settlement Funding Assessment (SFA):

Funding	2018/19	2019/20	1 year change	1 year change
	£'000	£'000	£'000	%
Business Rates Retention	11,855	34,939	23,084	194.7
Business Rates Top-up	60,351	42,413	-17,938	-29.7
Total Business Rates	72,206	77,352	5,146	7.1
Revenue Support Grant (RSG)	14,966		-14,966	-100.0
Total - ESCC	87,172	77,352	-9,820	-11.3

The SFA represents the general funding level provided by Government to local authorities. For 2019/20, the reduction in SFA is £9.8m or 11.3%. This closely follows the reductions expected from last year's Settlement.

Business rates retention is based on the Government's national assessment of business rate yield. The County Council's budget for business rates retention reflects its 26% share of locally collected business rates from information provided by the District and Borough Councils. The figures reflect the County's successful bid to be a pilot in 2019/20.

Resources - funding / core spending power

Core Spending Power

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

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

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

2015/16 £'000	Core Spending Power	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	4 Year Change £'000	%
11,302	Business Rates retention	11,396	11,462	11,855	34,939	23,637	209.1%
56,828	Business Rates Top-Up	57,302	58,638	60,351	42,413	-14,415	-25.4%
68,875	Revenue Support Grant	45,107	26,727	14,966		-68,875	-100.0%
137,005	Settlement Funding Assessment	113,805	96,827	87,172	77,352	-59,653	-43.5%
2,275	New Homes Bonus	2,720	2,078	1,231	886	-1,389	-61.0%
222	New Homes Bonus returned funding	159	168			-222	-100.0%
	Transition Grant	2,704	2,696			0	
	Adult Social Care Support Grant		2,597	1,616		0	
	Winter Pressures Grant			2,586	2,586	2,586	100.0%
	Improved Better Care Fund		11,313	15,157	18,551	18,551	100.0%
	Social Care Support Grant				4,417	4,417	100.0%
994	Compensation for business rates capping	994	1,053	1,655	2,407	1,413	142.3%
227,221	Council Tax	242,632	257,380	276,720	289,773	62,552	27.5%
367,716	ESCC Core Spending Power	363,012	374,113	386,137	395,972	28,256	7.7%

For East Sussex, this year's Settlement is the last year of a four-year deal. Last year the Spending Power calculation showed that our spending would increase by £21.0m or 5.7%, over the life of the 4 year deal. This year's calculation suggests a 4 year increase in Spending Power of £28.3m or 7.7%. The increase is mostly due to the Government's anticipated Council Tax growth and assumes that councils will take up the allowance to increase general Council Tax by 3% in 2019/20.

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

Resources - specific and special grant funding

Direct impact on County Council Services

	Rebased Budget	Estimate	
	2018/19	2019/20	Change
	£'000	£'000	£'000
Adult Social Care/Public Health			
Public Health Grant	27,270	26,550	(720)
Improved Better Care Fund	15,157	18,551	3,394
Former Independent Living Fund (ILF) Recipient Grant	986	956	(30)
L R and C V Grant - War Pensions scheme disregard	149	241	92
Local Reform and Community Voices Grant	54	54	0
Adult Social Care Support Grant	1,616	0	(1,616)
Social Care Prisons Grant	105	0	(105)
	45,337	46,352	1,015
Children's Services			
Hastings Opportunity Area Fund	2,950	3,122	172
Troubled Families Grant	1,616	1,444	(172)
Unaccompanied Asylum Seeking Children (UASC)	760	801	41
Extended Rights to Free Transportation	672	672	0
Youth Justice Good Practice Grant	389	389	0
Staying Put	278	292	14
School Improvement grant	447	184	(263)
SSIF funding	147	147	0
Remand Allocation Grant	72	92	20
Junior Attendance Centre Grant	27	27	0
KS2 moderation and phonics	19	19	0
DfE extended duties legislation grant	0	17	17
SLES Specific Grants	143	0	(143)
	7,520	7,206	(314)
Communities Economy and Transport			
PFI Grant - Waste	2,996	2,996	0
Bus Service Operators Grant	443	443	0
ACCESS Fund	492	371	(121)
DEFRA - AONB - High Weald	291	294	3
Bikeability Grant for Local Highway Authorities	106	118	12
Lead Local Flood Authority Grant	45	48	3
Pothole Fund (funding now goes straight to capital)	846	0	(846)
	5,219	4,270	(949)
Governance Services			
Local Reform and Community Voices Grant	295	310	15
	295	310	15
Business Services			
PFI Grant - Peacehaven Schools	1,759	1,759	0
	1,759	1,759	0
Centrally Held items			
Inshore Fisheries Conservation Authorities Grant	58	58	0
MHCLG New Burdens grant	16	15	(1)
Social Care Grant	0	4,417	4,417
	74	4,490	4,416
Total Direct Impact	60,204	64,387	4,183

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

	Rebased Budget	Estimate
	2018/19	2019/20
	£'000	£'000
Children's Services		
Dedicated Schools Grant	212,262	224,358
Pupil Premium Grant	8,785	8,987
Universal Infant Free School Meals	3,980	3,980
PE and Sport Grant	891	891
Higher Education Funding Council grant	845	791
Sixth Form Funding from the Education Funding Agency	550	550
Community Learning	195	195
	227,508	239,752
Communities Economy and Transport		
Skills Funding Agency	564	564
Adult Social Care/Public Health		
Disabled Facilities Grant	6,634	6,635
Total Indirect Impact	234,706	246,951

Grant Funding Summary

Government Specific and Special Grants		
Total Direct Impact	60,204	64,387
Total Indirect Impact	234,706	246,951
	294,910	311,338
Grants from other agencies		
Federation of Music - Arts Council	643	643
Arts Council	0	15
European Regional Development Fund	25	0
Initial teacher Training Grant - Teacher Training Agency	51	30
	719	688
Total	295,629	312,026

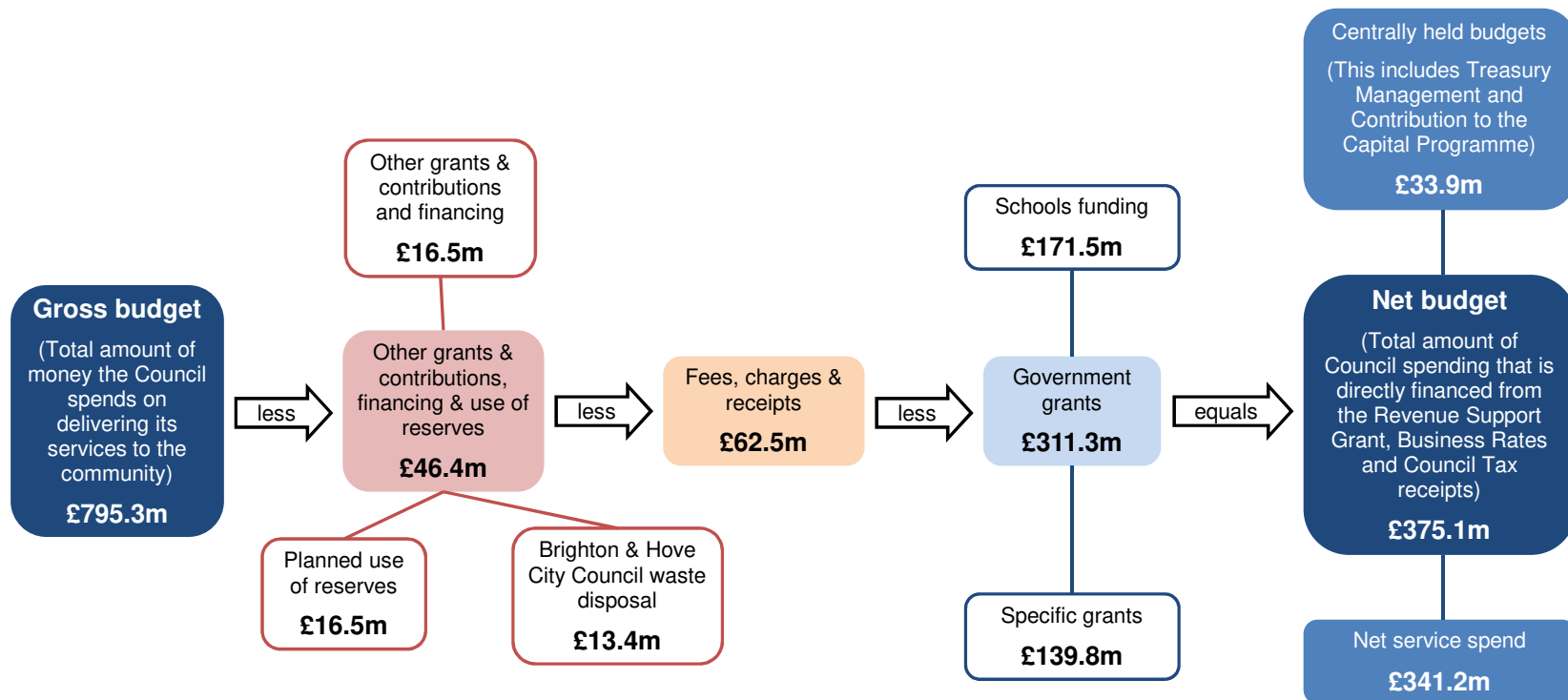
Summary by department		
Adult Social Care	51,971	52,987
Children's Services	235,028	246,958
Communities Economy and Transport	5,783	4,834
Governance Services	295	310
Business Services	1,759	1,759
	294,836	306,848
Corporate items	74	4,490
	294,910	311,338
Grants from other agencies	719	688
Total	295,629	312,026

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

Revenue Budget Summary 2019/20

ESCC Budget	2018/19 Budget £000	2019/20 Budget £000	Change £000	%
Gross Expenditure	791,502	795,277	3,775	0.48%
Less:				
Fees, Charges & Receipts	(61,572)	(62,527)	(955)	
Specific Government Grants	(291,488)	(311,338)	(19,850)	
Financing and Planned use of reserves	(14,805)	(6,293)	8,512	
Other grants and contributions	(52,332)	(39,974)	12,358	
Net Expenditure	371,305	375,145	3,840	1.03%
Made up of:-				
Net Service Expenditure	328,083	341,236	13,153	
Treasury Management	21,436	17,696	(3,740)	
Contributions to Capital Programme	5,231		(5,231)	
Contingency	3,500	3,570	70	
Pay & inflation provision (incl National Living Wage)	3,021	3,021	0	
Contribution to balances and reserves	1,460	(2,113)	(3,573)	
Pensions	7,202	10,338	3,136	
Apprenticeship Levy	600	600	0	
Levies and Grants	771	797	26	
Net corporate expenditure	43,221	33,909	(9,312)	-21.55%
Net Budget	371,304	375,145	3,841	1.03%
Funded by:-				
Business Rates & S31 Grants	(75,046)	(83,761)	(8,715)	
Revenue Support Grant	(14,966)		14,966	
New Homes Bonus	(1,231)	(886)	345	
Collection Fund: Business Rates (Surplus)/ Deficit	340		(340)	
Collection Fund: Council Tax (Surplus)/ Deficit	(3,681)	(2,822)	859	
Funding Other Than Council Tax	(94,584)	(87,469)	7,115	-7.52%
Council Tax Requirement	276,720	287,676		
Taxbase: Number of "Band D" equivalent dwellings	198,635	200,502		
Band D Council Tax	£1,393.11	£1,434.78		2.99%

Revenue Budget Summary 2019/20 - gross budget to net budget



Revenue Budget Summary - departmental budget movements 2015/16 to 2018/19

	2015/16 Rebased Budget £'000	Net Movt %	2016/17 Rebased Budget £'000	Net Movt %	2017/18 Rebased Budget £'000	Net Movt %	2018/19 Rebased Budget £'000	Net Movt 15/16 to 18/19 %
Adult Social Care	157,710	3.72%	163,572	3.08%	168,608	-1.90%	165,407	4.88%
Public Health	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Business Services / Orbis	20,049	7.74% ¹	21,601	-1.48%	21,282	4.64% ²	22,270	11.08%
Children's Services (inc. schools)	64,671	-0.12%	64,593	6.14%	68,562	-1.24%	67,709	4.70%
Communities, Economy & Transport	58,807	3.42%	60,818	4.22%	63,384	-1.86%	62,206	5.78%
Governance Services	7,580	-1.07%	7,499	-2.92%	7,280	-1.21%	7,192	-5.12%
Total Departments	308,817	3.00%	318,083	3.47%	329,116	-1.32%	324,784	5.17%

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

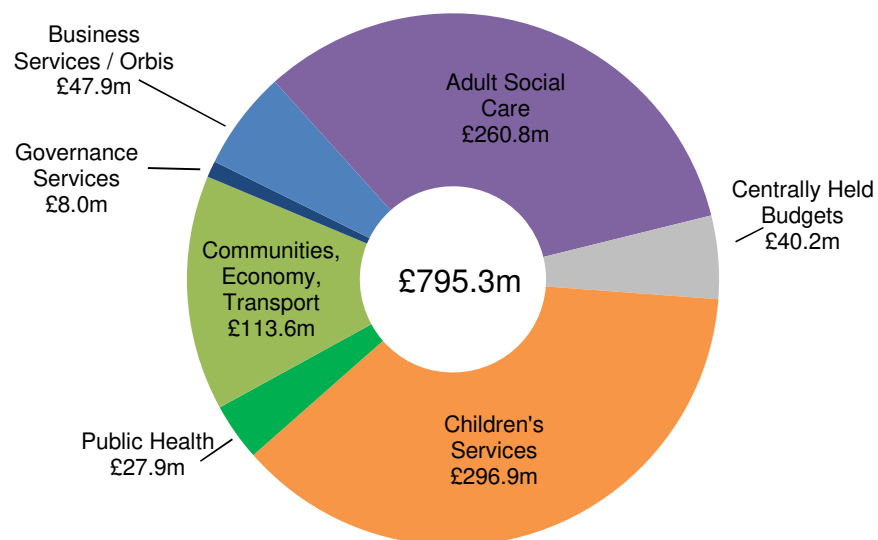
Insurance Premium £0.4m From Corporate.

Property £1.0m From capital programme, relating to building maintenance & EFA ringfence.

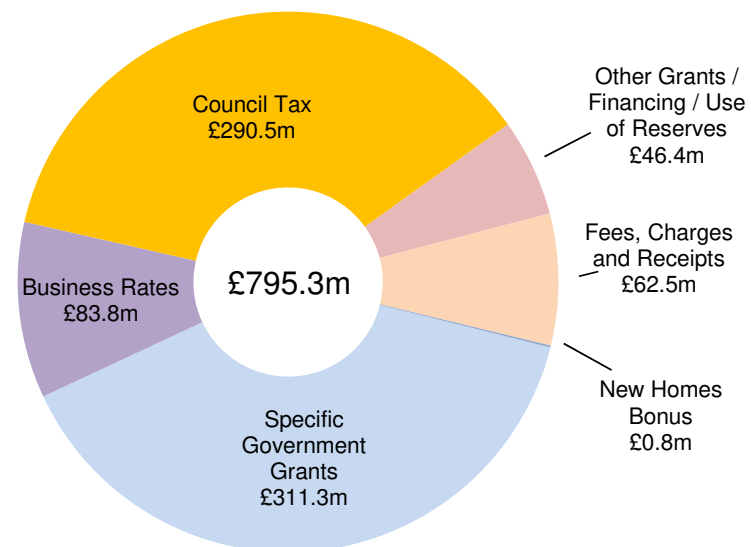
ICT £0.5m From capital programme to cover Microsoft licences.

Revenue Budget Summary 2019/20 - gross revenue budget

How we will spend your money (gross)

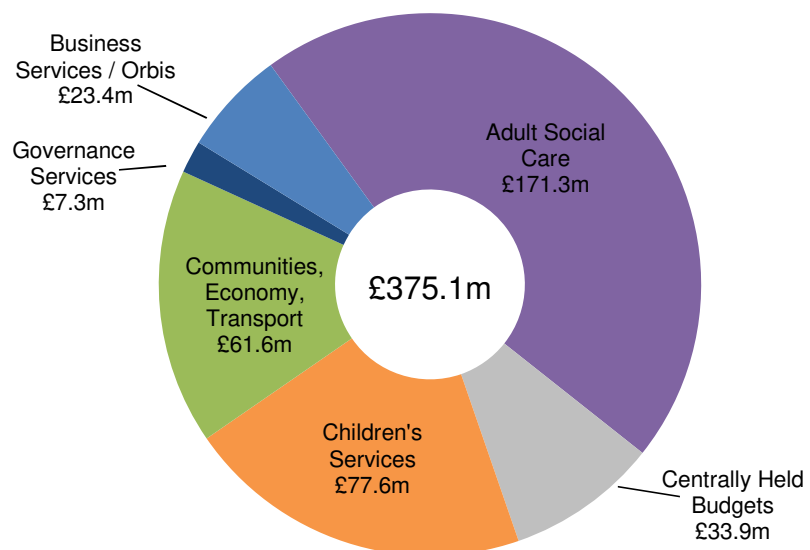


Where the money comes from (gross)

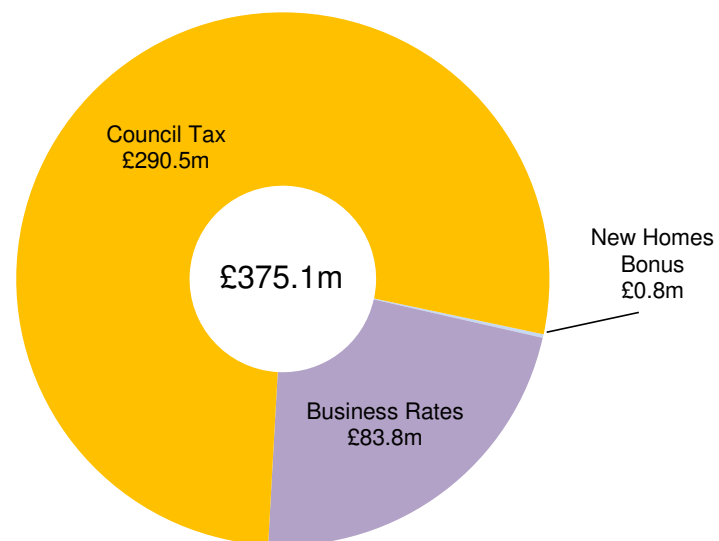


Revenue Budget Summary 2019/20 - net revenue budget

How we will spend your money (net)



Where the money comes from (net)



Revenue Budget Summary 2019/20 - budget changes 2018/19 to 2019/20

	2018/19 Rebased Net Budget £'000	Additions £'000	Reductions £'000	2019/20 Net Budget £'000	Change	
					£'000	%
Adult Social Care	165,407	6,613	(730)	171,290	5,883	3.56%
Public Health	0	-	-	0	-	0.00%
Business Services / Orbis	22,270	2,160	(1,030)	23,400	1,130	5.07%
Children's Services (inc. schools)	68,655	10,825	(1,928)	77,552	8,897	12.96%
Communities, Economy & Transport	62,206	1,771	(2,349)	61,628	(578)	-0.93%
Governance Services	7,192	174	-	7,366	174	2.42%
Total Departments	325,730	21,543	(6,037)	341,236	15,506	4.76%
Corporate Budgets	43,221	3,232	(12,544)	33,909	(9,312)	-21.55%
Total	368,951	24,775	(18,581)	375,145	6,194	1.68%

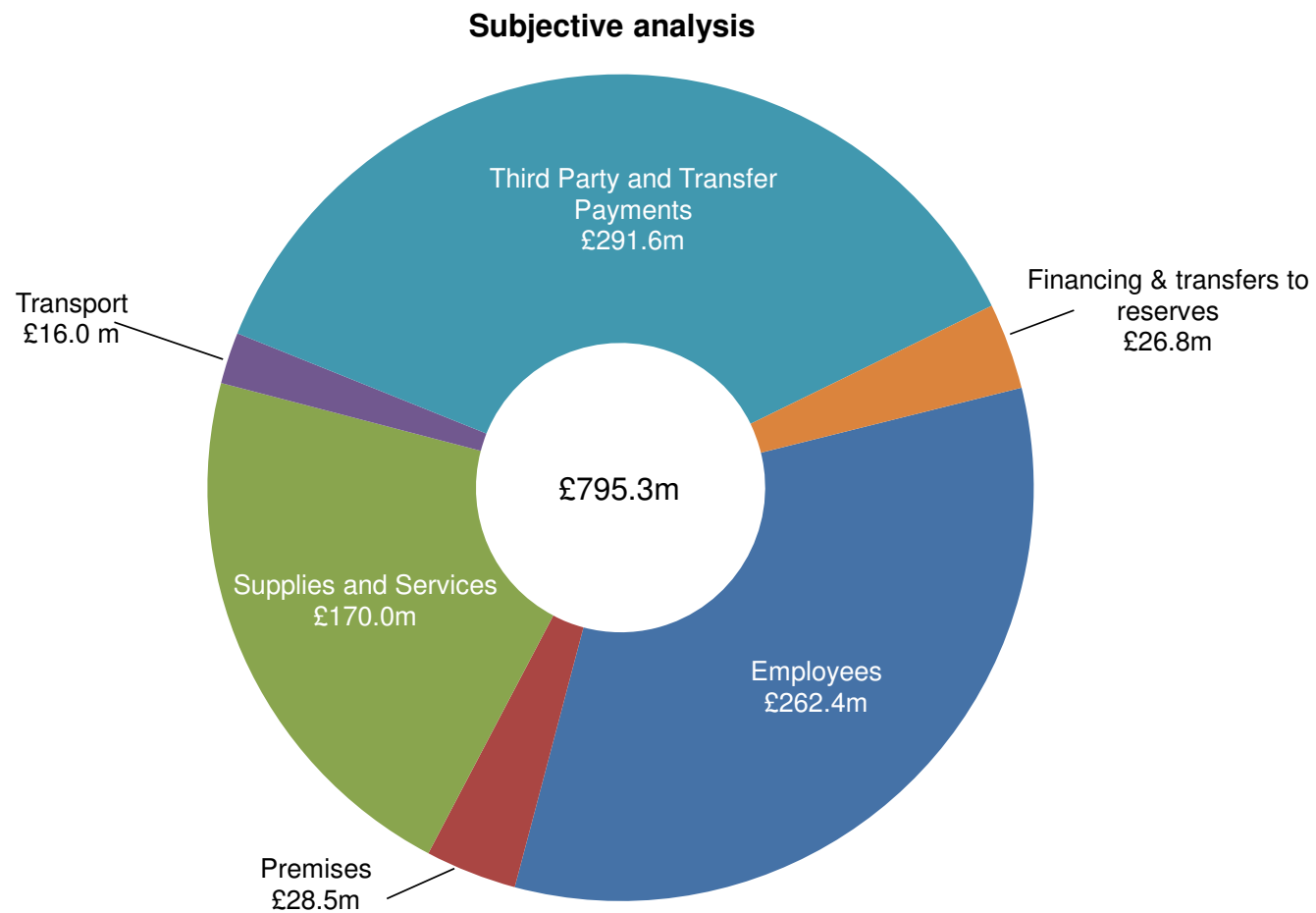
Revenue Budget Summary 2019/20 - subjective analysis

Department	Employees	Premises	Transport	Supplies & Services	Transfers & Third Party Payments	Financing & Transfers to Reserves	Total Expenditure	Government Grants	Other Grants & Contributions	Fees, Charges & Receipts	Financing & Planned Use of Reserves	Total Income	Internal Recharges (exp & inc)	Net Service Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adult Social Care	13,158	262	306	1,990	46,542	-	62,258	(6,360)	(6,521)	(8,016)	-	(20,897)	456	41,817
Adult Social Care - ESBT*	35,779	927	794	4,894	156,115	4	198,513	(20,077)	(22,474)	(26,704)	-	(69,255)	215	129,473
Total Adult Social Care/ESBT	48,937	1,189	1,100	6,884	202,657	4	260,771	(26,437)	(28,995)	(34,720)	-	(90,152)	671	171,290
Public Health	712	-	7	31	7,886	-	8,636	(8,230)	-	-	(504)	(8,734)	98	-
Public Health - ESBT*	1,586	-	18	71	17,553	-	19,228	(18,320)	-	-	(1,122)	(19,442)	214	-
Total Public Health/ESBT	2,298	-	25	102	25,439	-	27,864	(26,550)	-	-	(1,626)	(28,176)	312	-
Business Services / Orbis	643	11,273	45	33,747	2,161	11	47,880	(2,317)	(1,618)	(8,614)	(1,193)	(13,742)	(10,738)	23,400
Children's Services	179,149	11,474	1,587	46,069	58,585	-	296,864	(246,347)	8,610	(5,101)	(583)	(243,421)	24,109	77,552
Communities Economy & Transport	15,678	4,282	13,158	77,363	1,327	1,812	113,620	(4,834)	(17,782)	(13,962)	(1,091)	(37,669)	(14,323)	61,628
Governance Services	4,870	318	79	2,006	806	-	8,079	(363)	(189)	(130)	-	(682)	(31)	7,366
Services	251,575	28,536	15,994	166,171	290,975	1,827	755,078	(306,848)	(39,974)	(62,527)	(4,493)	(413,842)	-	341,236
Centrally held budgets	10,938	-	-	3,781	565	24,915	40,199	(4,490)	-	-	(1,800)	(6,290)	-	33,909
Total	262,513	28,536	15,994	169,952	291,540	26,742	795,277	(311,338)	(39,974)	(62,527)	(6,293)	(420,132)	-	375,145

*East Sussex Better Together:

Adult Social Care	35,779	927	794	4,894	156,115	4	198,513	(20,077)	(22,474)	(26,704)	-	(69,255)	215	129,473
Public Health	1,586	-	18	71	17,553	-	19,228	(18,320)	-	-	(1,122)	(19,442)	214	-
Total ESBT	37,365	927	812	4,965	173,668	4	217,741	(38,397)	(22,474)	(26,704)	(1,122)	(88,697)	429	129,473

Revenue Budget Summary 2019/20 - subjective analysis



Revenue Budgets - Adult Social Care

2018/19 Rebased Net Budget	Employees	Premises	Transport	Supplies & Services	Transfers & Third Party Payments	Financing & Transfers to Reserves	Total Expenditure	Government Grants	Other Grants & Contributions	Fees, Charges & Receipts	Financing & Planned Use of Reserves	Total Income	Internal Recharges (exp & inc)	Net Service Expenditure
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Physical Support, Sensory Support and Support for Memory & Cognition														
50,917 Residential & Nursing	3,579	394	111	373	70,021	-	74,478	-	(2,548)	(18,269)	-	(20,817)	101	53,762
5,555 Supported & Other Accommodation	-	-	-	-	5,727	-	5,727	-	-	-	-	-	-	5,727
24,640 Home Care	5,649	-	335	79	20,226	-	26,289	-	(849)	-	-	(849)	12	25,452
1,468 Day Care	-	110	5	3	1,388	-	1,506	-	-	(303)	-	(303)	80	1,283
16,399 Direct Payments	-	-	-	-	17,140	-	17,140	-	-	-	-	-	-	17,140
(12,057) Other Services	1,569	20	60	592	2,231	-	4,472	(1,010)	(14,083)	(2)	-	(15,095)	(719)	(11,342)
(9,540) Fairer Charging *	-	-	-	-	-	-	-	-	-	(9,540)	-	(9,540)	-	(9,540)
483 Meals in the Community	-	-	-	-	-	-	-	-	-	-	-	-	-	-
77,865 Subtotal	10,797	524	511	1,047	116,733	-	129,612	(1,010)	(17,480)	(28,114)	-	(46,604)	(526)	82,482
Learning Disability Support														
33,304 Residential & Nursing	1,581	103	13	94	35,435	-	37,226	-	-	(2,767)	-	(2,767)	26	34,485
11,840 Supported & Other Accommodation	1,654	79	28	52	11,068	-	12,881	-	(21)	(131)	-	(152)	(307)	12,422
1,045 Home Care	-	-	-	-	1,205	-	1,205	-	-	-	-	-	-	1,205
3,584 Day Care	1,934	141	33	42	1,615	4	3,769	-	(32)	(331)	-	(363)	312	3,718
6,123 Direct Payments	-	-	-	-	6,896	-	6,896	-	-	-	-	-	-	6,896
1,719 Other Services	1,199	1	68	88	784	-	2,140	(153)	(58)	(64)	-	(275)	6	1,871
(1,313) Fairer Charging *	-	-	-	-	-	-	-	-	-	(1,313)	-	(1,313)	-	(1,313)
56,302 Subtotal	6,368	324	142	276	57,003	4	64,117	(153)	(111)	(4,606)	-	(4,870)	37	59,284
Mental Health Support														
2,894 Residential & Nursing	-	-	-	-	3,637	-	3,637	-	-	(522)	-	(522)	-	3,115
2,405 Supported & Other	-	-	-	-	2,430	-	2,430	-	-	-	-	-	-	2,430
343 Home Care	-	-	-	-	370	-	370	-	-	-	-	-	-	370
37 Day Care	44	3	1	6	31	-	85	-	(51)	(2)	-	(53)	-	32
879 Direct Payments	-	-	-	-	953	-	953	-	-	-	-	-	-	953
(4) Other Services	-	-	-	-	44	-	44	(34)	(6)	-	-	(40)	-	4
(483) Fairer Charging *	-	-	-	-	-	-	-	-	-	(483)	-	(483)	-	(483)
6,071 Subtotal	44	3	1	6	7,465	-	7,519	(34)	(57)	(1,007)	-	(1,098)	-	6,421

Revenue Budgets - Adult Social Care

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2018/19 Rebased Net Budget	Employees	Premises	Transport	Supplies & Services	Transfers & Third Party Payments	Financing & Transfers to Reserves	Total Expenditure	Government Grants	Other Grants & Contributions	Fees, Charges & Receipts	Financing & Planned Use of Reserves	Total Income	Internal Recharges (exp & inc)	Net Service Expenditure
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Substance Misuse Support														
476 Other Services	-	-	-	-	591	-	591	-	(115)	-	-	(115)	-	476
476 Subtotal	-	-	-	-	591	-	591	-	(115)	-	-	(115)	-	476
Other Adult Services														
1,405 Other Services	714	5	9	418	4,004	-	5,150	-	(3,745)	-	-	(3,745)	-	1,405
- AIDS/HIV	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1,405 Subtotal	714	5	9	418	4,004	-	5,150	-	(3,745)	-	-	(3,745)	-	1,405
Equipment & Assistive Technology	-	-	-	4,564	2,662	-	7,226	-	(3,343)	(544)	-	(3,887)	-	3,339
6,981 Supporting People	40	13	4	7	5,746	-	5,810	-	-	-	-	-	1,046	6,856
336 Safer Communities	286	-	3	5	228	-	522	-	(186)	-	-	(186)	-	336
22,284 Assessment & Care Management	23,187	71	378	403	557	-	24,596	(54)	(2,023)	(334)	-	(2,411)	25	22,210
12,167 Management & Support	7,501	249	52	158	7,668	-	15,628	-	(1,935)	(115)	-	(2,050)	89	13,667
(21,790) Improved Better Care Fund and Disabled Facilities Grant	-	-	-	-	-	-	-	(25,186)	-	-	-	(25,186)	-	(25,186)
165,407 Total	48,937	1,189	1,100	6,884	202,657	4	260,771	(26,437)	(28,995)	(34,720)	-	(90,152)	671	171,290

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

ESBT included above 35,779 927 794 4,894 156,115 4 **198,513** (20,077) (22,474) (26,704) - **(69,255)** 215 **129,473**

Main changes between years	£'000
Rebased Net Budget 2018/19	165,407
Growth / Pressures	144
Inflation	5,151
Savings	(730)
Pay Award	1,318
Tfirs between depts	-
Departmental Estimate 2019/20	171,290

Revenue Budgets - East Sussex Better Together

2018/19 Rebased Net Budget	Employees	Premises	Transport	Supplies & Services	Transfers & Third Party Payments	Financing & Transfers to Reserves	Total Expenditure	Government Grants	Other Grants & Contributions	Fees, Charges & Receipts	Financing & Planned Use of Reserves	Total Income	Internal Recharges (exp & inc)	Net Service Expenditure
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adult Social Care														
Physical Support, Sensory Support and Support for Memory & Cognition														
38,717 Residential & Nursing	3,067	366	89	333	53,563	-	57,418	-	(2,436)	(14,201)	-	(16,637)	81	40,862
4,423 Supported & Other Accommodation	-	-	-	-	4,545	-	4,545	-	-	-	-	-	-	4,545
18,856 Home Care	4,050	-	227	59	15,661	-	19,997	-	(552)	-	-	(552)	8	19,453
1,112 Day Care	-	97	5	3	1,022	-	1,127	-	-	(182)	-	(182)	-	945
12,097 Direct Payments	-	-	-	-	12,657	-	12,657	-	-	-	-	-	-	12,657
(9,426) Other Services	1,255	20	48	477	1,755	-	3,555	(590)	(11,262)	(2)	-	(11,854)	(575)	(8,874)
(7,225) Fairer Charging *	-	-	-	-	-	-	-	-	-	(7,225)	-	(7,225)	-	(7,225)
386 Meals in the Community	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Physical Support, Sensory Support and Support for Memory & Cognition														
58,940	8,372	483	369	872	89,203	-	99,299	(590)	(14,250)	(21,610)	-	(36,450)	(486)	62,363
Learning Disability														
26,986 Residential & Nursing	1,581	103	13	94	28,348	-	30,139	-	-	(2,228)	-	(2,228)	26	27,937
8,731 Supported & Other Accommodation	608	-	17	13	8,853	-	9,491	-	(17)	(8)	-	(25)	(259)	9,207
836 Home Care	-	-	-	-	964	-	964	-	-	-	-	-	-	964
2,485 Day Care	1,269	97	19	23	1,292	4	2,704	-	(32)	(211)	-	(243)	123	2,584
4,898 Direct Payments	-	-	-	-	5,516	-	5,516	-	-	-	-	-	-	5,516
1,297 Other Services	864	1	57	80	627	-	1,629	(122)	(46)	(10)	-	(178)	5	1,456
(1,050) Fairer Charging *	-	-	-	-	-	-	-	-	-	(1,050)	-	(1,050)	-	(1,050)
44,183	4,322	201	106	210	45,600	4	50,443	(122)	(95)	(3,507)	-	(3,724)	(105)	46,614
Mental Health Support														
2,315 Residential & Nursing	-	-	-	-	2,909	-	2,909	-	-	(418)	-	(418)	-	2,491
1,924 Supported & Other Accommodation	-	-	-	-	1,944	-	1,944	-	-	-	-	-	-	1,944
275 Home Care	-	-	-	-	296	-	296	-	-	-	-	-	-	296
30 Day Care	35	2	-	5	25	-	67	-	(41)	(2)	-	(43)	-	24
704 Direct Payments	-	-	-	-	762	-	762	-	-	-	-	-	-	762
(3) Other Services	-	-	-	-	35	-	35	(27)	(5)	-	-	(32)	-	3
(386) Fairer Charging *	-	-	-	-	-	-	-	-	-	(386)	-	(386)	-	(386)
4,859	35	2	-	5	5,971	-	6,013	(27)	(46)	(806)	-	(879)	-	5,134

Revenue Budgets - East Sussex Better Together

2018/19 Rebased Net Budget	Employees	Premises	Transport	Supplies & Services	Transfers & Third Party Payments	Financing & Transfers to Reserves	Total Expenditure	Government Grants	Other Grants & Contributions	Fees, Charges & Receipts	Financing & Planned Use of Reserves	Total Income	Internal Recharges (exp & inc)	Net Service Expenditure
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Substance Misuse Support														
381 Other Services	-	-	-	-	473	-	473	-	(92)	-	-	(92)	-	381
381 Substance Misuse Support	-	-	-	-	473	-	473	-	(92)	-	-	(92)	-	381
Other Adult Services														
1,048 Other Services	550	4	7	293	2,778	-	3,632	-	(2,584)	-	-	(2,584)	-	1,048
0 AIDS/HIV	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1,048 Other Adult Services Total	550	4	7	293	2,778	-	3,632	-	(2,584)	-	-	(2,584)	-	1,048
2,390 Equipment & Assistive Technology	-	-	-	3,290	1,941	-	5,231	-	(2,390)	(435)	-	(2,825)	-	2,406
4,817 Supporting People	27	9	3	5	3,964	-	4,008	-	-	-	-	-	722	4,730
0 Safer Communities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17,662 Assessment & Care Management	18,397	56	274	318	448	-	19,493	(43)	(1,682)	(267)	-	(1,992)	20	17,521
(8,337) Management & Support	4,076	172	35	(99)	5,737	-	9,921	(19,295)	(1,335)	(79)	-	(20,709)	64	(10,724)
- Improved Better Care Fund and Disabled Facilities Grant	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125,943 Total Adult Social Care	35,779	927	794	4,894	156,115	4	198,513	(20,077)	(22,474)	(26,704)	-	(69,255)	215	129,473
Public Health														
3,050 Health Improvement Services	-	-	-	-	2,995	-	2,995	-	-	-	-	-	-	2,995
4,210 Drug & Alcohol Services	-	-	-	-	4,210	-	4,210	-	-	-	-	-	-	4,210
2,871 Sexual Health Services	-	-	-	21	2,815	-	2,836	-	-	-	-	-	35	2,871
6,051 Health Visiting and School Nursing	-	-	-	-	6,051	-	6,051	-	-	-	-	-	-	6,051
537 NHS Health Checks	-	-	-	-	537	-	537	-	-	-	-	-	-	537
(16,719) Management support and Public Health programmes	1,586	-	18	50	945	-	2,599	(18,320)	-	-	(1,122)	(19,442)	179	(16,664)
- Total Public Health	1,586	-	18	71	17,553	-	19,228	(18,320)	-	-	(1,122)	(19,442)	214	-
125,943 Total East Sussex Better Together	37,365	927	812	4,965	173,668	4	217,741	(38,397)	(22,474)	(26,704)	(1,122)	(88,697)	429	129,473

Revenue Budgets - Public Health

2018/19 Rebased Net Budget	Employees	Premises	Transport	Supplies & Services	Transfers & Third Party Payments	Financing & Transfers to Reserves	Total Expenditure	Government Grants	Other Grants & Contributions	Fees, Charges & Receipts	Financing & Planned Use of Reserves	Total Income	Internal Recharges (exp & inc)	Net Service Expenditure
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
3,736 Health Improvement Services	-	-	-	-	4,341	-	4,341	-	-	-	-	-	-	4,341
6,101 Drug & Alcohol Services	-	-	-	-	6,101	-	6,101	-	-	-	-	-	-	6,101
4,160 Sexual Health Services	-	-	-	30	4,080	-	4,110	-	-	-	-	-	50	4,160
8,769 Health Visiting and School Nursing	-	-	-	-	8,769	-	8,769	-	-	-	-	-	-	8,769
778 NHS Health Checks	-	-	-	-	778	-	778	-	-	-	-	-	-	778
(23,544) Management support and Public Health programmes	2,298	-	25	72	1,370	-	3,765	(26,550)	-	-	(1,626)	(28,176)	262	(24,149)
0 Total	2,298	-	25	102	25,439	-	27,864	(26,550)	-	-	(1,626)	(28,176)	312	-
ESBT included above	1,586	-	18	71	17,553	-	19,228	(18,320)	-	-	(1,122)	(19,442)	214	-

Main changes between years	£'000
Rebased Net Budget 2018/19	0
Growth / Pressures	-
Inflation	-
Savings	-
Pay Award	-
Tfirs between depts	-
Other	-
Departmental Estimate 2019/20	0

Revenue Budgets - Business Services / Orbis

2018/19 Rebased Net Budget	Employees	Premises	Transport	Supplies & Services	Transfers & Third Party Payments	Financing & Transfers to Reserves	Total Expenditure	Government Grants	Other Grants & Contributions	Fees, Charges & Receipts	Financing & Planned Use of Reserves	Total Income	Internal Recharges (exp & inc)	Net Service Expenditure
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
303 Finance	200	820	24	1,833	10	-	2,887	(297)	(2)	(4)	-	(303)	(1,408)	1,176
2,266 IT & Digital	-	30	1	5,737	-	-	5,768	(131)	(1,405)	(31)	(172)	(1,739)	(1,060)	2,969
(165) HR & Organisational Development	32	-	1	209	-	6	248	(96)	-	(302)	(6)	(404)	-	(156)
(80) Procurement	-	-	-	-	-	-	-	-	-	-	-	-	(80)	(80)
5,300 Property	411	10,423	19	11,622	1,873	5	24,353	(1,793)	(211)	(8,277)	(737)	(11,018)	(8,190)	5,145
- Orbis Transformation	-	-	-	-	278	-	278	-	-	-	(278)	(278)	-	-
14,646 Contribution to Orbis Partnership	-	-	-	14,346	-	-	14,346	-	-	-	-	-	-	14,346
22,270 Total	643	11,273	45	33,747	2,161	11	47,880	(2,317)	(1,618)	(8,614)	(1,193)	(13,742)	(10,738)	23,400

Main changes between years		£'000
Rebased Net Budget 2018/19		22,270
Growth / Pressures		297
Inflation		546
Savings		(1,003)
Pay Award		432
Tfirs between depts		858
Other		-
Departmental Estimate 2019/20		23,400

Revenue Budgets - Children's Services

2018/19 Rebased Net Budget	Employees	Premises	Transport	Supplies & Services	Transfers & Third Party Payments	Financing & Transfers to Reserves	Total Expenditure	Government Grants	Other Grants & Contributions	Fees, Charges & Receipts	Financing & Planned Use of Reserves	Total Income	Internal Recharges (exp & inc)	Net Service Expenditure
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Early Help & Social Care														
3,436 Children's Centres	3,605	400	80	59	99	-	4,243	(302)	(670)	(305)	-	(1,277)	25	2,991
969 Policy Support & Commissioned Services	1,493	-	8	256	723	-	2,480	(1,639)	(29)	-	-	(1,668)	184	996
2,933 Early Help Keywork Service	3,581	66	99	171	-	-	3,917	(422)	(795)	(36)	-	(1,253)	(45)	2,619
11,752 Locality Social Work & Family Assessment	8,060	-	156	365	3,669	-	12,250	-	(202)	-	-	(202)	49	12,097
23,328 Looked After Children	10,373	148	591	1,252	17,892	-	30,256	(1,885)	(405)	(1,798)	(101)	(4,189)	104	26,171
2,385 Other Children & Families	1,536	63	87	59	2,289	-	4,034	(801)	(409)	-	-	(1,210)	(223)	2,601
528 Youth Justice	1,088	26	36	37	251	-	1,438	(630)	(281)	-	-	(911)	-	527
45,331 Subtotal	29,736	703	1,057	2,199	24,923	-	58,618	(5,679)	(2,791)	(2,139)	(101)	(10,710)	94	48,002
Education & ISEND														
8,220 ISEND	12,387	85	286	2,183	32,634	-	47,575	(37,000)	(116)	(502)	-	(37,618)	(751)	9,206
380 Other Learning & Schools Effectiveness	214	-	-	521	-	-	735	(455)	-	-	-	(455)	-	280
2,589 Standards & Learning Effectiveness	2,353	-	59	29,258	527	-	32,197	(28,669)	(368)	(202)	(63)	(29,302)	(259)	2,636
11,189 Subtotal	14,954	85	345	31,962	33,161	-	80,507	(66,124)	(484)	(704)	(63)	(67,375)	(1,010)	12,122
- Schools	125,347	10,584	62	9,997	400	-	146,390	(171,609)	12,813	-	(200)	(158,996)	12,606	-
Management & Support														
8,220 Admissions & Transport	415	-	6	34	-	-	455	(1,072)	-	(18)	-	(1,090)	13,387	12,752
380 Music	2,006	75	36	326	-	-	2,443	-	(643)	(1,728)	(72)	(2,443)	-	-
2,589 Management & Support	5,427	27	40	1,435	99	-	7,028	(1,863)	(175)	(504)	(147)	(2,689)	(983)	3,356
Safeguarding	1,264	-	41	116	2	-	1,423	-	(110)	(8)	-	(118)	15	1,320
11,189 Subtotal	9,112	102	123	1,911	101	-	11,349	(2,935)	(928)	(2,258)	(219)	(6,340)	12,419	17,428
67,709 Total	179,149	11,474	1,587	46,069	58,585	-	296,864	(246,347)	8,610	(5,101)	(583)	(243,421)	24,109	77,552

Main changes between years	£'000
Rebased Net Budget 2018/19	68,655
Growth / Pressures	9,122
Inflation	370
Savings	(1,049)
Pay Award	1,333
Tfirs between depts	(879)
Departmental Estimate 2019/20	77,552

Revenue Budgets - Communities, Economy & Transport

2018/19 Rebased Net Budget	Employees	Premises	Transport	Supplies & Services	Transfers & Third Party Payments	Financing & Transfers to Reserves	Total Expenditure	Government Grants	Other Grants & Contributions	Fees, Charges & Receipts	Financing & Planned Use of Reserves	Total Income	Internal Recharges (exp & inc)	Net Service Expenditure
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Community Services														
(238) Registration	1,291	70	34	80	-	-	1,475	-	(7)	(1,669)	-	(1,676)	-	(201)
738 Road Safety	849	6	35	141	-	-	1,031	(118)	(92)	(75)	-	(285)	(25)	721
656 Trading Standards	704	-	13	92	-	-	809	-	(8)	(83)	(44)	(135)	4	678
66 Travellers Sites	196	69	5	31	-	-	301	-	(98)	(110)	(24)	(232)	3	72
207 Emergency Planning	277	-	3	24	-	-	304	-	(90)	(1)	-	(91)	-	213
1,429 Subtotal	3,317	145	90	368	-	-	3,920	(118)	(295)	(1,938)	(68)	(2,419)	(18)	1,483
Customer & Library Services														
3,861 Libraries	2,702	1,269	40	765	-	3	4,779	-	(104)	(350)	(99)	(553)	(220)	4,006
810 Archives & Record	645	563	3	834	-	-	2,045	-	(1,154)	(103)	-	(1,257)	3	791
195 Customer Care	190	-	1	24	-	-	215	-	-	-	(16)	(16)	-	199
4,866 Subtotal	3,537	1,832	44	1,623	-	3	7,039	-	(1,258)	(453)	(115)	(1,826)	(217)	4,996
Transport & Operational Services														
9,376 Passenger Services	-	-	-	10,023	-	-	10,023	(426)	(169)	(34)	(26)	(655)	32	9,400
(1) Home to School and ASC Transport	106	-	12,125	1,262	-	-	13,493	(17)	-	(84)	-	(101)	(13,392)	-
(909) Parking	732	-	3	2,444	90	884	4,153	-	(250)	(5,665)	(332)	(6,247)	201	(1,893)
27,342 Waste Disposal	372	380	11	44,546	975	-	46,284	(2,996)	(13,474)	(1,434)	(100)	(18,004)	2	28,282
684 Rights of Way/Countryside Management	781	129	41	255	3	-	1,209	-	(95)	(407)	-	(502)	11	718
314 Other Transport & Operational Services	781	5	759	202	-	75	1,822	-	-	(385)	(135)	(520)	(974)	328
36,806 Subtotal	2,772	514	12,939	58,732	1,068	959	76,984	(3,439)	(13,988)	(8,009)	(593)	(26,029)	(14,120)	36,835

Revenue Budgets - Communities, Economy & Transport

2018/19 Rebased Net Budget	Employees	Premises	Transport	Supplies & Services	Transfers & Third Party Payments	Financing & Transfers to Reserves	Total Expenditure	Government Grants	Other Grants & Contributions	Fees, Charges & Receipts	Financing & Planned Use of Reserves	Total Income	Internal Recharges (exp & inc)	Net Service Expenditure
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Highways														
2,838 Contract Management	789	-	9	459	-	850	2,107	-	-	-	-	-	5	2,112
11,095 Contract Costs (fixed & reactive)	-	1,606	-	11,586	-	-	13,192	-	-	(2,150)	-	(2,150)	-	11,042
407 Non Contract Works	-	50	-	248	174	-	472	-	(145)	-	-	(145)	-	327
- Structures (electricity and swing bridge opening)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Street lighting and signals (electricity)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Other Highways (capital financing)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14,340 Subtotal	789	1,656	9	12,293	174	850	15,771	-	(145)	(2,150)	-	(2,295)	5	13,481
Planning & Environment														
266 Environment	313	70	3	75	30	-	491	-	-	(223)	(42)	(265)	-	226
545 Planning	1,319	-	27	242	-	-	1,588	(48)	(21)	(877)	(79)	(1,025)	11	574
- High Weald	325	24	7	352	-	-	708	(294)	(444)	-	(6)	(744)	35	(1)
811 Subtotal	1,957	94	37	669	30	-	2,787	(342)	(465)	(1,100)	(127)	(2,034)	46	799
909 Economic Development Skills and Growth	1,827	41	24	2,202	26	-	4,120	(935)	(1,506)	(312)	(188)	(2,941)	13	1,192
3,045 Management & Support	1,479	-	15	1,476	29	-	2,999	-	(125)	-	-	(125)	(32)	2,842
62,206 Total	15,678	4,282	13,158	77,363	1,327	1,812	113,620	(4,834)	(17,782)	(13,962)	(1,091)	(37,669)	(14,323)	61,628

Main changes between years	£'000
Rebased Net Budget 2018/19	62,206
Growth / Pressures	279
Inflation	1,077
Savings	(2,349)
Pay Award	415
Tfrs between depts	-
Other	-
Departmental Estimate 2019/20	61,628

Revenue Budgets - Governance Services

2018/19 Rebased Net Budget	Employees	Premises	Transport	Supplies & Services	Transfers & Third Party Payments	Financing & Transfers to Reserves	Total Expenditure	Government Grants	Other Grants & Contributions	Fees, Charges & Receipts	Financing & Planned Use of Reserves	Total Income	Internal Recharges (exp & inc)	Net Service Expenditure
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2,590 Corporate Governance	1,549	3	55	1,084	8	-	2,699	-	(27)	(1)	-	(28)	(31)	2,640
Corporate Support														
935 Communications	1,034	-	3	52	-	-	1,089	(53)	(47)	(14)	-	(114)	-	975
1,691 Legal	1,752	-	14	78	-	-	1,844	-	(5)	(115)	-	(120)	-	1,724
2,626 Subtotal	2,786	-	17	130	-	-	2,933	(53)	(52)	(129)	-	(234)	-	2,699
Community Services														
915 Coroners	269	315	4	379	-	-	967	-	(11)	-	-	(11)	-	956
544 Third Sector	69	-	1	86	798	-	954	(310)	(99)	-	-	(409)	-	545
1,459 Subtotal	338	315	5	465	798	-	1,921	(310)	(110)	-	-	(420)	-	1,501
Senior Management & Organisational Development														
517	197	-	2	327	-	-	526	-	-	-	-	-	-	526
7,192 Total	4,870	318	79	2,006	806	-	8,079	(363)	(189)	(130)	-	(682)	(31)	7,366

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Main changes between years	£'000
Rebased Net Budget 2018/19	7,192
Growth / Pressures	40
Inflation	16
Savings	-
Pay Award	98
Tfrs between depts	20
Other	-
Departmental Estimate 2019/20	7,366

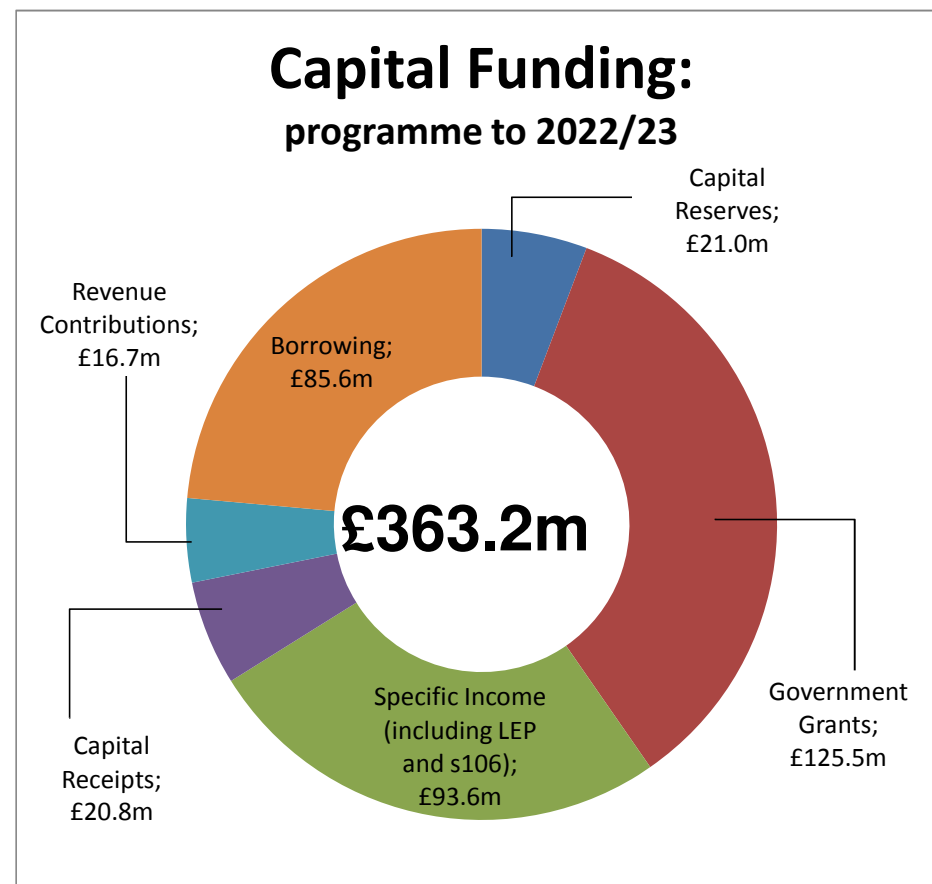
Capital programme to 2022/23

Introduction

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

The proposed programme includes:

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



An estimated 35% (£125.5m) will be funded from Government grants, with 26% (£93.6m) funded from scheme-specific income, requiring the remainder (£144.1m) funded locally through borrowing, capital receipts and use of reserves set aside for a specific purpose.

Capital programme - current programme and resources

Capital Programme	Total Budget	Total Previous Years Spend	2018/19	2019/20	2020/21	2021/22	2022/23	Remaining Budget Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adult Social Care	10,409	5,774	850	1,212	1,773	400	400	4,635
Business Services	276,990	139,193	29,783	42,678	24,685	19,145	21,506	137,797
Children's Services	15,334	10,307	1,113	1,084	1,061	900	869	5,027
Communities, Economy & Transport	592,096	376,391	60,203	58,133	52,621	24,553	20,195	215,705
Gross Expenditure by Department	894,829	531,665	91,949	103,107	80,140	44,998	42,970	363,164
Scheme Specific Income	(174,309)	(80,679)	(31,630)	(32,045)	(22,193)	(4,353)	(3,409)	(93,630)
Net Expenditure	720,520	450,986	60,319	71,062	57,947	40,645	39,561	269,534
Current Funding Assumptions			2018/19	2019/20	2020/21	2021/22	2022/23	Total Resource
			£'000	£'000	£'000	£'000	£'000	£'000
Capital Reserves			10,000	11,000				21,000
Contributions from Revenue Reserves set aside			2,821	1,067				3,888
Non Specific Grants			27,149	36,504	18,016	17,413	26,413	125,495
Capital Receipts			2,622	4,757	4,979	2,845	3,090	18,293
VPN Capital Receipts			620	1,503	399			2,522
Revenue Contributions			4,000				4,000	8,000
New Homes Bonus			1,231					1,231
Payback on Prudential Borrowing			850	850	655			2,355
Community Infrastructure Levy				1,200				1,200
Borrowing			11,026	14,181	33,898	20,387	6,058	85,550
			60,319	71,062	57,947	40,645	39,561	269,534

Capital programme - Adult Social Care

Adult Social Care	Total Budget	Total Previous Years Spend	2018/19	2019/20	2020/21	2021/22	2022/23	Remaining Budget Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Greenacres	2,598	45	750	1,019	784			2,553
LD Service Opportunities	5,092	4,997	95					95
House Adaptations	2,719	732	5	193	989	400	400	1,987

Gross Expenditure	10,409	5,774	850	1,212	1,773	400	400	4,635
Scheme Specific Income	(3,398)	(1,900)	(750)	(748)				(1,498)
Net Expenditure	7,011	3,874	100	464	1,773	400	400	3,137

Capital programme - Business Services

Business Services	Total Budget	Total Previous Years Spend	2018/19	2019/20	2020/21	2021/22	2022/23	Remaining Budget Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
SALIX Contract	3,868	2,099	369	350	350	350	350	1,769
Property Agile Works	9,713	9,256	20	328	109			457
Early Years Nurseries	2,480	1543	905	32				937
Lansdowne Secure Unit Phase 2	7,600	297	1,400	4,348	1,555			7,303
Universal Infant Free School Meals	1,901	1,891	10					10
Core Programme: Schools Basic Need	135,548	66,857	16,032	26,627	7,919	8,177	9,936	68,691
Core Programme: Capital Building Improvements	82,093	41,308	8,209	6,108	10,180	8,144	8,144	40,785
Core Programme: Libraries Basic Need	2,244	0	366	405	778	169	526	2,244
Core Programme: IT & Digital Strategy Implementation	31,543	15,942	2,472	4,480	3,794	2,305	2550	15,601
Gross Expenditure	276,990	139,193	29,783	42,678	24,685	19,145	21,506	137,797
Scheme Specific Income	(30,769)	(6,884)	(4,988)	(8,348)	(7,242)	(2,077)	(1,230)	(23,885)
Net Expenditure	246,221	132,309	24,795	34,330	17,443	17,068	20,276	113,912

Capital programme - Children's Services

Children's Services	Total Budget	Total Previous Years Spend	2018/19	2019/20	2020/21	2021/22	2022/23	Remaining Budget Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Seven Sisters Canoe Barn	24	22	2					2
Family Contact	188	174	14					14
House Adaptations for Disabled Children's Carers Homes	1,468	763	145	84	196	140	140	705
Schools Delegated Capital	13,304	9,348	852	824	791	760	729	3,956
Conquest Centre redevelopment	350	0	100	176	74			350
								0

Gross Expenditure	15,334	10,307	1,113	1,084	1,061	900	869	5,027
Scheme Specific Income	(13,328)	(9,370)	(854)	(824)	(791)	(760)	(729)	(3,958)
Net Expenditure	2,006	937	259	260	270	140	140	1,069

Capital programme - Communities, Economy & Transport

Communities, Economy & Transport	Total Budget	Total Previous Years Spend	2018/19	2019/20	2020/21	2021/22	2022/23	Remaining Budget Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Registration Ceremonies Website	30	8	22					22
Hastings Library	9,503	8,169	335	749	250			1,334
Southover Grange (formerly The Maltings)	1,214	1,209	5					5
Library Refurbishment	1,314	1,306	8					8
Broadband	33,800	20,777	1,985	4,438	4,780		1,820	13,023
Bexhill & Hastings Link Road	126,247	121,335	1,555	1,451	1,733	173		4,912
BHLR Complementary Measures	1,800	1,121	266	248	165			679
Reshaping Uckfield Town Centre	2,500	2,487	13					13
Exceat Bridge Replacement	2,633	91	408	613	1,521			2,542
Economic Growth & Strategic Infrastructure Programme								
Economic Intervention Fund	9,791	5,111	908	807	2,049	916		4,680
Stalled Sites	916	319	100	90	210	150	47	597
EDS Upgrading Empty Commerical Property	500	149	200	91	60			351
EDS Incubation Units	1,000	250	750					750
North Bexhill Access Road	18,600	16,600	2,000					2,000
Queensway Gateway Road	10,000	7,540	2,460					2,460
East Sussex Strategic Growth Package	8,200	3,550	4,650					4,650
A22/A27 Junction Improvement								0

Capital programme - Communities, Economy & Transport

Communities, Economy & Transport	Total Budget	Total Previous Years Spend	2018/19	2019/20	2020/21	2021/22	2022/23	Remaining Budget Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Package	1,500		160	340	1,000			1,500
LGF Business Case Development	196	30	166					166
Integrated Transport - LTP plus Externally Funded								
Hastings & Bexhill Movement & Access Package	9,718	345	927	4,998	3,448			9,373
Eastbourne Town Centre Phase 2	3,486		160	1,040	2,286			3,486
Eastbourne/South Wealden Walking & Cycling Package	7,017	2,717	721	1,929	1,650			4,300
Hailsham/Polegate/Eastbourne Movement & Access Corridor	2,350	405	196	1,749				1,945
Other Integrated Transport Schemes	36,240	22,117	2,255	2,698	3,532	2,819	2,819	14,123
Community Match Fund	1,500		103	388	509	250	250	1,500
Terminus Road Improvements	8,250	1,269	5,981	750	250			6,981
Newhaven Port Access Road	23,271	1,317	6,325	8,641	6,988			21,954
Real Time Passenger Information	2,728	2,313	301	67	47			415
Parking Ticket Machine Renewal	1,670		1,042	204	424			1,670
Queensway Depot Development (Formerly Eastern)	1,956	268	100	953	635			1,688
Hailsham HWRS	97			73	24			97
Core Programme: Highways Structural Maintenance	235,743	140,333	23,071	23,067	18,476	17,850	12,946	95,410
Core Programme: Bridge Assessment								

Capital programme - Communities, Economy & Transport

Communities, Economy & Transport	Total Budget	Total Previous Years Spend	2018/19	2019/20	2020/21	2021/22	2022/23	Remaining Budget Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Strengthening	13,310	6,880	1,285	1,300	1,300	1,285	1,260	6,430
Core Programme: Street Lighting and Traffic Signals - life expired equipment	10,133	5,622	1,335	1,019	854	680	623	4,511
Core Programme: Rights of Way Surface Repairs and Bridge Replacement Programme	4,883	2,753	410	430	430	430	430	2,130
Gross Expenditure	592,096	376,391	60,203	58,133	52,621	24,553	20,195	215,705
Scheme Specific Income	(126,814)	(62,525)	(25,038)	(22,125)	(14,160)	(1,516)	(1,450)	(64,289)
Net Expenditure	465,282	313,866	35,165	36,008	38,461	23,037	18,745	151,416

Reserve Balances

	Anticipated Balance 1st Apr 2019 £'000	Net planned Movements 2019/20 £'000	Anticipated Balance 31st Mar 2020 £'000	Estimated Balance 31st Mar 2020 £'000
Held on behalf of others or statutorily ringfenced				
Balances held by Schools	10,733	0	10,733	10,733
Extended Schools	1,270	0	1,270	1,270
Schools Supply Teacher Insurance	351	0	351	0
Schools	12,353	0	12,353	12,002
Public Health	3,546	(1,626)	1,920	1,920
On Street Car Parking	1,377	36	1,413	1,065
ACRES (Adult College of Rural East Sussex)	362	0	362	362
The Keep - Archive Service	359	0	359	359
High Weald	138	0	138	138
Sussex Air Quality Partnership	32	(27)	5	0
Lewes Athletics Track	9	(9)	(0)	(0)
Subtotal held on behalf of others or statutorily ringfenced	18,176	(1,626)	16,550	15,846
Service-Specific Reserves:				
Corporate Waste	12,843	0	12,843	8,603
Capital Programme	11,000	(11,000)	0	0
Insurance Risk	4,318	0	4,318	4,318
Total Named Service Reserves	28,161	(11,000)	17,161	12,921
Strategic Reserves:				
Priority Outcomes and Transformation reserve: to fund the transformation programme to change, protect and improve Council services;	7,169	(1,037)	6,132	4,028
Financial Management reserve: to manage the potential financial consequences of risks recognised in the Council's risk management arrangements and the CFO's robustness statement, and to enable the effective management of the medium-term financial strategy and investment strategy.	29,758	2,077	31,835	22,455
Total Strategic Reserves	36,927	1,040	37,967	26,483
General Fund	10,000	0	10,000	10,000
Total Reserves	93,264	(11,586)	81,678	65,249

This table provides a summary of planned movements in and out of the individual reserves over the financial year 2019/20.

Explanation of key terms

Balances

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

Band D Property

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

Budget

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

Business Rates

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

Depreciation

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

Capital Expenditure / Capital Programme

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

Capital Financing

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

Capital Receipts

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

Contingency

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

Council Tax Requirement

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

Dedicated Schools Grant (DSG)

A major ring-fenced government specific grant, introduced in 2006/07, which provides funding for schools and schools-related expenditure.

Earmarked Reserves

Reserves which are set aside for specific purposes.

Government Grants

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

Levies

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

Net Budget Requirement

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

New Homes Bonus

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

Precept

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

Provisions and Reserves

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

Revenue Expenditure

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

Revenue Support Grant (RSG)

Additional funding received from central government, outside that received through the business rates retention scheme.

Slippage

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

Specific and Special Grants

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

Supported Borrowing

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

Tax Base

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

Third Party Payments

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

Transfer Payments

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

Produced by:

**Orbis
East Sussex County Council
County Hall
St Anne's Crescent
Lewes
East Sussex BN7 1UE**

January 2019

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East Sussex County Council - Proposed Savings 2019/20 to 2021/22

	Proposed Savings			
	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total £'000
Communities, Economy & Transport	2,349	1,462	917	4,728
Children's Services	1,049	2,337	268	3,654
Adult Social Care	730	248	0	978
Business Services / Orbis	1,003	1,161	787	2,951
Total Departments	5,131	5,208	1,972	12,311

East Sussex County Council - Proposed Savings 2019/20 to 2021/22		Gross budget *	Net budget *	Proposed Savings				Protected characteristics								
		2018/19	2018/19	2019/20	2020/21	2021/22	Total	Age	Disability	Gender / Transgender	Ethnicity	Marriage / Civil Partnership	Pregnancy /Maternity	Religion / Belief	Sexual Orientation	No significant
Activity	Savings Proposal and impact Assessment	£'000	£'000	£'000	£'000	£'000	£'000									
Highways																
Highways Maintenance	Budgets for highways related investigations and studies and ESCC highways staff costs to be funded from capital budget.	16,552	14,332	889	0	0	889									y
Community Services																
Archives and Records Service	We will not be able to provide the same level of support to customers of The Keep when requesting archive material and we will not provide an educational outreach.	1,042	1,074	32	74	104	210	-								
Trading Standards Services	Carry out food sampling and food inspection only where the risk is high; carry out reactive animal health disease control and take enforcement action where necessary. There will be a reduction in our preventative and support work, to business, to people vulnerable to scams and the reduction in routine inspection may increase public health risks.	803	656	0	100	0	100	-	-							
Road Safety Services	Reduced road safety education and no engagement with Community Safety Partnerships or Joint Action Groups.	944	720	32	33	0	65	-								
Library Services	We will keep our Needs Assessment and Accessibility Analysis under review, and as a result we may in future provide a reduced library service.	4,214	3,595	0	0	528	528	-	-	-						
Transport																
Concessionary Travel	Reduce the spend in line with current trends in usage.	7,855	7,837	150	0	0	150	-								
Parking: Civil Parking Enforcement	Increase on-street parking charges where possible. Surpluses to be used for transport related funding.	6,134	(910)	1,000	1,000	0	2,000									y

East Sussex County Council - Proposed Savings 2019/20 to 2021/22		Gross budget *	Net budget *	Proposed Savings				Protected characteristics								
		2018/19	2018/19	2019/20	2020/21	2021/22	Total	Age	Disability	Gender / Transgender	Ethnicity	Marriage / Civil Partnership	Pregnancy /Maternity	Religion / Belief	Sexual Orientation	No significant
Activity	Savings Proposal and impact Assessment	£'000	£'000	£'000	£'000	£'000	£'000									
Transport Hub Services	Reduced staffing capacity may result in a reduction in the overall level of service in the Transport Hub. This may mean answering public queries and our ability to resolve problems with bus operators and transport providers will be slower. This could increase public dissatisfaction and complaints to the Council.	1,525	594	0	100	0	100	-	-							
Rights of Way Services	We will provide a reduced footpath clearance focused on those priority / popular routes resulting in a deterioration in the condition of other paths. Staff reductions may also lead to delays and longer timescales for dealing with requests for Definitive Map modifications and requests for footpath diversions which may result in an increase in public dissatisfaction and complaints to the Council.	1,173	683	0	100	0	100	-								
Waste Disposal																
Household Waste Disposal	Ongoing review of commercial saving opportunities.	43,286	26,456	200	0	0	200									y
Household Waste Disposal	Possible reduction in the number of HWRCs.	1,144	884	0	0	250	250									y
Planning and Environment																
Environmental Advice Services	Income generation through traded services.	1,631	420	15	25	35	75									y
Ashdown Forest	Reduce financial support to conservators where possible.	131	61	31	30	0	61									y
TOTAL Communities, Economy & Transport				2,349	1,462	917	4,728									

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

East Sussex County Council - Proposed Savings 2019/20 to 2021/22		Gross budget *	Net budget *	Proposed Savings				Protected characteristics								
		2018/19	2018/19	2019/20	2020/21	2021/22	Total	Age	Disability	Gender / Transgender	Ethnicity	Marriage / Civil Partnership	Pregnancy /Maternity	Religion / Belief	Sexual Orientation	No significant relevance
Activity	Savings Proposal and impact Assessment	£'000	£'000	£'000	£'000	£'000	£'000									
Support to schools and pupils																
Schools Learning and Effectiveness Service (SLES): promote high standards	Reduce the support provided to prevent failure in schools causing concern. Limited support only for schools that have failed in terms of performance, leadership and governance or financial matters. Significantly reduce the support to develop school partnerships or move to academy status. This could mean pupil attainment will not improve and may decline.	911	172	124	7	0	131	-	-							
SLES: Performance monitoring	Reduce staffing and management capacity for performance monitoring across maintained and academy schools, only light touch monitoring where risk of serious failure has been brought to attention of LA. This could reduce the proportion of good or outstanding schools.	3,993	2,112	725	403	0	1,128	-								
SLES: Clerking Service	Remove the clerking service. This will mean schools will need to recruit, train and pay for their clerking service.	1,523	165	158	0	0	158									y
I-Send: EHCP Assessment Services	Reduced staffing capacity may mean the process for completing statutory assessments will be slower. This could increase parental dissatisfaction and complaints to the Council and LGO. We will reduce the number of high cost placements that we challenge at tribunals and significantly reduce the proportion of annual reviews we attend.	28,597	862	0	188	0	188	-	-							
I-Send: Inclusion Services	From 2020/21 statutory duties in relation to attendance will be met wholly through DSG. This will reduce the number of families we work with to improve attendance and may lead to an increase in pupil absence from schools.	9,364	1,061	0	19	0	19	-	-							
Early Years: Inclusion Services	No support to schools and early years providers to promote inclusion and share best practice. This may increase the proportion of pupils who are referred for statutory assessment, it may increase the proportion of pupils with EHCPs. We will need to continue to monitor the long term spend in SEN budget as the decisions made could have an impact throughout pupils' education.	27,746	326	0	85	0	85	-	-							
Home to School Transport	Further reduction in funding provided to colleges to support disadvantaged pupils attending college and reduction in Independent Travel Training spend.	12,115	11,551	42	0	0	42	-	-							

East Sussex County Council - Proposed Savings 2019/20 to 2021/22		Gross budget *	Net budget *	Proposed Savings				Protected characteristics								
		2018/19	2018/19	2019/20	2020/21	2021/22	Total	Age	Disability	Gender / Transgender	Ethnicity	Marriage / Civil Partnership	Pregnancy /Maternity	Religion / Belief	Sexual Orientation	No significant relevance
Activity	Savings Proposal and impact Assessment	£'000	£'000	£'000	£'000	£'000	£'000									
Children's Social Care																
Safeguarding Services	We will no longer be offering some additional training and preventative services that social workers can currently access to work with children and families – this will include stopping Family Group Conferences (family meetings) when children are subject to Child Protection Plans, the ACT service which is an assertive outreach service for young people aged 16-24 who are at risk of or being exploited criminally, the problem solving team which supports the Family Drug and Alcohol Court and Video Interactive Guidance which helps parents who are already in difficulty learn how to respond better to their children. In addition some activity will be reduced including assessment of families who are going through court proceedings and the Foundations Project which works with families who have already had children removed from their care. The impact of these reductions is likely to mean that more children may become subject to Child Protection Plans or enter or stay longer in the care system.	44,026	38,105	0	586	268	854	-								
Early Help	A review is underway which will be the subject of consultation, but is it likely to result in working with fewer families and focussing our support to those families most at risk of social care intervention and the problems that are most likely to lead to crisis (mental health, substance misuse and domestic violence).	9,592	5,652	0	1,049	0	1,049	-		-	-		-			
TOTAL Children's Services				1,049	2,337	268	3,654									

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

East Sussex County Council - Proposed Savings 2019/20 to 2021/22		Gross budget *	Net budget *	Proposed Savings				Protected characteristics								
		2018/19	2018/19	2019/20	2020/21	2021/22	Total	Age	Disability	Gender / Transgender	Ethnicity	Marriage / Civil	Pregnancy /Maternity	Religion / Belief	Sexual Orientation	No significant relevance
Activity	Savings Proposal and impact Assessment	£'000	£'000	£'000	£'000	£'000	£'000									
Working Age Adults: Nursing, Residential and Community Based services	Review care packages to ensure these are focused on those with Care Act eligible needs and deliver support in the most cost effective way. The average spend on Working Age Adults is significantly higher in East Sussex than in other south east councils. The intention is to deliver an overall level of support which is fair, reflects need and achieves a level of spend comparable to other councils. Any decisions to change care arrangements will be dependent on reviews that take account of a clients individual circumstances. Some clients may however have their support reduced or removed.	62,332	49,031	247	248	0	495	-	-	+/-	+/-	+/-	+/-	+/-	+/-	
Meals in the Community	The proposal is to withdraw the subsidy that support clients to pay for their meals. Clients would now pay the full cost of this service. A range of options are available within the market to ensure that vulnerable adults can access good quality, nutritious meals. Clients would continue to be signposted and supported to access these services.	483	483	483	0	0	483	-	-	+/-	+/-	+/-	+/-	+/-	+/-	
TOTAL Adult Social Care				730	248	0	978									

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

East Sussex County Council - Proposed Savings 2019/20 to 2021/22		Gross budget	Net budget	Proposed Savings				Protected characteristics								
		2018/19	2018/19	2019/20	2020/21	2021/22	Total	Age	Disability	Gender / Transgender	Ethnicity	Marriage / Civil Partnership	Pregnancy /Maternity	Religion / Belief	Sexual Orientation	No significant relevance
Activity	Savings Proposal and impact Assessment	£'000	£'000	£'000	£'000	£'000	£'000									
Business Services: Orbis and Managed on Behalf of (MOBO) services: Finance, IT&D, Procurement, Property Services, HR and OD and Business Operations	The Advisory and Change areas of support are being analysed and presented to the 3 partner Councils to determine which elements need to form part of the Core Offer as they are essential in supporting the partners deliver their priorities, and which elements will no longer be provided. The aim would be to reduce spending as set out in this table although the details of how this might be achieved is still being developed.	47,534	22,270	1,003	1,161	787	2,951									y
TOTAL Business Services / Orbis				1,003	1,161	787	2,951									

Appendix 3 - Savings

Summary of Equality Impact Assessment for RPP&R 2019/20

Equalities Implications

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

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

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

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

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

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

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

Council Plan 2019/20

Contents

Our priorities and delivery outcomes

Driving sustainable economic growth

Keeping vulnerable people safe

Helping people help themselves

Making best use of resources

Revenue Budget: gross and net

Revenue spending

Capital programme

Equality impact assessment

Performance measures and targets

State of the County 2017/18

Introduction

This Council Plan sets out our ambitions and what we plan to achieve by 2022 for each of our four overarching priority outcomes: driving sustainable economic growth; keeping vulnerable people safe; helping people help themselves; and making best use of resources.

The Council provides services used by all residents in East Sussex, including providing care and support to children, families and the elderly; maintaining the roads and providing library services; and working to boost the local economy. We have a long term track record for delivery, producing excellent results for the public.

The Council's resources have reduced in real terms since 2010; a period when demand for services, particularly social care and health services, has grown significantly; and we expect this to continue. Grants from Central Government have reduced, meaning we are largely dependent on local council tax and business rates, but these bear little relationship to services we provide for the young and elderly. Many people live in East Sussex and commute to work in businesses elsewhere or retire here having made their main tax contributions where they worked through income tax and national insurance. As resourcing of local government does not reflect these realities, we must adjust our services to match the funds we do have. We have been democratic, open and honest in determining the best quality services we can provide, within the resources available, and set this out in our Core Offer. We consider this to be the realistic level of service we must provide, to both fulfil our statutory duties, but also meet local need. In doing this we have based our decisions on local evidence of need and what works and makes a difference locally.

We do not work in isolation, so we will work with all our partners to make sure there is a shared view of priorities and that we make the most of opportunities and resources available in East Sussex. We lobby hard to protect and promote the interests of East Sussex.

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



Keith Glazier
Leader



Becky Shaw
Chief Executive



Children's Takeover Day at County Hall



Young people visiting a local employer to gain work experience

The Priority Outcomes

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

Driving sustainable economic growth - delivery outcomes

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

Driving
sustainable
economic
growth

Keeping
vulnerable
people safe

Helping
people help
themselves

Making best use of resources

Keeping vulnerable people safe - delivery outcomes

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

Making best use of resources - delivery outcomes

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

Helping people help themselves - delivery outcomes

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

Priority overview

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

Employment and productivity rates are high throughout the county

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

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

In common with all public sector organisations the Council is now paying the Apprenticeship Levy (approximately £1m per year). We have determined a workforce based approach to the levy and have implemented a strategy and action plan to maximise the funds available to the Council through the levy. The Local Government Association (LGA) have recognised the work that the Council's Apprenticeship team have carried out within our maintained schools on uptake of apprenticeships, and have used the Council for case studies to promote good practice for other authorities.

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

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

Businesses can only thrive if they have the local infrastructure they need and access to the right skills in the local workforce. Our Highways contract with Costain and Jacobs is helping to maintain and improve our roads, while ensuring value for money for the Council. We also coordinate street works and manage parking controls, to help the local transport infrastructure cope with increasing demand. A number of infrastructure projects will begin construction or be delivered in 2019/20, including the Queensway Gateway Road, the Newhaven Port Access Road, and improvements to Terminus Road in Eastbourne.

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

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

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

We will pursue new freedoms that allow us, and our partners, to deliver economic growth whenever there

is an opportunity to do so. Together with a number of partner organisations we have launched a shadow Sub-National Transport Body (STB) called Transport for the South East (TfSE) and will develop a Transport Strategy for the South East, which prioritises the strategic road and rail investment required to deliver economic growth in East Sussex and the wider region.

State of the County 2017/18

- Working age residents with a level 4 qualification or above (degrees, HNC, HND etc.), 37.9% (England 38.3%)
- Working age residents with no qualifications or qualified only to NVQ1, 15.6% (England 18.5%)
- Annual gross earnings, median average, £21,916 (England £24,298)
- Working age population in employment, 74.7% (England 75.2%)
- Claimant rate including Job Seeker's Allowance and Universal Credit, 2.0% (England 2.1%)
- New business registrations per 10,000 people over 16, 52.7 (England 75.4)
- New houses built, 1,316, including 226 affordable houses
- Children achieving a good level of development in the Early Years Foundation Stage, 76.5% (England 71.5%)



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

Examples of planned work 2019/20

- We will continue to make improvements to Terminus Road in Eastbourne as part of a wider scheme to revitalise the town centre
- We will complete our third phase of works with BT to ensure as close to 100% of premises in the county as possible have access to superfast broadband
- We will continue to ensure at least 54% of the money the Council spends is with local companies
- Our Social Value Measurement Charter (SVMC) will continue to boost the level of social value secured from Council procured contracts



Some of the completed works in Terminus Road

Thriving East Sussex economic growth sectors

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

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

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

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

We want every child to do well from their earliest years until they enter employment. Working with schools, colleges and early years providers, we will target our limited resources to assist them in

improving educational outcomes for all pupils in the county. In line with the Core Offer we will operate a light-touch monitoring of performance of maintained schools and use our best endeavours to intervene when a school is at high risk of failure. We want to ensure the gap between the most disadvantaged pupils and the rest is kept as small as possible and where possible closes and we aim to improve the outcomes of vulnerable pupils. Notable progress has been made in educational attainment, particularly with our younger children but this is not consistent across all ages and groups of pupils. We will target our work with schools to increase the number of pupils making good levels of progress each year.

The Hastings Opportunity Area is working with local businesses, schools, colleges and nurseries to improve the education and employment prospects of young people in the town.

Educational attainment is negatively affected by poor rates of attendance. Across East Sussex, our pupils have lower rates of attendance and higher exclusion than their peers nationally. However there has been a significant reduction in exclusions in Hastings primary schools. We will continue to focus on working with schools to improve the engagement of some families so that they ensure their children are in school. We will continue to work closely with schools, Behaviour and Attendance Partnerships, and Education Improvement Partnerships (EIPs) to identify ways in

which they can help bring about improvements in attendance and a reduction in exclusions.

We will work with our partners, within our resources, to promote post 16 participation, in education or employment with training until they are 18, including provision and support for young people with learning difficulties/disabilities. We will work with internal and external partners to prepare young people for work, and to improve their employability and skills.

Our Excellence for All strategy 2017 – 2019, sets out our vision for every early years setting, school and college to be judged good or better and every pupil supported to prosper and achieve.

State of the County 2017/18

- Average Attainment 8 score per pupil state funded secondary schools 45.1 (England 46.5)
- Average Progress 8 score for state funded secondary schools -0.02 (England -0.02)
- Percentage of pupils reaching the expected standard at key stage 2 in reading, writing and mathematics 64% (England 64%)
- Percentage of pupils who achieved a 9-5 pass in English and maths GCSEs 41.2% (England 43.2%)
- Proportion of Looked After Children who achieve a 9-5 pass in English and maths GCSEs, **9.5%** (England **7.4%**)
- Average point score (APS) per entry for level 3 exams including A levels, 30.76 (England 31.59)
- Attainment of A level students average point score (APS) per entry, best 3, 28.02% (England 32.19%)
- Attainment of A level students achieving grades AAB or better at A level, of which at least two are in facilitation subjects, 8.5% (England 13.4%)

Priority overview

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

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



Tips for teachers and staff in schools as recommended by young people from the mental health participation group. Download; the Youth Cabinet, and with help from Lisa Buttery at boingboing.org.uk



The East Sussex Youth Cabinet's 'Top Ten Tips' guide helps schools promote positive mental health amongst young people

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

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

We may reduce the training and preventative services that social workers can use to work with children and families. Though not a statutory responsibility, these services are important contributors to preventing children requiring a child protection plan or being taken into care.

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

The East Sussex Safeguarding Adults Board (SAB) oversees the work undertaken towards the prevention of abuse, the SAB's areas of focus include:

- Ensuring the SAB provides strategic leadership to embed the principles of safeguarding across agencies and contributes to the prevention of abuse and neglect.
- Establishing robust feedback mechanisms on safeguarding policies and procedures.
- Making safeguarding personal, making sure adults are involved and consulted in the process of helping them to stay safe and agreeing goals to achieve.
- Ensuring learning from reviews is effectively embedded into practice to facilitate organisational change across agencies.



- Ensuring the workforce is equipped to support adults appropriately where abuse and neglect are suspected.

Work continues with NHS partners to transform health and care services in the County. We need to deliver efficiencies and develop an integrated health and social care system so that we use our combined annual budgets to achieve the best possible services for local people.

East Sussex is covered by three Clinical Commissioning Groups (CCGs): High Weald Lewes Havens (HWLH); Hastings and Rother (H&R); and Eastbourne Hailsham and Seaford (EHS). We have embarked on a transformation programme with all three CCGs.

This transformation programme aims to improve health and wellbeing; enhance the care, quality and experience for local people; and make the best use of our combined resources to ensure sustainable services as part of the wider Sussex and East Surrey Sustainability Transformation Partnership (STP).

Health and Social Care Connect (HSCC) provides the public and professionals with a single point for information, advice and access to community health and social care services. HSCC is available from 8:00am to 10:00pm every single day of the year and ensures that people get access to the right services in the right place without unnecessary delay.



Examples of planned work 2019/20

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



Fostering provides stable homes for vulnerable children

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

People feel safe at home

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

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

We will review and reshape the early help offer in line with available resources to identify the best early help services to provide in the future to increase the resilience of families, improve their lives, and manage demand on high cost services. Consideration will be given to working with fewer families and focusing our support on those families most at risk of social care interventions and the problems that are most likely to lead to a crisis. We will target services working with individual families on a whole family basis, with a single keyworker supporting all members of the family and coordinating any additional specialist support required. We will work with partners to help young people develop their resilience.

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

Our Trading Standards service helps to protect vulnerable people from exploitation such as rogue traders and cold callers. Our Rapid Action Team intervenes to disrupt rogue traders and carries out proactive work in hotspots of doorstep crime to advise and protect residents. We also investigate food fraud, illicit tobacco and counterfeit alcohol to protect people from the increased risks associated with these. These services may need to be reviewed in the coming years, and we may reduce the level of prevention and support work we offer to the residents and businesses

of East Sussex.

People feel safe with support services

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

State of the County 2017/18

- Looked after children per 10,000 0-17 population, 57 (England 64)
- Children with a Child Protection Plan per 10,000 0-17 population, 52.8 (England 45.3)
- Percentage of children who ceased to be looked after adopted during the year ending 31 March, 20% (England 13%)
- Hospital emergency admissions caused by injuries in children aged 0-14 per 10,000 2015/16, 115.1 (England 101.5)
- Adult Social Care service users who feel safe, 71.5% (England 69.9%)
- People aged 65+ still at home 91 days after discharge from hospital, 90.7% (England 82.9%)
- Suicide rate per 100,000 2015 - 2017, 13.1 (England 9.6%)

Priority overview

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

We put people first when providing services and information to help them meet their needs

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

Our focus is to provide people with the support they need as early as possible to help them remain healthy and independent. When they need them, our services will be provided by integrated health and care teams, meaning their care will be more efficient and personal, delivered by one system.

Our focus on providing support as early as possible should mean that people don't need health and care services as much. But when they do, we will make sure they can get services quickly, easily and, before they reach crisis point.

We want to ensure that local people receive the right services, in the right place, at the right time. This may mean they access and use services differently. We aim to empower them with the knowledge of how to best use available health and social care services, and how to best get the support they need.

The integrated community health and social care services are implementing a Discharge To Assess process that is designed to avoid unnecessary admissions to acute hospitals and, where an admission is necessary, ensures that people are

discharged as soon as is safe and practical back to their own homes, or as close to home as possible.

Locality Link Workers will continue to work across the county, acting as a conduit between statutory services and communities and building links between the community, voluntary services and health and care services. These workers have a detailed understanding of the community and voluntary sector in their area and are ideally placed to work alongside partners to increase the amount of support available in communities, and enable health and care teams to link people with additional support that may be available through the community and voluntary sector.

As part of the Core Offer for Adult Social Care we will provide information and advice for all those seeking care and support; and provide support that reduces the need for social care in the longer term and/or prevents the need for a more expensive service.

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

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

People generally prefer to have as much control and choice as possible over the services they receive. Self-directed support offers control to clients and carers over how their care and support is provided.

Inclusion, Special Educational Needs and Disability



School governors help improve education in their area while also learning new skills and receiving training

(ISEND) has an important role to play in supporting pupils who are vulnerable to underachievement to do their very best. The service helps improve the lives and outcomes of pupils with SEND, helping them to achieve their ambitions and become successful adults. We will carry out statutory assessments of children with SEN where there are significant barriers to learning and we will aim to secure the right education provision for those with the greatest need. Due to the financial restrictions facing the Council there may be a reduction in the timeliness of our response to assessments of SEN and we may have to set up fewer annual review meetings, including for post 16 students, which may mean that fewer plans are ceased and costs within plans may increase.

State of the County 2017/18

- 4-5 year olds with excess weight, **23.3%** (England **22.6%**)
- 10-11 year olds with excess weight, **30.3%** (England **34.2%**)
- Younger adults admitted to residential and nursing care homes per 100,000, 17.7 (England 13.5)
- Adult Social Care service users who find it easy to find information about services, 78.6% (England 73.3%)
- Adult Social Care service users who have as much social contact as they would like, 51.3% (England 46.0%)

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

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

Frail adults across East Sussex can receive Technology Enabled Care Services (TECS), to help manage risks and maintain independence at home. TECS includes Telecare, which offers a range of sensors and detectors to meet different needs, such as wearable alert buttons, fall detectors and medication dispensers. The sensors can be monitored 24/7 by a local contact center. Environmental sensors, such as smoke alarms or flood detectors are also linked to the center for automatic alerts. Individuals can also benefit from scheduled live or recorded telephone calls to provide welfare checks or reminders during periods of reablement.

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

People, families and communities across East Sussex have huge potential to thrive and to support each other. There is a substantial infrastructure of public, voluntary and community sector work across the county that can seek to help local people achieve their

ambitions. We work with partners and communities across the county to help local communities thrive and tackle some of the most difficult issues that impact on people's happiness and wellbeing, such as loneliness.

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

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

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

State of the County 2017/18

- Older people (65+) admitted to residential and nursing care homes per 100,000, 501.2 (England 568.5)
- Older people (65+) offered reablement services following discharge from hospital, 3.0% (England 2.9%)
- People who received short term services where no further request was made for ongoing support, 93.3% (England 77.8%)
- Number of people killed or seriously injured on the roads, 370



New Support with Confidence recruits are welcomed to the scheme

Examples of planned work 2019/20

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



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

Priority overview

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

Maximising funding

We will continue to take all available opportunities to raise the distinct funding needs of the Council with Government until we have commitment of fair funding for our services; and to work with partners to press for the best outcomes for the county. In view of the ongoing financial challenge we face, the Council has developed a Core Offer, which sets out the ambitious but realistic level of service we think we must provide to both fulfil our statutory duties and meet local need in the current financial climate. Feedback from our residents, partners and businesses helped develop the Core Offer and we are working with communities to build resilience where the Council can no longer provide services. Due to our funding position, even this Core Offer is unaffordable in the near future so we will use this model to work with our local MPs to press for the Government funding we need to provide the decent services we know are needed by this county.

Strategic commissioning

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

One Council

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

services. We will focus on delivering services close to local people in the most cost effective way possible.

Our People Strategy will help achieve the changes needed over the coming years. The strategy is based on four themes of Leadership and Management; Performance Development and Reward; Employee Engagement and Recognition; and Employee Health, Wellbeing and Inclusion. In conjunction with the People Strategy, a 'Leadership and Management Capability Framework' has been launched which sets out the management and leadership standards expected in support of the Council's priority outcomes and operating principles. Work is currently ongoing with departments to embed this.

Working in partnership

We will work in partnership to ensure that we use all the resources available in the public sector to improve outcomes. We will make the best use of our assets, sharing property, ICT and staff with partners so we work as efficiently as possible, removing duplication and increasing flexibility. We will join with partners to achieve better value through procurement.

Orbis, our partnership with Surrey County Council (SCC) and Brighton & Hove City Council (BHCC) for all Business Services, has allowed us to provide resilient services while achieving savings which are being used to sustain services for residents of all the counties. From April 2018 budgets across all three partners were integrated, and full integration of teams has been achieved in IT&D, Business Operations, Procurement and Property.

In 2016/17 we launched a joint legal service, Orbis Public Law (OPL), with BHCC, SCC and West Sussex County Council. Work is ongoing to design the structure of the integrated service, implementation of the new structure is scheduled for 2019/20.



Value for money

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

We may need to consider further changes to our Waste and Library services to ensure we are providing the best service possible within the resources available.

We have been working to reduce the cost of occupancy of corporate buildings by consolidating our buildings and reducing our spend on energy by 2% each year since 2016/17, and are aiming for the same saving in 2019/20.

Examples of planned work 2019/20

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

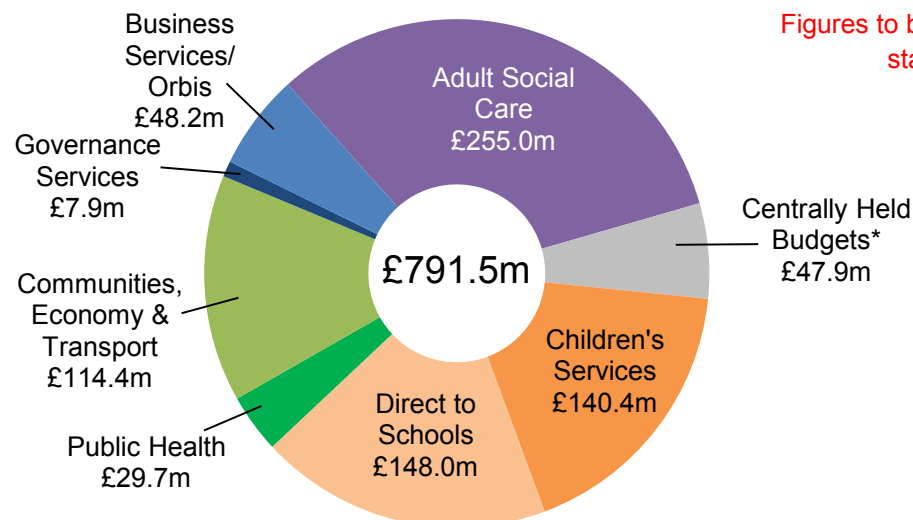
Take a look at the targets we have set to measure our progress against delivering the aims under this priority on page 24

Revenue budget: gross and net

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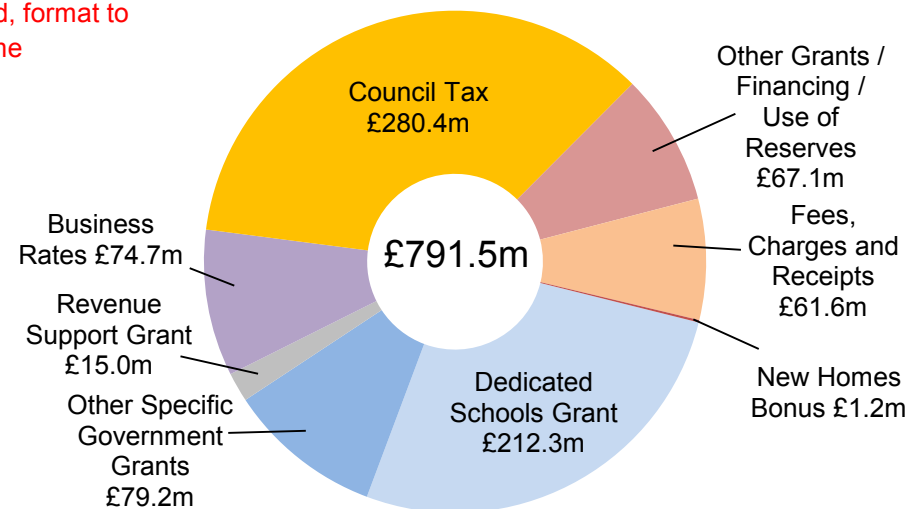
The charts below show how we will spend your revenue budget money in 2019/20, and where the money will come from (gross and net). More information on our revenue budget can be found in our [financial budget summary](#) which explains the difference between the gross and net budgets.

How we will spend your money (gross)

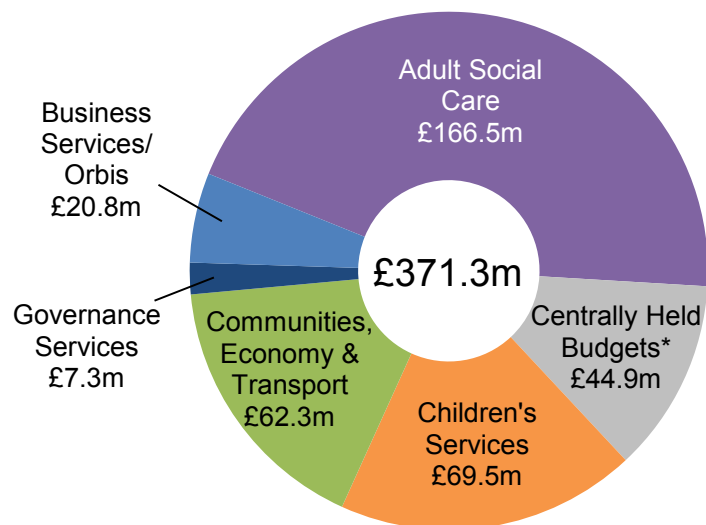


Figures to be updated, format to stay the same

Where the money comes from (gross)

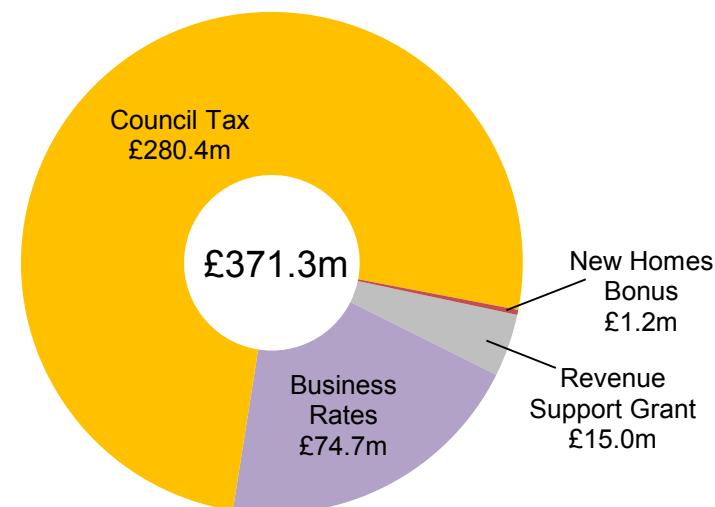


How we will spend your money (net)



*Centrally Held Budgets include Treasury Management and contributions to the Capital Programme

Where the money comes from (net)

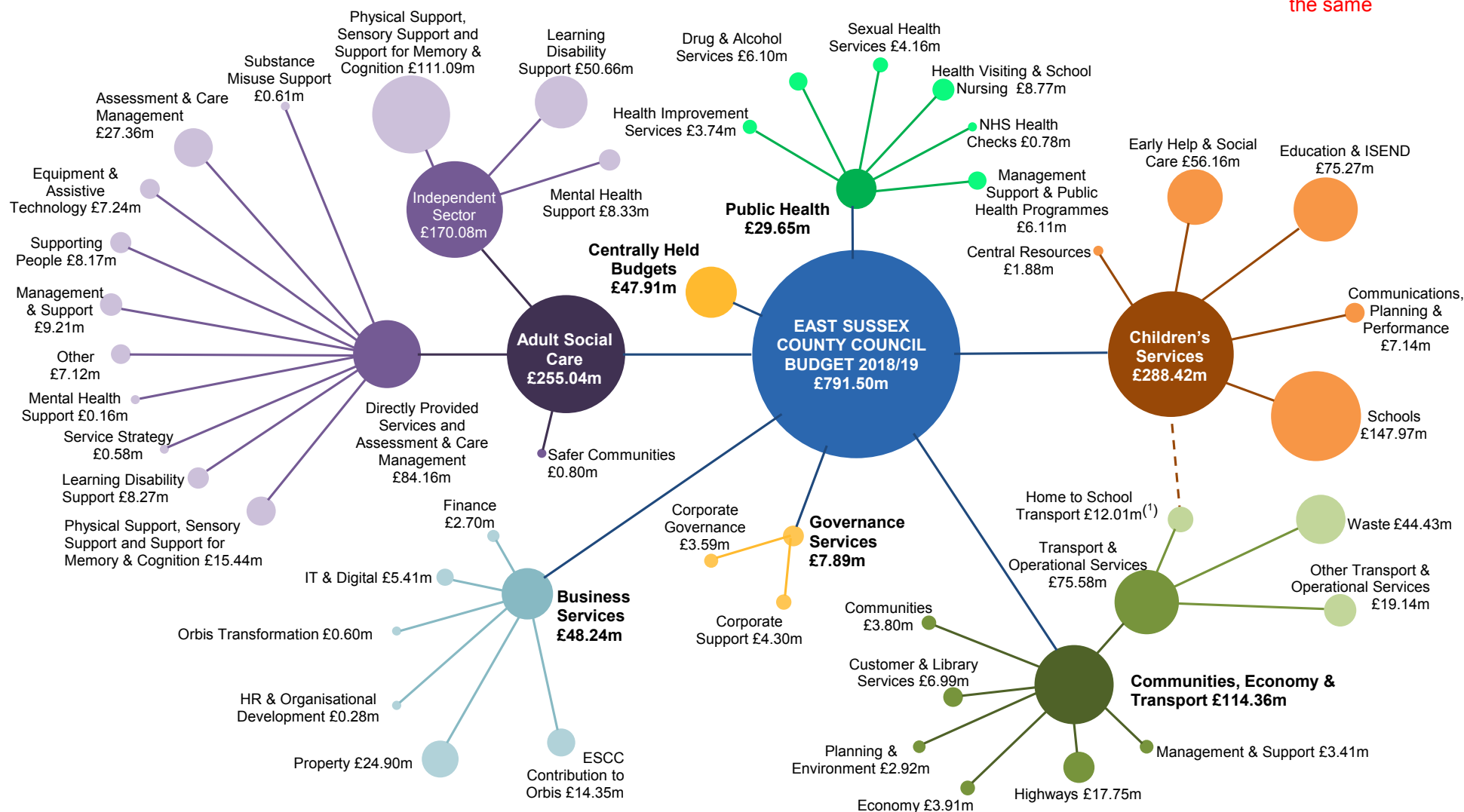


Revenue budget

11

The diagram below is a visual representation of our gross revenue budget for 2019/20. It also shows East Sussex County Council spend inclusive of partnership working where we are the lead authority. More information on our revenue budget can be found in our [financial budget](#)

Figures to be updated, format to stay the same



(1) Home to School Transport is administered by Communities, Economy and Transport on behalf of Children's Services.

Totals may differ from sum of components due to rounding

Capital Programme: projects in the year ahead 2019/20

As well as providing services, the Council invests in, and maintains, assets such as roads and buildings. The capital programme supports delivery of the Council's priority outcomes, particularly driving economic growth and keeping vulnerable people safe. Details of the full current capital programme to 2023 are in our [financial budget summary](#). Below are examples of key projects that will be underway in 2019/20 at a cost of £102.4m.

Economic Growth & Strategic Infrastructure £16.1m

- £4.4m to increase the number of premises in the county that can access superfast broadband
- £8.6m to build the Newhaven Port Access Road

Community & Social Care Facilities £6.8m

- £1.0m for the development of Greenacres to provide supported living services for people with learning disabilities and complex challenging behavior
- £4.3m for the development of Lansdowne to provide additional secure accommodation for young people

Highways & Structural Maintenance £27.2m

- Structural maintenance of highways to maintain and improve the road surface

Integrated Transport Services £13.6m

- £2.5m of walking and cycling movements in Eastbourne and South Wealden
- £6.5m of junction improvements in Hastings, Bexhill, Eastbourne, Hailsham and Polegate

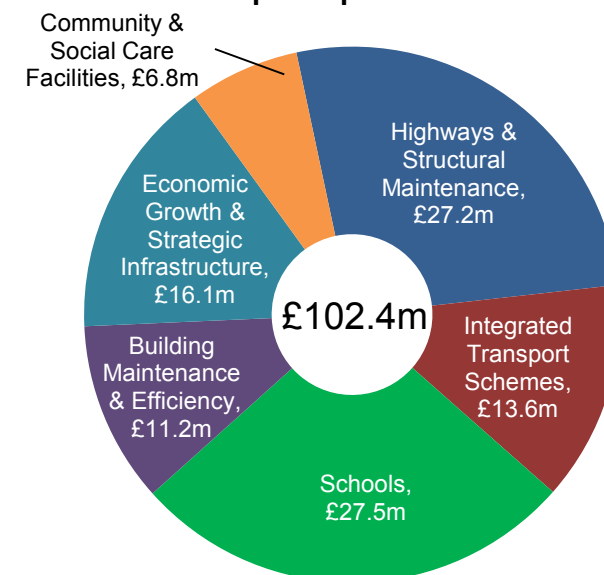
Schools £27.5m

- Primary school pupil numbers in the county are expected to plateau over the next three years and by 2021/22 may have started to decline
- By 2021/22 secondary school pupil numbers are expected to have increased by around 9%
- We are planning to create new school places in Hailsham, Polegate, Willingdon and Newhaven/Peacehaven

Building Maintenance & Efficiency £11.2m

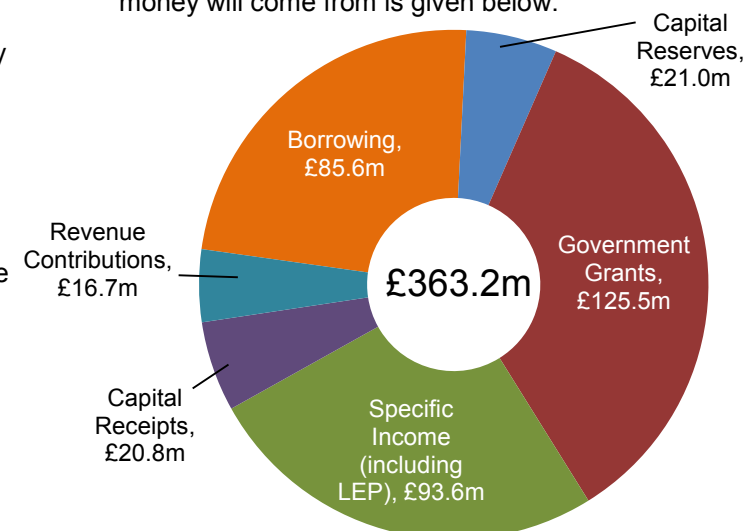
- The Council will invest in improvements to buildings and technology to improve efficiency and reduce CO2 emissions

Capital Spend 2019/20



Capital Resourcing 2017/18 to 2022/23

Because capital projects may take several years to deliver we need to know how we will fund the full £363.2 million programme. Details of where this money will come from is given below.



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

Equality impact assessment summary report for Council Plan 2019/20

Date of assessment: TBC

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

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

Groups that this project or service will impact upon:

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

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

We will continue to report on our progress in ensuring equality is embedded throughout our work while delivering our priorities. This will form part of our annual report, which will be published in Autumn 2019.



More information on equality and diversity can be found on our [equality and diversity web page](#).

Driving sustainable economic growth – performance measures and targets

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Performance measure	2018/19 Outturn (Target)	2019/20 Target	2020/21 Target	2021/22 Target	2018 - 2022 Outcome Summary
Work with Seachange Sussex to deliver major transport infrastructure – Queensway Gateway Road	(Complete the first phase of the road)	Commence construction of the second phase of the road	Complete construction of the second phase of the road and monitor impact	No target set project completed	Improved connectivity between Queensway and the A21, improving journey times and reducing congestion on the local network. Enable the development of land for commercial and residential use in North Hastings, supporting economic growth, job creation and the delivery of new homes in the area
Deliver major transport infrastructure – Newhaven Port Access Road	(Commence construction)	Continue construction	Complete construction and monitor impact	Monitor impact	Improved connectivity into Newhaven Port from the strategic road network, supporting the delivery of the Enterprise Zone and unlocking employment land within the Port
Deliver pedestrian improvements in Terminus Road (Eastbourne) using 'Shared Space' concepts to coincide with the opening of the new Arndale Centre	(Continue construction)	Construction complete and monitor impact	Monitor impact	No target set project completed	Pedestrian and Bus improvements to Eastbourne town centre, promoting more sustainable travel choices. The improvements will support the significant private sector investment in the Arndale Centre and reinvigorate the retail and leisure offering in the town centre
Number of additional premises with improved broadband speeds	(7,900 by end Dec 2018 (cumulative total for Contract 2))	To be set June 2019 once deployment plans are set	To be set 2019/20	To be set 2020/21	As close to 100% of premises as possible have access to high speed broadband. Supporting employment, productivity, individuals and communities
Report progress on the level of broadband improvement in the Intervention Area	(Report progress on the level of broadband improvement in the Intervention Area)	Report progress on the level of broadband improvement in the Intervention Area	Report progress on the level of broadband improvement in the Intervention Area	Report progress on the level of broadband improvement in the Intervention Area	

Driving sustainable economic growth – performance measures and targets

15

Performance measure	2018/19 Outturn (Target)	2019/20 Target	2020/21 Target	2021/22 Target	2018 - 2022 Outcome Summary
Deliver the new Employability and Skills Strategy: East Sussex business sector skills evidence base developed	(Six sector task groups maintained with one key priority action from each group delivered. One new additional sector group established Career pathways infographic to cover six sectors Recruit 15 Industry champions)	Seven sector task groups maintained, with each working to establish a new annual action plan and reporting to Skills East Sussex on actions and achievements	Seven sector task groups maintained, with each working to establish a new annual action plan and reporting to Skills East Sussex on actions and achievements	To be set 2020/21	Training providers are developing a curriculum which is informed by sector skills evidence and our local businesses are actively engaged in supporting training provision in the county, supporting sustainable economic development
Deliver the new Employability and Skills Strategy: East Sussex Careers Hub	New measure 2019/20	Establish a Careers Hub and support schools to achieve an average of 3 national benchmarks Recruit 15 further Industry Champions to support Careers Hub activities	East Sussex Careers Hub to support schools to achieve an average of 4 national benchmarks Recruit 15 further Industry Champions to support Careers Hub activities	To be set 2020/21	Helping our young people and adults become aware of careers opportunities available to them, supporting sustainable economic development
Deliver Culture East Sussex agreed actions to grow Cultural Tourism	(Deliver Tourism South East report recommendations (subject to funding being secured))	Trial the T Stats (Tourism Statistics) monitoring tool with tourism businesses in the Lewes, Eastbourne and Wealden area	To be set 2019/20	To be set 2020/21	Grow the visitor economy by raising the visibility of East Sussex, enhancing perceptions, increasing the number of visitors to the coast, and increasing length of stay and spend
Job creation from East Sussex Programmes	(Support businesses to create 135 jobs)	Support businesses to create 135 jobs	To be set 2019/20	To be set 2020/21	Grow the East Sussex economy and create more jobs by supporting the growth of businesses through capital investment

Driving sustainable economic growth – performance measures and targets

16

Performance measure	2018/19 Outturn (Target)	2019/20 Target	2020/21 Target	2021/22 Target	2018 - 2022 Outcome Summary
Percentage of Principal roads requiring maintenance	(8%)	8%	8%	8%	Achieve and maintain a good standard of road condition across all road types
Percentage of Non Principal roads requiring maintenance	(9%)	9%	9%	9%	
Percentage of Unclassified roads requiring maintenance	(20%)	20%	20%	20%	
In partnership with funding organisations provide online learning (including skills for life and ICT courses) in libraries (subject to contract)	(250 courses (subject to external funding))	250 courses (subject to external funding)	To be set 2019/20	To be set 2020/21	People have access to free qualifications that support them into, or back into, work and education
The number of businesses and professionals receiving advice and support through training workshops and bespoke advice	(300)	300	To be set 2019/20	To be set 2020/21	Businesses in East Sussex are equipped to thrive, comply with the law, and are supported to “get it right first time”
The Councils Apprenticeship Levy strategy supports the Council's workforce development and training plans	(Establish Baseline)	Ensure apprenticeship training is available (where appropriate Standards exist), which address skills shortages in the Council	To be set 2019/20	To be set 2020/21	Apprenticeships in the Council provide a positive opportunity for staff to develop and grow, enhancing the Council's workforce and career opportunities
The percentage of Council procurement spend with local suppliers	(52%)	54%	54%	54%	Support local businesses and help drive economic growth and employment in the county through our purchasing power
Economic, social and environmental value committed through contracts, as a percentage of our spend with suppliers	(10% of value of annual contracts awarded)	≥10.0% of value of annual contracts awarded	To be set 2019/20	To be set 2020/21	The Social Value Measurement Charter is used to provide robust measures in eligible contracts that commit suppliers to deliver the Council's social value objectives

Driving sustainable economic growth – performance measures and targets

17

Performance measure	2018/19 Outturn (Target)	2019/20 Target	2020/21 Target	2021/22 Target	2018 - 2022 Outcome Summary
The percentage of eligible 2 year olds who take up a place with an eligible early years provider	(Above national average)	Above national average	In line with national average	In line with national average	All children engage, attain and progress well from early years into education, training and employment
The percentage of pupils achieving a “good level of development” at the Early Years Foundation Stage	(Ac year 2017/18 At or above national average)	Ac year 2018/19 At or above national average	Ac Year 2019/20 At or above national average	Ac Year 2020/21 At or above national average	
Average Progress 8 score for state funded schools	(Ac year 2017/18 At or above national average)	Ac year 2018/19 At or above national average	Ac year 2019/20 At national average	Ac year 2020/21 No more than 0.1 below national average	
The percentage of disadvantaged pupils achieving at least the expected standard in each of reading, writing and maths at Key Stage 2	(Ac year 2017/18 No more than 7 percentage points below national average)	Ac year 2018/19 No more than 4 percentage points below national average	Ac year 2019/20 No more than 5 percentage points below national average	Ac year 2020/21 No more than 7 percentage points below national average	The gap for disadvantaged pupils at all Key Stages is kept as small as possible so that all children attain and progress well from early years into education, training and employment
The average Attainment 8 score for disadvantaged pupils	(Ac year 2017/18 No more than 3 points below national average)	Ac year 2018/19 No more than 4 points below national average	Ac year 2019/20 No more than 5 points below national average	Ac year 2020/21 No more than 6 points below national average	

Driving sustainable economic growth – performance measures and targets

18

Performance measure	2018/19 Outturn (Target)	2019/20 Target	2020/21 Target	2021/22 Target	2018 - 2022 Outcome Summary
The percentage of young people meeting the duty of RPA (Raising the Participation Age) by either participating in education, training or employment with training or undertaking re-engagement provision at academic age 16 (Year 12)	(93%)	93% (TBC)	93% (TBC)	93% (TBC)	Young people participate in education, training or employment with training until they are at least 18 improving their long term employment and health prospects
The percentage of young people meeting the duty of RPA by either participating in education, training or employment with training or undertaking re-engagement provision at academic age 17 (Year 13)	(86%)	86% (TBC)	86% (TBC)	86% (TBC)	
Average Progress 8 score for Looked After Children (LAC)	(Ac Year 2017/18 0.05 points or less below the national average for LAC)	Ac Year 2018/19 TBC	Ac Year 2019/20 TBC	Ac Year 2020/21 TBC	All children progress well from early years, through compulsory education, into education, training and employment
The percentage of LAC participating in education, training or employment with training at academic age 16 (Year 12)	(80%)	80%	80%	80%	Looked after Children participate in education, training and employment with training until they are at least 18 improving their long term employment and health prospects
The percentage of LAC participating in education, training or employment with training at academic age 17 (Year 13)	(70%)	70%	70%	70%	

Keeping vulnerable people safe – performance measures and targets

19

Performance measure	2018/19 Outturn (Target)	2019/20 Target	2020/21 Target	2021/22 Target	2018 - 2022 Outcome Summary
National outcome measure: The proportion of people who use services who say that those services have made them feel safe and secure	(≥83.6%)	≥83.6%	≥83.6%	≥83.6%	Services received by adults with long term support also have a positive impact on their safety
Health and Social Care Connect – percentage of referrals triaged and progressed to required services within required timescales	(90%)	90%	90%	90%	Services are provided in a timely manner
Health and Social Care Connect – % of Health and Social Care Connect contacts that are appropriate and effective (i.e. lead to the provision of necessary additional services)	(95%)	95%	95%	95%	Monitor the number of contacts from health professionals that aren't taken any further
Percentage of people affected by domestic violence and abuse who feel safe upon leaving the service	(80%)	80%	80%	80%	Vulnerable people affected by domestic violence feel safe and have the skills they need to improve their wellbeing and their self-esteem
When they leave the service the % of those affected by rape, sexual violence and abuse who have improved coping strategies	(80%)	80%	80%	80%	Protect vulnerable people who have been affected by rape, sexual violence and abuse, and provide them with skills which enable them to be more in control of their lives and more optimistic about the future

Keeping vulnerable people safe – performance measures and targets

20

Performance measure	2018/19 Outturn (Target)	2019/20 Target	2020/21 Target	2021/22 Target	2018 - 2022 Outcome Summary
Rate of children with a Child Protection Plan (per 10,000 children)	(57.1 (605 children))	TBC June 2019 when 2018/19 outturn available	TBC June 2019 when 2018/19 outturn available	TBC June 2019 when 2018/19 outturn available	Children at risk from significant harm are kept safe
Rate (of 0-17 population) of referrals to children's social care services (per 10,000 children)	(521.4)	521.4 (TBC when new IDACI rate confirmed)	521.4 (TBC when new IDACI rate confirmed)	521.4 (TBC when new IDACI rate confirmed)	
Rate (of 0-17 population) of assessments completed by children's social care services (per 10,000 children)	(496.1)	496.1 (TBC when new IDACI rate confirmed)	496.1 (TBC when new IDACI rate confirmed)	496.1 (TBC when new IDACI rate confirmed)	
Rate of Looked After Children (per 10,000 children)	(59 (625 children))	TBC June 2019 when 2018/19 outturn available	TBC June 2019 when 2018/19 outturn available	TBC June 2019 when 2018/19 outturn available	
Average time between a child entering care and moving in with its adoptive family, for children who have been adopted (days) (Adoption Scorecard)	(Less than or equal to national average)	Less than or equal to national average	Less than or equal to national average	Less than or equal to national average	Children are placed for adoption as quickly as possible in order to achieve permanency
The number of positive interventions for vulnerable people who have become the target of rogue trading or financial abuse	(100)	100	To be set 2019/20	To be set 2020/21	Residents of East Sussex are safe in their own home and protected from criminals. Residents are empowered to feel safe and supported to say "no" to criminals and deter and disrupt criminal activity

Helping people help themselves – performance measures and targets

21

Performance measure	2018/19 Outturn (Target)	2019/20 Target	2020/21 Target	2021/22 Target	2018 - 2022 Outcome Summary
Road Safety: Implement behaviour change projects to reduce the speeding reoffending rate	(Implement measures to reduce speeding reoffending rate)	20% reduction in reoffending rate (from 2017/18 baseline)	To be set 2019/20	To be set 2020/21	Reduce the number of KSI on East Sussex roads using behavioural change methods and the implementation of infrastructure schemes to improve outcomes for residents, businesses and visitors to East Sussex
Road Safety: Percentage of young male drivers who were aware of the social media campaign who report they changed their behaviour	(15%)	15%	To be set 2019/20	To be set 2020/21	
Road Safety: Implement infrastructure schemes on identified high risk routes to improve road safety	(10 schemes)	10 schemes (subject to funding)	To be set 2019/20	To be set 2020/21	
Number of hospital bed days lost due to delayed transfers from hospital care (Daily average)	(39.8)	39.8	39.8	39.8	There are no unnecessary delayed discharge's from hospital
Number of hospital bed days lost due to delayed transfers from hospital care due to Council social services (Daily average)	(11.5)	11.5	11.5	11.5	
Number of hospital bed days lost due to delayed transfers from hospital care due to local NHS (Daily average)	(24.4)	24.4	24.4	24.4	
National outcome measure: Proportion of working age adults and older people receiving self-directed support	(100%)	100%	100%	100%	Adults are able to take control of the support they receive
National outcome measure: Proportion of working age adults and older people receiving direct payments	(30%)	30%	30%	30%	
Number of carers supported through short-term crisis intervention	(675)	540	To be set 2019/20	To be set 2020/21	Carers are supported when they most need it enabling them to carry on in their caring role

Helping people help themselves – performance measures and targets

22

Performance measure	2018/19 Outturn (Target)	2019/20 Target	2020/21 Target	2021/22 Target	2018 - 2022 Outcome Summary
Commission new service capacity to achieve diagnostic rate of 67% of the estimated local prevalence of dementia	(67%)	67%	67%	67%	Support is available to those known to have dementia
Number of people receiving support through 'STEPS to stay independent'	(3,500)	2,500	2,500	2,500	Adults can maintain their independence
Enhance the delivery of Technology Enabled Care Services (TECS) more rapidly and more widely across areas including falls; frailty; crisis response; medication management, to avoid hospital admissions or re-admissions	(7,686 people receiving TECS)	7,926 people receiving TECS	8,166 people receiving TECS	To be set 2020/21	
Number of providers registered with Support With Confidence	(217)	10% increase on 2018/19 outturn	10% increase on 2019/20 outturn	10% increase on 2020/21 outturn	Increase the options for people who need support ensuring vulnerable people are given effective reliable support to help maintain their independence
The proportion of people who received short-term services during the year, where no further request was made for ongoing support	(>90%)	>90%	>90%	>90%	Provide effective early intervention to ensure people are given the support they need as quickly as possible, this will also reduce the need for more expensive intensive interventions at a later date ensuring the most effective use of resources
Cumulative percentage of the eligible population who have received an NHS health check since 2015/16 (five year period)	(50%)	50%	50%	50%	People understand their future risk of developing vascular disease and make changes to their lifestyle, or receive additional clinical advice and support to reduce their risk

Helping people help themselves – performance measures and targets

Performance measure	2018/19 Outturn (Target)	2019/20 Target	2020/21 Target	2021/22 Target	2018 - 2022 Outcome Summary
Number of new service user interventions completed as part of the Integrated Lifestyle Service	(5,000)	6,000	7,000	7,000	Support people (particularly those with multiple lifestyle risk factors such as smoking, excessive alcohol consumption, poor diet and low physical activity) to make changes to improve health outcomes and reduce their risk of developing conditions such as diabetes, cancer and heart disease
The number of health and social care staff and voluntary sector organisations trained to deliver brief interventions and advice to promote, encourage and help people make healthier choices as part of the Making Every Contact Count (MECC) initiative	(1,200)	600	600	600	Frontline workers and volunteers across health, care and the wider system have the knowledge, skills and confidence to raise lifestyle issues with the people they are in contact with and provide brief advice or refer into services and support including help with self-care
Percentage of annual SEND review meetings where the child gave their view and/or participated	(85%)	90%	87%	85%	Children and young people with SEND participate in decisions to ensure that their needs are understood, and they are supported to achieve their potential
The proportion of respondents to the feedback surveys who agree that things have changed for the better as a result of getting targeted support from Early Help or Children's Centre Keywork Services	(80%)	80%	80%	80%	The services provided are making a difference to the lives of service users
Number of households eligible under the government's Troubled Families programme receiving a family support intervention	(654 Cumulative: 3,278)	172 Cumulative: 3,450	N/A All applicable families will be engaged by the programme by the end of 2019/20	N/A All applicable families will be engaged by the programme by the end of 2019/20	Families supported by family keywork achieve their goals and the Council is able to maximise payment by results claims

Making best use of resources – performance measures and targets

24

Performance measure	2018/19 Outturn (Target)	2019/20 Target	2020/21 Target	2021/22 Target	2018 - 2022 Outcome Summary
Number of working days lost per FTE (Full Time Equivalent) employee due to sickness absence in non-school services	(9.24)	9.24	9.24	9.24	To maximise the use of resources and improve staff and customer wellbeing
Develop an asset investment strategy based on a balanced portfolio approach	(Develop a resource model)	Development of feasibility and business cases for a minimum of 4 key sites	To be set 2019/20	To be set 2020/21	Development and Cabinet approval of a property investment strategy
Cost of occupancy of corporate buildings per sq. metre	(£175 / sq. metre)	2% reduction on 2018/19	To be set 2019/20	To be set 2020/21	The net occupancy cost per square metre of corporate buildings is reduced per annum. Thus reducing operating cost to the Council with the aim of delivering efficient management of resources and suppliers

State of the County 2017/18

25

We review a wide range of data about East Sussex to help us understand the context for our plans and the impact we are having through our work and in partnership. We publish this data each year in our State of the County report when we start the planning process that leads to this Council Plan. A selection of this data is listed below. Unless otherwise stated the data refers to 2017/18. Where possible official national statistics are used for comparison with the England average (figures in brackets).

Percentage of working age residents (16-64 year olds) with a level 4 qualification or above (includes degrees, HNC, HND and others)	37.9% (38.3%) CY 2017	Rate per 10,000 (aged 0 –17 population) of Looked After Children	57.2 (64)
Percentage of working age residents (16-64 year olds) with no qualifications or qualified only to NVQ1	15.6% (18.5%) CY 2017	Rate per 10,000 (aged 0-17 population) of children with a Child Protection Plan	52.8 (45.3)
Annual gross earnings, median average	£21,916 (£24,298)	Percentage of children who ceased to be looked after adopted during the year ending 31 March	20% (13%)
Percentage of working age population (16-64 year olds) in employment	74.7% (75.2%)	Rate of hospital emergency admissions caused by unintentional and deliberate injuries in children and young people aged 0-14 years per 10,000 population	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)	2.0% (2.1%)	Proportion of people who use Adult Social Care services who feel safe	71.5% (69.9%)
New business registration rate per 10,000 people over 16	52.7 (75.4)	Percentage of people (65 and over) who were still at home 91 days after discharge from hospital	90.7% (82.9%)
New houses built, total completed / total affordable	1,316 / 226	Suicide rate per 100,000 of population, 2014-16, three year average	13.1 (9.6) 2015-17
Percentage of children achieving a good level of development in all areas of learning ('expected' or 'exceeded' in the three prime areas of learning and within literacy and numeracy) in the Early Years Foundation Stage (EYFSP)	76.5% (71.5%)	Percentage of children aged 4-5 years with excess weight (overweight or obese), by postcode of child	23.3% (22.6%)
Average Attainment 8 score per pupil state funded secondary schools	45.1 (46.5) (Provisional)	Percentage of children aged 10-11 years with excess weight (overweight or obese) by postcode of child	30.3% (34.2%)
Average Progress 8 score for state funded secondary schools	-0.02 (-0.02)	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	17.7 (13.5)
Percentage of pupils reaching the expected standard at key stage 2 in reading, writing and mathematics	64% (64%) (Provisional)	Proportion of people who use Adult Social Care services who find it easy to find information about services	78.6 (73.3%)
Percentage of pupils who achieved a 9-5 pass in English and maths GCSEs	41.2% (43.2%) (Provisional)	Social Isolation: percentage of Adult Social Care users who have as much social contact as they would like	51.3% (46.0%)
Percentage of Looked After Children who achieved a 9-5 pass in English and maths GCSEs	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	501.2 (568.5)
Average point score (APS) per entry for level 3 exams including A levels (16-18 year olds)	30.76 (31.59) (Provisional)	Proportion of older people aged 65 and over who received reablement services following discharge from hospital	3.0% (2.9%)
Attainment of A level students (age 16-18) average point score (APS) per entry, best 3	28.02% (32.19%) (Provisional)	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	93.3% (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	8.5% (13.4%) (Provisional)	Number of people killed or seriously injured on the roads	370 CY 2018

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East Sussex County Council

Council Tax Precepts for 2019/20 (Draft)

	£	£	£
Gross Expenditure		795,277,000	
Income		420,132,000	
Net Budget			375,145,000
Business Rates & S31 Grants	41,348,000		
Business Rates Top Up	42,413,000		
New Homes Bonus	886,000		
<i>Previous years' surpluses/(deficits)</i>			
Council Tax	2,821,740		
Business Rates	-		
		87,468,740	87,468,740
Council Tax Requirement			287,676,260
<i>Tax base (total equivalent Band D properties)</i>			200,502.00
Basic council tax			1,434.78
Therefore Council Tax per Category of Dwelling:-			
		<i>Proportion of Basic Council Tax</i>	£
Band A		6/9	956.52
Band B		7/9	1,115.94
Band C		8/9	1,275.36
Band D		9/9	1,434.78
Band E		11/9	1,753.62
Band F		13/9	2,072.46
Band G		15/9	2,391.30
Band H		18/9	2,869.56
Precept to Each Billing Authority			
		<i>No of band D equivalent dwellings</i>	£
Eastbourne		34,765.3	49,880,557
Hastings		25,865.0	37,110,585
Lewes		36,760.4	52,743,087
Rother		38,054.1	54,599,262
Wealden		65,057.2	93,342,769
Total		200,502.0	287,676,260

Business Rates, previous year's surpluses/(deficits) and council tax base figures are likely to change due to final confirmation of figures from Districts and Boroughs at 31st January 2019.

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

11 April 2019
22 May 2019
28 June 2019
05 August 2019
11 September 2019
17 October 2019
22 November 2019
02 January 2019
07 February 2020
16 March 2020

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Dept	Service Area	Group	Description	Current Charge 2018/19	Proposed Charge 2019/20	Increase / Decrease
ASC	Deferred Payments Agreements	-	Redemption fee	£263.00	£313.88	19.35%
ASC	Deferred Payments Agreements	-	Set up charge	£1,067.00	£1,099.80	3.07%
CET	Bikeability	Whizz and Family Fun	2 hours	£4.00	£5.00	25.00%
CET	Registration Services	-	AMP Marriage/CP - Fri-Sun	£550.00	£575.00	4.55%
CET	Registration Services	-	AMP Marriage/CP - Mon-Thu	£500.00	£525.00	5.00%
CET	Registration Services	-	Approved Marriage Premises (AMP) marriage/Civil Partnerships (CP) - Bank Holidays	£600.00	£625.00	4.17%
CET	Registration Services	-	Change of Name Deed	£65.00	£70.00	7.69%
CET	Registration Services	-	European Passport Return Service	£30.00 (plus postage fee)	£40.00 (inc postage fee)	up to 33.33% depending on postage
CET	Registration Services	-	P&P for certificates sent out (on top of £10 stat fee)	£1.00	£2.00	100.00%
CET	Registration Services	-	PD2 (proof of name change for passport)	£10.00	£20.00	100.00%
CET	Registration Services	-	Proof of Life Signing (foreign pensioners)	£5.00	£10.00	100.00%
CET	Registration Services	-	Registry Office (RO) Marriage/CP - Bank Holidays - Tier 2	£430.00	£445.00	3.49%
CET	Registration Services	-	RO Marriage/CP - Bank Holidays - Tier 3	£505.00	£520.00	2.97%
CET	Registration Services	-	RO Marriage/CP - Bank Holidays - Tier 4	£550.00	£565.00	2.73%
CET	Registration Services	-	RO Marriage/CP - Fri-Sun - Tier 2	£305.00	£320.00	4.92%
CET	Registration Services	-	RO Marriage/CP - Fri-Sun - Tier 3	£380.00	£395.00	3.95%
CET	Registration Services	-	RO Marriage/CP - Fri-Sun - Tier 4	£425.00	£440.00	3.53%
CET	Registration Services	-	RO Marriage/CP - Fri-Sun- Tier 5	£475.00	£490.00	3.16%
CET	Registration Services	-	RO Marriage/CP - Mon-Thu - Tier 2	£180.00	£195.00	8.33%
CET	Registration Services	-	RO Marriage/CP - Mon-Thu - Tier 3	£255.00	£270.00	5.88%
CET	Registration Services	-	RO Marriage/CP - Mon-Thu - Tier 4	£300.00	£315.00	5.00%

Dept	Service Area	Group	Description	Current Charge 2018/19	Proposed Charge 2019/20	Increase / Decrease
CET	Registration Services	-	RO Marriage/CP - Mon-Thu - Tier 5	£350.00	£365.00	4.29%
CET	Registration Services	-	Surcharge for Evening RO weddings/CPs (10pm-8.59am)	£200.00	£250.00	25.00%
CET	Registration Services	-	Surcharge for Evening RO weddings/CPs (5.01pm-9.59pm)	£100.00	£150.00	50.00%
CET	Rights of Way	Land Charges Fees	S31 declarations for additional optional documents	£50 ph	£55 ph	10.00%
CET	Rights of Way	Land Charges Fees	S31 Deposits	£350.00	£360.00	2.86%
CET	Seven Sisters Car Park	-	Vehicle - Annual permit charge	£27.00	£32.00	18.52%
CET	Trading Standards	Explosive Charges	-	£52 to £234	£54 to £500	3.85% to 113.68%
CET	Trading Standards	Weighbridge fees	-	£70.00	£75.00	7.14%
CET	Vacant Seat Scheme and Post 16 SEND contributions	Post 16 SEND contributions	-	£608, halved for people on low income	£646, halved for people on low income	6.25%
CET	Vacant Seat Scheme and Post 16 SEND contributions	Vacant Seat Scheme	Will vary for siblings, one way journeys and primary schools.	£124.00	£135.00	8.87%
CET	Waste Disposal	Trade Refuse	Recharge of disposal cost of trade waste collected by districts and boroughs - per tonne	£125.34	£129.42	3.26%
CSD	Lansdowne Secure Unit	Secure Accommodation Charge	Per week	£885.00	£985.00	11.30%
CSD	Music Service (fees per term)	-	Merit Award Individual lesson (30 min)	£170.00	£196.00	15.29%
CSD	Music Service (fees per term)	Instrumental Hire	Area Music Centre – choir only	£39.00	£40.00	2.56%
CSD	Music Service (fees per term)	Instrumental Hire	Area Music Centre – young music makers	£39.00	£40.00	2.56%
CSD	Music Service (fees per term)	Instrumental Hire	Bassoon, Double Bass, French Horn, Tenor Horn, Baritone, Euphonium, Tuba, Oboe	£18.00	£20.00	11.11%
CSD	Music Service (fees per term)	Instrumental Hire	Cornet, Trumpet, Trombone	£29.00	£31.00	6.90%

Dept	Service Area	Group	Description	Current Charge 2018/19	Proposed Charge 2019/20	Increase / Decrease
CSD	Music Service (fees per term)	Instrumental Hire	Violin, Viola	£24.00	£25.00	4.17%
CSD	Sublease of land at Rotherfield recreation ground	Rental	Per annum	£800	£1,000	25.00%
CSD	Standards, Learning & Effectiveness	Governors & Clerking	Training Courses	£75.00	£80.00	6.25%

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Capital Programme update

1 Capital Programme Expenditure Update

1.1 As part of the RPPR process, and also informing the Quarter 2 monitoring position, Service Finance and Departmental Capital Teams have completed a Capital Programme Refresh which has re-profiled their programmes and schemes as accurately as possible based on current knowledge held.

1.2 Table 1 summarises the movements to the approved programme 2018-23 since State of the County in July 2018. The changes include the refresh at quarter 2 in line with updated information from services, approved variations or variations requiring approval through the RPPR process. These are summarised in table 1 below.

Table 1 – Capital Programme Expenditure Movements

	2018/19	2019/20	2020/21	2021/22	2022/23	Total
2018-2023 gross Programme at SOC 2018	106,448	106,076	65,035	42,242	57,998	377,799
Refresh of programme	(14,193)	15,458	(4,791)	2,606	(15,135)	(16,055)
Approved Variations	(306)	1,045	424	150	107	1,420
2018-2023 gross programme	91,949	122,579	60,668	44,998	42,970	363,164
2019/20 risk adjustment		(19,472)	19,472			-
Proposed risk adjusted 2018-23 programme	91,949	103,107	80,140	44,998	42,970	363,164
Revised specific funding	(31,630)	(32,045)	(22,193)	(4,353)	(3,409)	(93,630)
Proposed 2018-2023 net Programme	60,319	71,062	57,947	40,645	39,561	269,534

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

1.3 Refresh of programme

Departments have re-profiled their programmes for the best knowledge they hold to date, therefore further slippage should only be incurred as a result of any unknowns impacting on the programme.

Q2 monitoring reported a variation of £12.2m to the gross capital programme; further updates have subsequently been received resulting in additional net slippage of £2.0m.

As part of the refresh of the overall Capital Programme, departments have taken the opportunity to re-profile their programmes and projects to reflect the best knowledge they hold to date, including current slippage or spend in advance.

As a result, £15.5m has been re-profiled into 2019/20, with slippage from 2018/19 and as well as spend in advance from future years mainly on Schools Basic Need and Highways Structural Maintenance. With total expenditure in 2019/20 provisionally set at £122.6m, it has been recognised that there a risk of further slippage in the programme, particularly with reference to the level of slippage experienced in prior years. To mitigate this risk, an adjustment has been applied to projects considered at risk of slippage - on the basis of; projects with an assessed

high risk of slippage reduced by 40% in year; and projects with an assessed medium risk of slippage reduced by 25% in year (the assessment was based on value, historic issues and slippage). This has moved £19.5m of expenditure, from 2019/20 into 2020/21 and work continues to re-profile this over future years as the future programme is developed. This gives a revised 2019/20 gross Capital Programme of £103.1m.

As a result of the programme refresh, underspends have also been identified. These are listed at Table 3.

Table 2 – under / (over) spends

	Ref	Total £m
School Basic Need	1.3.1	12.6
Property Building Improvements	1.3.2	2.3
Eastbourne/ South Wealden Cycling and Walking Package	1.3.3	0.7
Residual projects	1.3.4	0.4
Total		16.0

1.3.1 School Basic Need

Due to delays in housing developments, the need for school places has slipped outside the scope of the current programme. *[It should be noted that this is a gross slippage and there is an associated reduction in grant anticipated noted in the funding section of this paper].*

1.3.2 Property Building Improvements

The Building Maintenance team has undergone a restructure and is now an integrated Orbs Maintenance Team between ESCC and SCC. The Building Improvements Capital programme has been reviewed and re-profiled based on the teams capacity to deliver the programme, available resources, a review of the last 5 years spend and a review of the ESCC Estate in line with the Core Offer. As a result of this work £2.3m has been removed from the programme.

1.3.3 Eastbourne/South Wealden Cycling and Walking Package

A business case has recently been submitted to the South East Local Enterprise Partnership identifying £4.3m resources required for this project, this releases £0.7m of budget as underspend.

1.3.4 Residual Projects

There are a number of projects in the Capital Programme that have finished, where a residual retention budget remains. Capital Strategic Asset Board have proposed the programme is reduced by these amounts, however, for accounting purposes the projects will remain open in the accounting system. Should any final payments be incurred these will be managed through the Capital Risk Provision and additional budgets approved via the variation process for these specific schemes.

1.4 Approved variations

Approved variations since State of the County are detailed in Table 3 and have been added to the proposed programme. These have all been approved in line with current variation process and have a net nil impact on the programme.

Table 3 – Approved Variations 2018-23

	Total £'000
Salix reduced grant	367
Schools Delegated Capital reduced grant	7
School Basic Need budget transfer to nurseries	(43)
Nurseries budget transfer from School Basic Need	43
Agile budget transfer from Agile reserve	107
Integrated transport reduced contribution	50
Real time Passenger Information increased s106 contribution	(279)
Greenacres additional NHS England grant	(248)
Community Match budget transfer from Integrated Transport	(540)
Integrated Transport budget transfer to Community Match	540
Community Match Capital Expenditure from Revenue Account (CERA) transfer	(750)
Community Match Parish contribution	(60)
Queensway Depot budget transfer from Highways Structural Maintenance	(370)
Highways Structural Maintenance budget transfer to Queensway Depot	370
Integrated Transport budget transfer to Eastbourne Town Centre Phase 2	(386)
Eastbourne Town Centre Phase 2 budget transfer from Integrated Transport	386
Eastbourne Town Centre Phase 2 – additional contribution	100
Eastbourne/South Wealden Walking and Cycling package – additional contribution	300
Funded by scheme specific income	1,420
Total	0

1.5 Other items of note (currently not submitted for inclusion in the programme)

1.5.1 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. They 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 other external funding sources. These will enter the programme in line with the current variation process as and when funding streams are confirmed.

1.5.2 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 2019/20 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.

1.5.3 In the pipeline there is a potential bid for funding for a Local Full Fibre Network which will be subject to the bidding process of the Department for Digital, Culture, Media and Sports. In addition, a bid is expected for Special Educational Need Provision in Secondary Schools.

1.6 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, including through the impact of BREXIT;
- uncertainty about delivery of projects in the programme, e.g. highways and infrastructure requirements;
- any as yet unknown requirements;
- any minor residual payments on the agreed removed projects (managed via variations); and
- uncertainty regarding the level of government grants.

The current provision is £7.5m (2% of the programme) agreed at State of the County. While capacity within borrowing arrangements is ensured through treasury management for this provision no borrowing for this is planned to be undertaken currently. These are not funds that are in the Council's accounts, but a permission to borrow for future emerging risks.

2. Capital Programme Funding updates

The net Capital Programme (after specific funding) 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 outlay (RCCO). Both of which directly impact the revenue budget. The following paragraphs provide updates to these funding sources.

2.1 Capital receipts (including VPN receipts)

For State of the County 2018, Property Services provided an update of capital receipts available to support the Capital Programme. This increased the capital receipts available to £21.8m. This is based on Property Officers' professional judgement and is on a site by site basis. It was noted however that this profile, however, is subject to change should any assets which have been declared surplus have that decision rescinded (i.e. they are 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 e.g. for 99 years at a peppercorn rent).

The latest review sees a shift in the timing of these receipts, this is most notably the result of land issues. It should also be noted that there will need to be an asset rationalisation as a result of moving to the Core Offer. Capital receipts will continue to be reviewed at regular interviews.

Given ongoing revenue pressures capital receipts have been for 2019/20 onwards been re-profiled to (a) provide funding that could support, in the main, short life assets, and (b) to allow a balance to be retained annually in the region of £3.0m-£4.0m to allow for future receipts flexibilities if they are required. This has had the impact of reducing their planned use to £18.3m.

2.2 Non-specific grants

Non-specific grants are estimated to reduce by a net £2.3m. This is a result of a reduction in School Basic Need grant of £7.0m, due to a decrease in the number of school places required. Offset by additional Highways Maintenance grant announced at the autumn budget of £4.7m. There continues to be uncertainty in relation to the £125.5m Government Grants remaining that support the programme, 65% of which remain unconfirmed. These estimates are based on current levels and formula projections.

2.3 Section 106/ Community Infrastructure Levy (CIL)

S106 agreements are being replaced by the 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. A cross department CIL working Group has been set up, which reports to the Capital and Strategic Asset Board, and is overseeing this work for the Council.

A bid for CIL funding has been submitted to Lewes District Council (LDC) for the sum of £1.2m in support of school places at Seahaven. This has been supported by LDC's CIL Executive Board, and will now be recommended for approval at their Full Council on 11 February. This has been reflected in the funding assumptions.

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

The revenue contribution to capital was previously planned at £4m per annum. This has historically been considered a minimum level because it supports investment in short life assets, as borrowing for these assets is not sustainable.

Taking account of the slippage and underspend on the current programme, and the re-profiling of projects, in support of the continued unprecedented pressures on the revenue budget, it is proposed that the revenue contribution to capital for the life of the MTFP (2019/20-2021/22) is removed from the Capital Programme funding.

As noted at 1.4 capital receipts have been re-profiled to support the need not to borrow for short life assets.

2.5 Borrowing

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 on average 46% additional expenditure on highways over and above the grant received by the Council and an additional 53% over and above government grant for school basic need places. At State of the County the borrowing of £85.5m was approved, before any use of the capital risk provision. The four year borrowing requirement from 2019/20 to 2022/23 to support the Capital Programme, as referenced in the Treasury Management Strategy, is £74.6m. Given the strain revenue borrowing incurs, the programme updates are being managed within this agreed level of borrowing which will require an additional draw from reserves of £0.6m (this will be the first call if the programme reduces further in future).

2.6 Summary of Proposed updates to funding

Table 5 below provides a summary of the proposed updates to funding the programme. Overall expenditure has reduced by £14.6m with income reducing by a net £15.2m, and therefore a £0.6m draw from reserves is required as mentioned in 2.5 above.

Table 5 – proposed funding

Funding Source	18/19 £'000	19/20 £'000	20/21 £'000	21/22 £'000	22/23 £'000	Total Remaining £'000
Restricted use						
New Homes Bonus	(1,231)	-	-	-	-	(1,231)
Other departmental revenue contributions	(850)	(850)	(655)	-	-	(2,355)
Contributions from Revenue Reserves set aside	(2,821)	(1,067)	-	-	-	(3,888)
Community Infrastructure Levy	-	(1,200)	-	-	-	(1,200)
Non Specific Grants	(27,149)	(36,504)	(18,016)	(17,413)	(26,413)	(125,495)
VPN Receipts	(620)	(1,503)	(399)	-	-	(2,522)
Flexible use						
Capital Receipts	(2,622)	(4,757)	(4,979)	(2,845)	(3,090)	(18,293)
Capital Reserves	(10,000)	(11,000)	-	-	-	(21,000)
Revenue Contributions	(4,000)	-	-	-	(4,000)	(8,000)
Borrowing (excluding contingency)	(11,026)	(14,181)	(33,898)	(20,387)	(6,058)	(85,550)
Subtotal non-scheme specific	(60,319)	(71,062)	(57,947)	(40,645)	(39,561)	(269,534)

3. Future Programme

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 and afford borrowing.

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.

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.

4. Ongoing work

Work continues to refine and update the Capital Programme through the normal RPPR process. The Children's Services Sub-Board continues to scrutinise the School Basic Need programme at a more granular level with an aim to manage and, where possible, drive down costs further. The CSAB 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 sub board specifically looking at maximising and managing CIL.

5. Conclusion

Taking into account the movements set out above, the proposed 2018-23 Capital Programme is £363.2m gross, funded by £93.6m specific income, giving a net programme to be financed of £269.6m (before contingency of £7.5m) and comprises the current year +4 years.

The detailed 2018-23 Capital Programme is set out in the Financial Budget Summary at Appendix 2.

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Equality Impact Assessment for CAPITAL PROGRAMME 2018/23

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

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

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

The 5 year Capital Programme requires members to have due regard to the Equality Duty contained in Section 149 of the EA as set out above.

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

This means that in setting the Capital Programme, the three equality aims set out above had to be considered as a relevant factor alongside financial constraints and all other relevant considerations. Due to the ongoing financial pressures the Council is facing, the current capital programme focusses on a strategy to deliver core need as efficiently as possible. As agreed, service developments and investment opportunities that are outside core need are required either to be match funded or produce a business case that demonstrates benefits. Approved bids are added to the programme in line with current variation policy and financial regulations. Members must consider the equalities impacts of the agreeing this capital programme. Specifically, Members need to take account of what the potential impacts of spending on this programme rather than other areas will be for the communities in East Sussex. It will be open to Directors and Lead Members at the time of taking those decisions to spend more on one activity and less or none on another.

The EA does not require an equality impact assessment (EIA) to be carried out; however the cases considering the public sector equality duty have held that an EIA is the best way to demonstrate that the equalities impacts have been identified and considered. Where a project which was included in the Capital Programme is likely to have impacts upon equalities, officers have considered

the consequences for those with protected characteristics of that particular project or bid not being included in the Programme up to 2022/23, and have summarised these impacts for Members to consider. Where EIAs have been conducted these will be available as background documents.

	Impact on Protected Characteristics									Comments
	Age	Disability	Ethnicity	Gender & Transgender	Marriage and Civil Partnership	Pregnancy and Maternity	Religion & Belief	Sexual Orientation	No significant relevance to equality	
Adult Social Care										
Greenacres										Funded by NHSE Capital and ESCC will only contribute if there is shortfall.
CORE House Adaptations for Disabled People										
Children's Services										
CORE House Adaptations for Disabled Children's Carers										
Conquest Centre Redevelopment										
Business Services										

	Impact on Protected Characteristics									Comments
	Age	Disability	Ethnicity	Gender & Transgender	Marriage and Civil Partnership	Pregnancy and Maternity	Religion & Belief	Sexual Orientation	No significant relevance to equality	
CORE Schools Basic Need										We have a statutory duty to ensure we have sufficient pupil places across the County meeting the admissions code and distances of travel. If this scheme does not go ahead then there will not be sufficient pupil places across the county and we would be in breach of our statutory duty.
CORE Capital Building Improvements										Building improvements to ensure safety.
CORE Libraries Basic need										Building improvements to ensure safety.
CORE ICT Strategy Implementation										
Communities, Economy & Transport										
A22/A27 Junction Improvement Package										Fully funded by the Local Enterprise Partnership (LEP)
Community Match Fund										Match funding to provide things such as pedestrian crossings

	Impact on Protected Characteristics									Comments
	Age	Disability	Ethnicity	Gender & Transgender	Marriage and Civil Partnership	Pregnancy and Maternity	Religion & Belief	Sexual Orientation	No significant relevance to equality	
CORE Highways Maintenance										Capital funding for structural maintenance will deliver the Asset Management Plan to improve highway condition. Better maintained roads and footways will help to eliminate trip hazards. The Highways Capital maintenance paper outlines the risks of not using Capital funding in this area.
CORE Bridge Strengthening										As above
CORE Street Lighting										As above
CORE Rights of Way										The only parts which are to any extent capital funded are the improvements to surfaces and ramps and the replacement of stiles with gates and gaps, if not funded the lack of improvement will mean that people with the protected characteristics will have poorer access to rights of way.

CAPITAL STRATEGY 2019/20



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Annexe A - Basic need service definitions

The Capital Strategy

1. Introduction & Background

Revision of Chartered Institute of Public Finance and Accountancy (CIPFA) Codes and Ministry of Housing, Communities and Local Government (MHCLG) Guidance

1.1 The framework in which treasury management operates was revised by the MHCLG and CIPFA during 2017/18, with full implementation expected by 2019/20. The changes were largely in response to a growing number of authorities increasing their use of non-financial investments (such as commercial property portfolios) to generate income in response to reducing resources to deliver their core services. The revised codes and guidance sought to increase transparency and to provide a single place to assess the proportionality of this activity in comparison to an authority's core services.

1.2 As part of this update, the Chartered Institute of Public Finance and Accountancy (CIPFA) revised 2017 Prudential and Treasury Management Codes require, for 2019/20, all local authorities to prepare an additional document, a Capital Strategy, which will provide the following:

- a high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
- an overview of how the associated risk is managed;
- the implications for future financial sustainability.

1.3 The purpose of the Capital Strategy is to drive the authority's capital investment ambition whilst also ensuring appropriate capital expenditure, capital financing and treasury management in the context of the sustainable, long-term delivery of services.

1.4 The aim of this Capital Strategy is to ensure that all elected members on the full council fully understand the overall long-term policy objectives and resulting Capital Strategy requirements, governance procedures and risk appetite.

1.5 This Capital Strategy is reported separately from the Treasury Management Strategy. This ensures the separation of the core treasury function under security, liquidity and yield principles, and the policy and commercialism investments usually driven by expenditure on an asset. The Capital Strategy will show:

- The corporate governance arrangements for these types of activities;
- Any service objectives relating to the investments;
- The expected income, costs and resulting contribution;
- The debt related to the activity and the associated interest costs;
- The payback period (MRP policy);
- For non-loan type investments, the cost against the current market value;
- The risks associated with each activity.

1.6 Where a physical asset is being bought, details of market research, advisers used, (and their monitoring), ongoing costs, investment requirements and any credit information will be disclosed, including the ability to sell the asset and realise the investment cash.

1.7 Where the Council has borrowed to fund any non-treasury investment, there should also be an explanation of why borrowing was required and why the MHCLG Investment Guidance and CIPFA Prudential Code have not been adhered to. If any non-treasury investment sustains a loss during the final accounts and audit process, the strategy and revenue implications will be reported through the same procedure as the Capital Strategy.

1.7 Guidance issued by Link Asset Services, our Treasury Management Advisors, summarises the requirements issued by CIPFA within the code. It is expected that the Capital Strategy will:

- Apply a long-term approach: 20-30 years;
- Explore external influence on Capital Strategy e.g. Local Enterprise Partnership;
- Examine Commercial activity/ambition;
- Determine implications of Investment Strategy;
- Ensure corporate plan priorities drive identified capital investment ambition;
- Examine available resources and capacity to deliver;
- Assess affordability against ambition and address any gap;
- Identify capital financing principles;
- Demonstrate integration with other strategies and plans;
- Produce a 10-year capital investment plan, with actions, timescale, outputs and outcomes;
- Capture risks and mitigating factors;
- Outline governance, monitoring processes and procedures.

1.9 East Sussex meets the requirements of this, with the exception of having a 10-year capital investment plan and the application of a 'significantly longer', long-term approach. It is currently considered that in the current financial climate it is not appropriate to have a 10 year programme. Rather that the programme period should (at least) cover the life of the medium term financial plan. The current programme which runs to 2022/23 does this. This will, however, be reviewed on an annual basis.

1.10 The Code requires that the strategy should form part of 'integrated revenue, capital and balance sheet planning'. For ESCC the Capital Programme has always been considered annually as part of the Reconciling Policy, Performance and Resources (RPPR) process, and this document provides a formal Capital Strategy for approval, which will be reviewed on an ongoing basis. In 2019/20, there will be further development of the strategy in line with the revised code.

2. The Capital Programme

2.1 Expenditure can be defined as capital expenditure when it results in the acquisition, construction or enhancement of an asset (e.g. land, buildings, roads, plant and equipment), that continues to benefit the Council for a period of more than one financial year. At East Sussex County Council (ESCC), projects can be capitalised if they meet the definition of capital expenditure and are over the current approved de minimus of £20,000. Any item below this limit is charged to revenue.

2.2 The Prudential Code requires that authorities demonstrate that they take capital expenditure and investment decisions in line with services objectives and have proper stewardship arrangements, provide value for money, are prudent, sustainability and affordability

2.3 ESCC's Capital Strategy defines and outlines the Council's approach to capital investment and is fundamental to the Council's financial planning processes. It aims to ensure that:

- capital expenditure contributes to the achievement of the Council's strategic priorities;
- an affordable and sustainable capital programme is delivered;
- use of resources and value for money is maximised;

- a clear framework for making capital expenditure decisions is provided;
- a corporate approach to generating capital resources is established;
- access to sufficient long term assets to provide services are acquired and retained.

2.4 The Council's Capital Programme continues to focus on areas of core need relating to statutory or legislative requirements or that are cost neutral to the Council or enable access to further funds. Whilst each of the Capital Programmes represents core need, they also support and align to the Council's priority outcomes. Supporting narrative for each area can be found at Annex A. The areas of essential basic need are currently defined as:

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

2.5 In addition to core need, there are a number of other areas of need that are assumed to be fully funded by respective funding sources; examples of these are the Local Enterprise Partnership and the Economic Intervention Fund.

2.6 A summary of the Capital Programme at February 2019 is set out in the table below:

CAPITAL CORE PROGRAMME GROSS 2018-23	18/19	19/20	20/21	21/22	22/23	Total Revised Programme
	£'000	£'000	£'000	£'000	£'000	£'000
ASC - House Adaptations	5	193	989	400	400	1,987
Schools Basic Need	16,032	26,627	7,919	8,177	9,936	68,691
Capital Building Improvements	8,209	6,108	10,180	8,144	8,144	40,785
Libraries Basic Need	366	405	778	169	526	2,244
IT & Digital Strategy Implementation	2,472	4,480	3,794	2,305	2,550	15,601
House Adaptations for Disabled Children's Carers Homes	145	84	196	140	140	705
Highways Structural Maintenance	23,071	23,067	18,476	17,850	12,946	95,410
Bridge Assessment Strengthening	1,285	1,300	1,300	1,285	1,260	6,430
Street Lighting and Traffic Signals - life expired equipment	1,335	1,019	854	680	623	4,511
Rights of Way Surface Repairs and Bridge Replacement Programme	410	430	430	430	430	2,130
Other projects (from previous capital programme)	21,198	28,588	26,590	5,418	6,015	87,809
LEP projects	17,421	10,806	8,634	-	-	36,861
Total	91,949	103,107	80,140	44,998	42,970	363,164

2.7 As part of annual budget setting departments have taken the opportunity to re-profile their programmes and projects to reflect the best knowledge they hold to date. As a result, £15.5m has been re-profiled into 2019/20, with slippage from 2018/19 and as well as spend in advance from future years mainly on Schools Basic Need and Highways Structural Maintenance. With total expenditure in 2019/20 provisionally set at £122.6m, it has been recognised that there is a risk of further slippage in the programme, particularly with reference to the level of slippage experienced in prior years. To mitigate this risk, an adjustment has been applied to projects considered at risk of slippage - on the basis of; projects with an assessed high risk of slippage reduced by 40% in year; and projects with an assessed medium risk of slippage reduced by 25% in year (the assessment was based on value, historic issues and slippage). This has moved £19.5m of expenditure, from 2019/20 into 2020/21 and work continues to re-profile this over future years as the future programme is developed. This gives a revised 2019/20 gross Capital Programme of £103.1m.

3. Capital Programme Funding

3.1 ESCC's Capital Programme is funded from a range of sources including:

- **Prudential Borrowing** – The introduction of the Prudential Code in 2004 allowed the Council to undertake unsupported borrowing itself. This borrowing is subject to the requirements of the Prudential Code for Capital Expenditure for Local Authorities. This has revenue implications for the Council in the form of financing costs.
- **External Grants** – mainly grant allocations from central government departments including the Department for Education and the Department for Transport.
- **S106, Community Infrastructure Levy (CIL) and external contributions** – some projects within the Capital Programme are funded by contributions from private sector developers and partners. With the move from S106 to CIL, and the individual bidding processes of districts and boroughs, there is a risk that income to the Council from this source is reduced.
- **Revenue Funding** – The Council can use revenue resources to fund capital projects, where these have been approved. For the period 2019-22 there is no planned revenue contribution to capital outlay.
- **Capital Receipts** – The Council can generate capital receipts through the sale of surplus assets such as land and buildings. The Council seeks to maximise the level of these resources which will be available to support the Council's plans.
- **Capital Reserve** – When the 2018-23 programme was created, funding of £21m was set aside to support the 2018-23 programme.
- **New Homes Bonus** – This is currently used to support the capital programme in 2018/19.

3.2 The application of these funding sources to capital expenditure incurred during the year will be in the following order:

- Scheme specific income e.g. specific grants, s106 contributions
- Revenue funding, including the New Homes Bonus
- Capital reserve (if budgeted to be used in year)
- Non-specific grants
- Capital receipts
- Borrowing

3.3 The funding of the current Capital Programme is set out in the table below:

Funding Source	18/19 £'000	19/20 £'000	20/21 £'000	21/22 £'000	22/23 £'000	Total Remaining £'000
Scheme specific funding	(31,630)	(32,045)	(22,193)	(4,353)	(3,409)	(93,630)
Restricted use						
New Homes Bonus	(1,231)	-	-	-	-	(1,231)
Other departmental revenue contributions	(850)	(850)	(655)	-	-	(2,355)
Contributions from Revenue Reserves set aside	(2,821)	(1,067)	-	-	-	(3,888)
Community Infrastructure Levy	-	(1,200)	-	-	-	(1,200)
Non Specific Grants	(27,149)	(36,504)	(18,016)	(17,413)	(26,413)	(125,495)
VPN Receipts	(620)	(1,503)	(399)	-	-	(2,522)
Flexible use						
Capital Receipts	(2,622)	(4,757)	(4,979)	(2,845)	(3,090)	(18,293)
Capital Reserves	(10,000)	(11,000)	-	-	-	(21,000)
Revenue Contributions	(4,000)	-	-	-	(4,000)	(8,000)
Borrowing (excluding contingency)	(11,026)	(14,181)	(33,898)	(20,387)	(6,058)	(85,550)
Subtotal non-scheme specific	(60,319)	(71,062)	(57,947)	(40,645)	(39,561)	(269,534)
Total funding	(91,949)	(103,107)	(80,140)	(44,998)	(42,970)	(363,164)

3.4 ESCC has a strategy of repaying debt and reducing its borrowing. Further savings from postponing the requirement to secure external borrowing with the effect of delaying the impact of debt servicing costs will, where possible, be used to reduce borrowing.

3.5 The Capital Strategy is reported separately from the Treasury Management Strategy Statement; non-treasury investments will be reported through the former. This ensures the separation of the core treasury function under security, liquidity and yield principles, and the policy and commercialism investments usually driven by expenditure on an asset.

4. Governance Arrangements

4.1 The Council's constitution and financial regulations govern the capital programme as set out below:

- All capital expenditure must be carried out in accordance with the financial regulations and the Council's constitution;
- Capital expenditure must comply with the statutory definition of capital purposes as defined within this document and wider financial standards;
- The Capital Programme approved by Full Council as part of the Council's annual budget report sets the capital funding availability for the Council and the prioritisation of funding. This is updated and approved by Full Council as part of the Council's State of the County report;
- All schemes are formally approved into the capital programme by following the process set out in the financial regulations;
- Projects will usually only be added to, or removed from, the Capital programme as part of the annual budget setting process or as part of State of the County. Any request outside of this processes would have to be approved by Cabinet;
- Officers are not authorised to commit expenditure without prior formal approval as set out in the financial regulations;
- Each scheme must be under the control of a responsible person/project manager.

4.2 The Council has a Capital Strategic Asset Board, a cross-departmental group consisting of members from each service department, finance, property and procurement. This Board oversees the development and delivery of the Council's capital programme.

4.3 Departmental Capital Boards exist for the school basic need programme and related projects, Communities, Economy and Transport and Information, Technology and Digital.

4.4 In year, the Capital Programme is monitored and reported to the Corporate Management Team and then to Cabinet and Full Council, on a quarterly basis, as part of the Council's RPPR monitoring.

5. Strategic Management of assets and opportunities

5.1 The Capital Strategy links in with other Council Strategies and Programmes, including:

- Treasury Management Strategy
- Property Asset and Disposal Investment Strategy
- SPACES Programme
- Commercialisation Strategy
- Local Enterprise Partnerships

Further information about these is set out below.

5.2 Treasury Management Strategy

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

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

5.3 Property Asset and Disposal Investment Strategy

5.3.1 The key purpose of the Strategy is to deliver an ongoing net income stream to the Council with investment defined as allocating money in the expectation of some benefit in the future. This covers investment in legal interests in land or property assets which enable income streams, and which may include those arising through development opportunities.

5.3.2 The approved Strategy seeks to address key priorities that i) support the Council's financial resilience in the longer term, ii) support the Council in continuing to deliver its essential services to residents, and iii) act as a catalyst for improved economic outcomes for the County.

5.3.3 Aligned to these key priorities are several themes around optimising the current estate portfolio, challenging service utilisation, defining growth or locality based strategies, joining up public service delivery, managing a corporate landlord model, and integration of asset management activities with wider regeneration agendas.

5.3.4 The strategy looks at a combination of investment and development opportunities, with the Council making investments alone or in partnership with either authorities in their local administrative area or with a third party.

5.3.5 The emphasis remains on the optimisation of ESCC's existing asset base and a cautious approach to direct property investment for commercial return, which is identified as a distinct and separate second phase.

5.3.6 Investment schemes within this category will help to generate income and increase the diversification of the property asset base and expected to be self-funding through approved business cases.

5.3.7 Appropriate Governance arrangements are detailed in the Property Asset and Disposal Investment Strategy, with differentiation recognising the existing delegated powers held by the Chief Operating Officer and Chief Property Officer, and the proposal to establish an Asset Investment Board (AIB) to provide appropriate due diligence evaluation to any proposals for investment or disposal.

5.3.8 Officers in Property and Finance will provide advice on each proposal coming forward to the relevant decision making party. This advice will include how each investment proposal could be taken forward, including a consideration of the risks, how the opportunity is structured and financed. All investments will require a robust business case to ensure that the investment is affordable, sustainable and provides value for money. The governance

process will be subject to periodic review to ensure that it is fit for purpose and supports the achievement of the desired outcomes for the strategy.

5.3.9 All decisions (by Chief Operating Officer, Chief Property Officer or by the Asset Investment Board), and the performance of investments will be subject to monitoring by the Audit Committee.

5.4 SPACES

5.4.1 The SPACES Programme is a well-established multi organisation partnership that has been delivering property and land co-location and collaboration projects across East Sussex and Brighton & Hove since 2011.

5.4.2 The partnership continues to evolve through both the engagement of additional organisations, notably in the Health and Education Sectors and recognition of where partner strategies align or complement each other and finding ways to work together creatively to meet these. The maturity of the partnership increases year on year and change readiness has improved to enable partners to look at more challenging projects.

5.4.3 The Partnership is working closely with the One Public Estate agenda, managed through the Local Government Association, with bids submitted for revenue support for a variety of collaborative capital projects and opportunities that will be supporting the County Councils' wider objectives.

5.5 Commercial Strategy

5.5.1 The Council's commercial strategy provides the framework and template for the Council's approach to considering the commercial opportunities that exist, or can be created, in order to drive value for residents and businesses.

5.5.2 The purpose of the strategy is to bring into one place our approach and signpost the numerous strategies and activities that have commercial principles and approaches in inherent in their focus or delivery.

5.5.3 For the Council, commercialisation is the use of innovative and entrepreneurial practices in pursuit of corporate objectives, to deliver a return. It is about 'driving value for residents and businesses in everything we do'.

5.5.4 The Council wants to deliver, fund and manage services in ways that promote value for money and deliver the best outcomes for our local residents, communities and businesses. It is important to us that our commercial ventures are focused on helping us to achieve our strategic priorities and deliver wider benefits to our residents, businesses and local communities, beyond purely a commercial return. Commercialisation will provide the framework, tools and ethos to enable the Council to achieve this and improve how it delivers services in the future.

5.6 Local Enterprise Partnerships

5.6.1 In March 2014, the South East Local Enterprise Partnerships (SE LEP), which comprises businesses, local authorities and education leaders across East Sussex, Essex, Kent, Medway, Southend and Thurrock, submitted their proposals to Government for a Growth Deal to drive economic expansion in the area over the 6 years up to 2021. Within this was a specific growth plan for East Sussex focussed around its three growth corridors – Newhaven, A22/A27 Eastbourne/South Wealden and the A21/A259 Bexhill/Hastings Growth Corridor.

5.6.2 The SE LEP's initial Growth Deal was agreed in July 2014 with an additional Growth Deal agreed in February 2015. Within East Sussex, over £70m of Local Growth Fund (LGF) money has been secured to date towards economic growth and infrastructure projects. In January 2017, the Government announced the outcome of the third round of Growth Deal submissions with the County Council securing a further £13.2m allocated to two major projects.

6. Risk Appetite

6.1 The Council seeks to minimise its exposure to risks that are unwanted and unrewarded. Capital is managed centrally on an ongoing basis to ensure that there is sufficient liquidity in the short and medium term to meet costs and support front line services, as well as meeting long-term solvency and funding requirements.

6.2 The Council is exposed to a range of risks including:

- Financial risks related to the investment of the Council's assets and cash flow, market volatility, currency etc.
- Macroeconomic risks related to the growth or decline of the local economy,
- interest rates, inflation and to a lesser degree, the wider national and global
- Credit and counterparty risks related to investments, loans to institutions
- and individuals and counterparties in business transactions.
- Operational risks related to operational exposures within its organisation, its
- counterparties, partners and commercial interests
- Strategic risks related to key initiatives undertaken by the Council such as
- significant purchases, new ventures, commercial interests and other areas of
- organisational change deemed necessary to help the Council meet its goals.
- Reputational risks related to the Council's dealings and interests, and the
- impact of adverse outcomes on the Council's reputation and public
- perception.
- Environmental and social risks related to the environmental and social
- impact of the Council's strategy and interests.
- Governance risks related to ensuring that prudence and careful consideration
- sit at the heart of the Council's decision-making, augmented by quality independent advice and appropriate checks and balances that balance oversight and efficiency.

6.3 Managing the Council's risks is an area of significant focus for senior management and members, and the Council adopts an integrated view to the management and qualitative assessment of risk.

6.4 The Council aims to minimise its exposure to unwanted risks – those risks that are not actively sought and which carry no commensurate reward for the Council – through a range of mitigation strategies to the extent that it is cost-effective to do so.

7 Skills and Knowledge

7.1 The Capital Programme and Treasury Management Strategy are managed by a team of professionally qualified accountants with extensive Local Government Finance experience, who attend courses on a regular basis to keep abreast of new developments. The Council's Section 151 Officer is the officer with overall responsibility for Capital and Treasury activities and is also a qualified accountant.

8 Further development of the Capital Strategy

8.1 Work will continue throughout 2019/20 to refine and develop the Council's Capital Strategy beyond 2022/23 within the context of the ongoing financial challenge.

Areas of Core Need

1. Highways Programme

1.1 Maintenance of public highways and public rights of way across the county is a statutory requirement of the County Council under the Highways Act. ESCC has very clear obligations to maintain the public highway, and, therefore, without an adequate supporting capital maintenance budget the pressure on revenue budgets will undoubtedly increase and the Council will be at greater risk of third party claims for damages.

1.2 Road condition, and the ability to prevent the formation of potholes, has long been a priority for Members, and, in recent years, the focus of the Capital Maintenance Programme has been to improve the overall condition of the carriageway through programmes of preventative patching and carriageway resurfacing. The increase in capital investment from historical levels has now contained that rate of deterioration.

1.3 In 2013, Cabinet agreed that a level of capital maintenance of £15m per annum (at today's prices) would be required, over 10 years, in order to maintain the roads in a condition that reflected the Council's priorities, to stem the rate of deterioration and to maintain the current condition of the county's roads.

2. Schools Basic Need Programme

2.1 Ensuring the provision of sufficient school places is a statutory duty of the Council and needs to be funded. The requirement for school places in East Sussex is driven by housing growth, inward migration and increases in births.

2.2 To date, additional places have been provided in primary schools but the children in primary schools will need secondary school places as they move through the school system. In the period beyond 2018/19, ongoing primary school place pressure is expected in a number of areas due to major housing plans.

2.3 At secondary school level, higher intakes are expected from 2017/18 reflecting the earlier growth in primary schools coming through. There is some capacity in the secondary school estate to take the initial increase in numbers but there will be a requirement for additional school places in the secondary school estate from 2018/19.

2.4 There are a limited number of primary school places needed but these are mostly for new housing and have some S106 funding. There is significant pressure on special schools as the number of pupils with specialist needs is increasing. The provision of school places can be broken down into three programme areas primary, secondary and special schools.

2.5 The costs currently shown within the Programme do not include any land costs and are based on high level benchmark figures and, as such, work needs to be undertaken to validate and refine the costs for each school over the next 6-9 months. This will provide more accurate cash flows, greater cost certainty, clarity of the issues and the programme to achieve the required completion of works.

2.6 There are a number of issues to be considered as a result of the need to drive down costs including school expansions will not provide for reorganisation of the school, resolution of historical issues or additional scope above the basic need requirement that will be to a baseline specification.

2.7 Whilst the costs can be driven down, the impact of the Education White Paper and

academisation need to be noted. As schools convert to academies, they cannot be directed to expand and are likely to object to the scope of works prior to agreeing expansion, leading to potential increased costs. As schools become academies, they will transfer from being a Council asset (subject to a 125 year lease) to the private sector; incurring a cost to the Council for no additional value.

2.8 A Free Schools Strategy has been developed that will reduce the costs to the Council of new schools. Free schools are being considered as there are a number of new build schools with land in all three of the programmes that could be pushed forward. Free schools are funded by the Education Funding Agency and, as such, will reduce the funding requirement of the Council. Whilst the grant for schools may be reduced as a result of the provision of a free school, as the programme is significantly underfunded, it will help to reduce the funding gap and be beneficial to the Council.

3. ICT Strategy Programme

3.1 The business has a fundamental dependency on a basic level of foundation infrastructure in order to be able to function. A substantive proportion of the ICT Strategic Investment bid is for operational activity, essential to keep working the foundation services that support the rest of the organisation.

3.2 Continued investment in provisioning operational services keeps the Council's technology tools up to date and working, to ensure that as an organisation, contractual support obligations are maintained and ESCC remains secure, resilient and compliant.

3.3 In order to stay ahead of business user expectation, investment in developing current systems is similarly fundamental. Failure to keep pace with technological evolution will, in the short-term, paralyse the infrastructure, rendering it out of step with the organisation. The current development activity will become the future operational activity. Failure to build upon the technology investments already made will leave the Council ill-prepared for the future, compromising the ability of the infrastructure to support the business in achieving its goals, making it difficult to share business information securely with partners and access it more flexibly across traditional boundaries. Lack of foundation IT growth will inhibit other parts of the organisation from growing and transforming.

4. Property Building Maintenance Programme

4.1 The funding for maintenance covers schools and non-schools. For schools, the level of budget has been set at the level of the grant although this is lower than the level of funding needed to meet the condition backlog. The funding level is higher than in previous years when the capital grant was used for non-schools. This grant should now be used for schools or it will be at risk of reduction by the Department for Education in future years. In addition, the funding is insufficient for the total backlog of the non-schools estate and expenditure will be focused on the health and safety and critical works only. The risk of this is that as the estate deteriorates, there will be a funding pressure in the future due to not replacing items until they are life expired rather than through a programme of preventative works.

4.2 For non-schools, the corporate buildings costs include work related to legislation, statutory requirement, health and safety and urgent repair works. The money spent on capital will avoid higher running costs helping to reduce the cost of occupancy of corporate buildings.

4.3 Each year, the condition backlog will be reviewed again as condition surveys are updated (buildings come into and go out of the portfolio), new legislation is introduced and

further essential requirements are identified. The figures that will be subject to change are those at the end of the programme (2021/22 and 2022/23).

5. Adults Social Care (ASC) and Children's Services Department (CSD) House Adaptations

5.1 For ASC and CSD, the only programme (other than school places) that will currently need funding from the 2018/19 to 2022/23 Programme is the housing adaptations programme. Although this is not a statutory duty, this investment enables individuals' assessed needs to be met whilst maintaining independence in their own homes (a key strategic objective), thereby reducing the potential for more costly revenue placements in specialist accommodation.

5.2 This allocation also enables close partnership working with the Borough and District Councils and access to Disabled Facilities Grants. As part of the development of the East Sussex Housing and Accommodation Strategy (including Borough and District Councils and Clinical Commissioning Groups) there may be a requirement for additional capital investment, which will be supported by a full business case.

6. Libraries

6.1 As part of 2018/19 budget setting, it was agreed at Cabinet that Libraries would form part of the basic need capital programme to maintain a certain level of service standards.

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Reserves and Budget Robustness Statement

1.0 Reserves

- 1.1 The Council's approach to the management and accounting for earmarked reserves is set out in the Reserve Strategy adopted by the Cabinet in June 2017. The Reserves have been reviewed using the principles set out in the Policy ensuring that they are reflective of the Council's strategic agenda and the current financial risks and issues the Council faces through the medium term.
- 1.2 It is crucial to bear in mind that the reserves are the only source of financing to which ESCC has access to fund risks and one-off pressures over a number of years. If ESCC minimises the level of reserves too significantly there is a risk that in future, the ability to properly manage unforeseen or one off costs will be significantly hampered. Reserves can only be spent once and the possibility of creating new reserves in an era where budgets are tight and can become overspent, not just individually but corporately, is increasingly limited.
- 1.3 Reserves are a key element of the Council's financial management arrangements. Reserves can be broadly categorised as follows:
- **General Fund Balance** - a working balance to manage in-year risks if they cannot be managed via other mitigations. It is best practice for a well-run authority to hold such a balance to assist in delivering services over a period longer than one financial year.
 - **Earmarked Reserves** - funds that are held to meet known or anticipated future one-off requirements, facilitating transformation and the management and mitigation of future financial risk and uncertainty.
- The external audit undertaken by KPMG in June/July 2018 did not highlight any concerns about the level of general fund balance and reserves held by this authority.
- 1.4 ESCC General Fund Balance and Earmarked Reserves are estimated to total £93.2m as at 1st April 2019: an estimated reduction of £16.1m against the actual reserves at 1st April 2018 totalling £109.3m. Movements are:
- Estimated reduction of £6.5m in statutorily ringfenced reserves: mainly due to planned use of £4.1m from Public Health and £2.3m from On Street Car Parking.
 - Planned use of £10.0m from the Capital Programme Reserve in 2019/20 (para 1.8).
 - There has been a net nil movement of £1.1m between the Insurance Reserve and strategic reserves (para 1.8) for the outcome of actuarial review. Together with a £0.6m transfer from insurance provision to strategic reserves.
 - Other net use of strategic reserves totalling £0.2m.
- 1.5 The estimated balance at 31st March 2023 is now £65.2m with use extending beyond the term of the current MTFP period. Of this £26.5m relates to available strategic reserves: this position represents the known planned use for these reserves. The current reserves position is summarised in the table below.

Table 1: Summary of Reserves

	At State of the County July 2018 (£m)		Full Council February 2019 (£m)	
	01.04.18 Actual	Estimated Balance at 31.03.22	01.04.19 Estimate	Estimated Balance at 31.03.23
Earmarked Reserves:				
Held on behalf of others or statutorily ringfenced	24.7	18.0	18.2	15.8
Named Service Reserves				
Waste Reserve	12.8	12.8	12.8	8.6
Capital Programme Reserve	21.0	0.0	11.0	0.0
Insurance Reserve	5.4	5.4	4.3	4.3
Subtotal named service reserves	39.2	18.2	28.1	12.9
Strategic Reserves ¹				
Risk	2.8	4.2	0.0	0.0
Financing	22.8	6.8	0.0	0.0
Financial Management	0.0	0.0	29.7	22.5
Priority Outcomes and Transformation	9.8	3.7	7.2	4.0
Subtotal strategic reserves	35.4	14.7	36.9	26.5
Total Earmarked Reserves	99.3	50.9	83.2	55.2
General Fund Balance	10.0	10.0	10.0	10.0
TOTAL RESERVES	109.3	60.9	93.2	65.2

¹ Following a review of Strategic Reserves, Risk and Financing have now been merged into Financial Management. The Reserves Policy has been updated and is attached at Annex A.

1.6 At 1st April 2019 the estimated Earmarked Reserves are as follows:-

1.7 **Held on behalf of others or statutorily ringfenced** amount to £18.2m – most significantly this comprises £10.7m schools balances which cannot legally be spent on ESCC activities, and ringfenced Public Health Reserve of £3.5m (Public Health grant is ringfenced until 31st March 2020).

1.8 **Named Service Reserves** that are set aside to manage a specific financial risk, amount to £28.1m and comprise of a:-

- Waste Reserve – to manage financial risks relating to the waste contract. These risks are reviewed and managed through this reserve on a 4 year rolling programme; the reserve is shown as reducing to reflect emerging risks, which include but are not limited to reduced recycle prices increasing disposal costs, reduced recycling during collection contractor transition in the next two years, and changes in law/compliance with waste regulations/contractor policy change.
- Capital Programme Reserve – to support the Council's Capital Programme and to reduce the need to borrow and the consequential increase in pressure on revenue budgets. It will reduce to zero over the life of the programme to 2023.
- Insurance Reserve – based on actuarial review of insurance liabilities that have arisen over previous years, this represents the liability that the actuary estimates may become payable in 2019/20 and beyond. The latest report reduces the required funds to £4.3m releasing £1.1m, the balance for provision reducing by a further £0.6m. The reduction has been split between Strategic Reserves: £1.0m to Financial Management and £0.7m to Priority Outcomes and Transformation.

- 1.9 Following review of the **strategic reserves**, and reflecting feedback from the Audit Committee, the policy has been updated to simplify the reserves held, reducing them from three to two. These are as follows:-
- The Priority Outcomes and Transformation reserve – to fund the transformation programme to change, protect and improve Council services.
 - A Financial Management reserve (now combined with the financial risk reserve) – to manage the potential financial consequences of risks recognised in the Council's risk management arrangements and the Chief Finance Officer's (CFO) robustness statement, and to enable the effective management of the medium-term financial strategy and investment strategy.
- 1.10 There has been a movement on the strategic reserves since they were last reported; they are now estimated to be £36.9m at 1st April 2019 (revised from £35.4m at State of the County). The balance at 31st March 2023 of the strategic reserves was estimated to be £14.7m at State of the County and is now estimated at £26.5m. The key movements in these balances are as follows:
- Priority Outcomes and Transformation reserve – a net increase of £0.3m due to the part allocation of £0.7m from the reduced insurance reserve (para 1.8), offset by new allocations of £0.4m.
 - Financial Management reserve (formerly Risk reserve and Financing reserve) – an increase of £11.5m, movements shown in Table 2 below.

Table 2: Movements in Financial Management Reserve

Narrative	Movement
New funding has allowed a contribution to be made to reserves. This will be held to manage MTFP peaks, implementation of the core offer and other unforeseen events.	£4.8m
National Living Wage (NLW) - a provision of £4.7m was set aside to mitigate the pressure arising from NLW in 2018/19 and 2019/20. Once the pay award for 2018/19 was finalised, £1.7m was utilised for that year, with the remaining £3.0m to be fully used in 2019/20. This has left a one-off surplus in 2018/19 of £3.0m.	£3.0m
Estimated outturn position 2018/19	£1.7m
The 2017/18 final position advised by Districts & Boroughs for business rates and collection fund.	£1.4m
A top up from the insurance reserve of £0.4m and transfer of provision balance of £0.6m (per para 1.8).	£1.0m
Contribution to the capital programme	-£0.6m
Total Movement	£11.5m

- 1.11 It is increasingly important to hold sufficient reserves, and the Council's reserves increasingly play a crucial role in the robustness of its financial planning given the uncertainty around future local government funding. It therefore continues to be a priority to, where possible, bolster the Financial Management reserve with any unused contingency, once the final outturn position is known, and other one-off funding.
- 1.12 Additionally it is proposed that, as in previous years, any changes to Business Rates and Collection Fund be managed through reserves. Details of the reserves summarised above can be found in the Budget Book at Appendix 2. The Chief Finance Officer Statement on Budget Robustness follows.

2.0 Chief Finance Officer Statement on the Budget Robustness

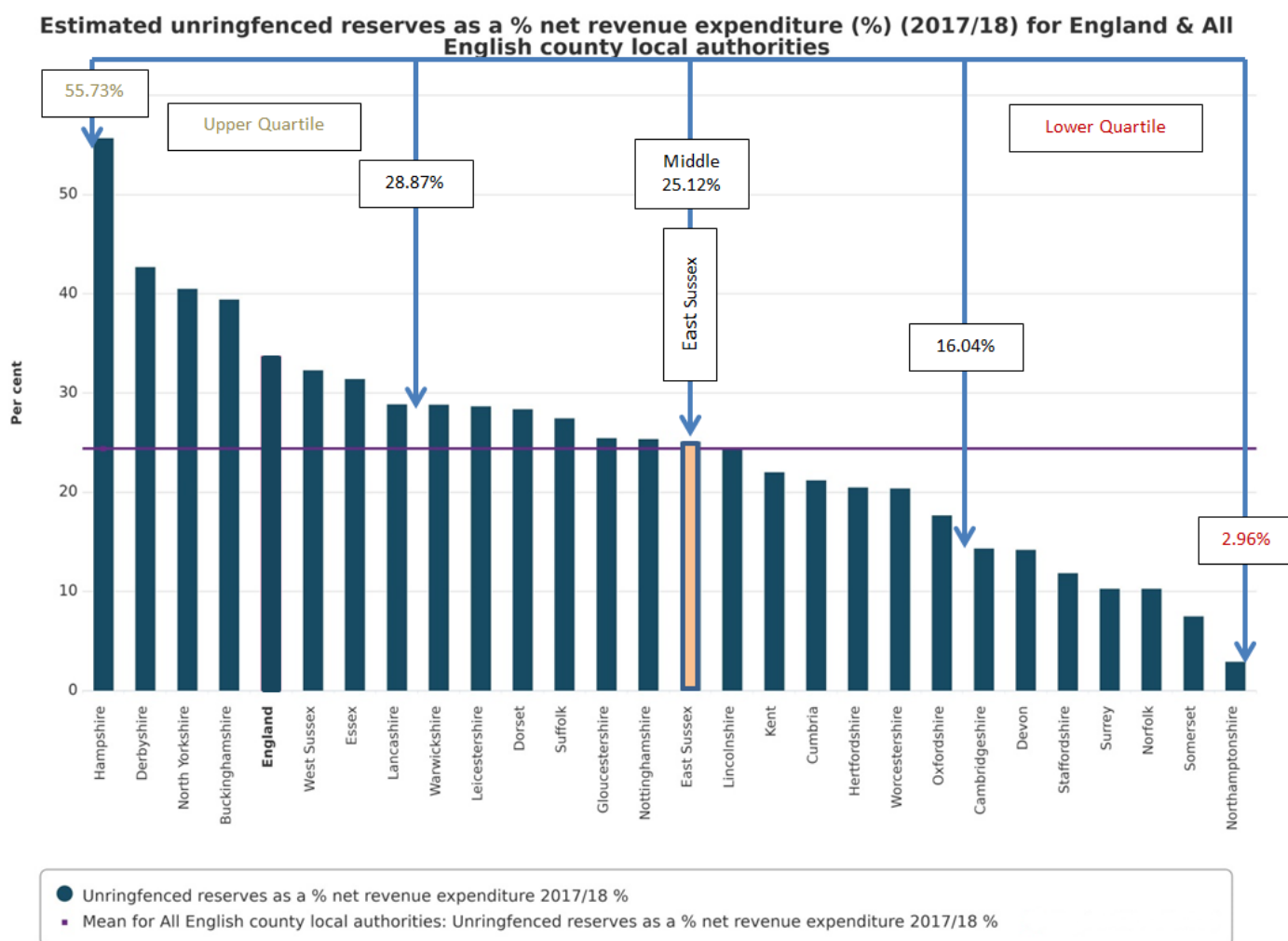
- 2.1 Section 25 of the Local Government Act 2003 places a statutory duty on the Chief Financial Officer (CFO) to review the Medium Term Financial Strategy and comment upon the robustness of the budget and the adequacy of the reserves to be held by the authority when it is making the statutory calculations required to determine its Council Tax or precept. The authority is required to take this report into account when making that decision.
- 2.2 Section 26 of the Local Government Act 2003, places an onus on the CFO to ensure the authority has established a minimum level of reserves to be retained to cover any unforeseen demands that could not be reasonably defined within finalising the proposed budget.

3.0 Report of the Chief Financial Officer on the robustness of the 2019/20 budget proposal.

- 3.1 It is the opinion of the CFO that the draft budget for 2019/20 is based upon a sound financial strategy that will enable the Council to deliver its proposed Council Plan successfully.
- 3.2 Both the Revenue Budget and Capital Programme have been formulated having regard to a number of factors including funding availability; risks and uncertainties; inflation; priorities; demography and service pressures. The development of the Core Offer, although not specifically about setting a balanced budget, has enabled the Council to engage nationally and locally with Government Ministers, MPs and local partners and stakeholders to set out what level of services the residents of East Sussex should expect from a well-run, financially sound authority.
- 3.3 As the development of the Council Plan and budget for 2019/20 has progressed, the position has been subject to reviews with Chief Officers, other officers and Members, including Cabinet and Scrutiny Committees. Due consideration has also been given to reconciling the over-arching financial strategy with corporate priorities and hence all the proposals have been developed as an integral part of service planning (the process known as Reconciling Policy, Performance and Resources).
- 3.4 The 2019/20 budget is balanced and, in finalising the draft budget, consideration has been given to unforeseen issues that could arise during the year and ensuring that those risks can be managed. The strategic risk register has been reviewed and an analysis of ESCC's financial position in the current year has been carried out, to identify direct impacts and risks that are inherent within the 2019/20 budget. Notwithstanding that the draft budget for 2019/20 is balanced, there are significant risks to the budget, arising from the continued growth in social care and other service pressures together with the work required to progress towards the Core Offer. The Core Offer is not about setting a balanced budget, more about what agreed service level can be delivered; it has allowed engagement both locally and nationally on what the financial pressures on local authorities will mean. The County Council holds a general contingency of £3.5m to cushion the impact of unexpected events and emergencies in year (within the base revenue budget). Additionally there is a sum (agreed at State of the County) for potential additional borrowing for the capital programme of £7.5m.
- 3.5 Increasing the Council Tax will provide a more sustainable and increased income to the Council which will help to protect services. Implementing the 2.99% precept will support and help protect services that are already under significant pressure.

- 3.6 The **Adequacy of Earmarked Reserves** has been reviewed and is considered reasonable. The approach remains to take every opportunity to increase reserves to help future proof Council services during this time of financial uncertainty and given a spike in pressures in 2020/21. The strategic reserves of £26.5m remain available for smoothing the MTFP and mitigating any delayed achievement of savings, the core offer and any unforeseen events arising. In support of this consideration, graph 1 below shows the LGA's analysis of unringfenced reserves as a % of net revenue expenditure in 2017/18. This shows the Council to be placed at 14th out of the 27 shire counties, with reserves at 25.1% of net revenue expenditure. Even after applying estimated use in 2018/19 this would still see the county at 25.8% of net revenue expenditure.

Graph 1: Unringfenced Reserves as a % of Net Revenue Expenditure 2017/18

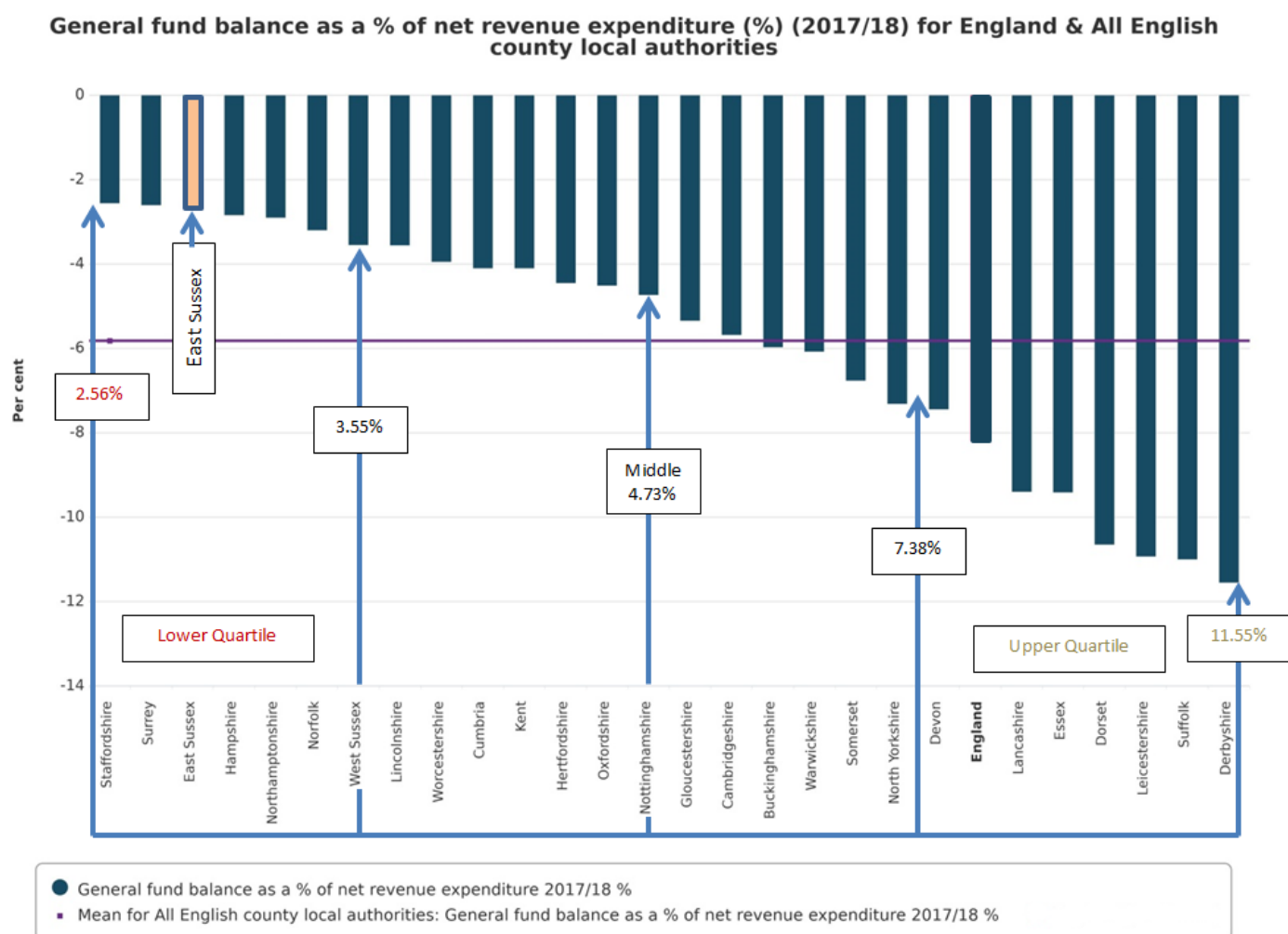


Source:
Local Government Association

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- 3.7 For the **General Fund Balance** there are two main approaches taken by Councils to determine their required minimum level: either by a straight percentage of the Council's current spending: or an assessment of risks and the impact identified risks will have on the Council's overall financial position. The Local Government Association has provided some benchmarking data which shows that in 2017/18, the Council was ranked 25th out of the 27 shire counties in terms of general fund balance as a % of net revenue expenditure, see Graph 2 below.

Graph 2: General Fund Balance as a % of Net Revenue Expenditure 2017/18



Source:
Local Government Association

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- 3.8 The challenge is to maintain an appropriate level of reserves, whilst also mitigating the pressures faced within the MTFP.
- 3.9 A risk-based assessment of issues, which could have a major impact on the Council's finances, provides a more flexible and responsive approach that better reflects the continuously changing environment within which Local Government has to work. This approach will take into account the type of risk, the potential magnitude of the financial risk and a judgement as to how likely the issue is to arise. Table 3 below identifies a number of the high level risks that may have financial implications, which assist in determining the required minimum level of General Fund Balance to be retained.

Table 3: Financial Assessment of 2019/20 Risks

Risk	Potential magnitude	Estimate of potential impact	Magnitude
			£m
Growing demand for services is already impacting on service budgets particularly in Children's Services (CSD) and Adult Social Care (ASC). Service departments are forecasting a £5.0m overspend in 2018/19 [Q2.5 position].	ASC 2019/20 budget £171.3m. CSD SEND budget for 2019/20 £9.2m.	2% increased unfunded demand	3.6
Risk that inflation on utilities and other areas where budgets were not uplifted for inflation become unmanageable within budget allocations.	Total utilities and other budget 2019/20 circa £78m.	3% increase in current provision.	2.3
Delivery of the core offer is complex and plans still to be finalised. Therefore a risk exists that it will not be possible to make the planned service changes within the timeframe required.	Impact of moving to core offer is £5.1m.	20% non-achievement	1.0
Non achievement of Fees & Charges targets built into the revenue budget, due to the continuing economic climate.	Planned Fees & Charges for 2019/20 is £62.5m.	Underachievement provision of 5%	3.1
Business Rate Revaluation and forecasting risk significantly increases risk of inaccurate forecasts.	Reduction in anticipated revenue from Business rates local share of £39.1m.	Rates collected reduces by 5%	2.0
Changes in historic weather patterns may be being the potential for adverse weather conditions which may present the Council with additional unfunded costs. The impact of weather as opposed to additional prevention cannot be quantified.	Historic winter maintenance spend is circa £1.1m.	10% increase in costs due to adverse weather	0.1
Impact of Brexit:			
Inflation	Inflation provided in MTFP £10.8m.	5% increase in current provision	0.5
Infrastructure (e.g. transportation links; emergency planning)	£72.0m estimated highways infrastructure expenditure 2019/20 to 2022/23	2% additional cost	1.4
Unexpected Costs (e.g. additional trading standards officers; waste collection; service delivery etc.)	Estimated net budget for ESCC in 2019/20 is £375.1m.	1% increase in costs	3.8

3.10 Taking everything into account, the General Fund Balance of £10.0m, is sufficient based on professional judgement which, given the level of risks, is a minimum general balance and remains lower proportionately than a lot of other authorities. This is considered adequate on the basis that the budget balances for 2019/20 and that, in addition, as noted at 3.4, an in-year contingency is held.

3.11 The MTFP provides an estimated position for the next three years, shown at Table 4.

Table 4: MTFP Position

	2019/20	2020/21	2021/22
Estimated Annual Deficit / (Surplus) - non cumulative	£0.000m	£11.879m	£2.180m
Estimated Annual Deficit / (Surplus) - cumulative	£0.000m	£11.879m	£14.059m

3.12 We are balancing the budget for 2019/20, and although there are challenges and significant levels of uncertainty, the Council has a robust planning process and sufficient reserves, and will continue to strive towards a balanced position in 2020/21.

3.13 For future years work will continue to identify savings in a number of areas including the cost of operations and financing. In addition the effects of a number of national funding decisions will impact on the financial position. These are significant areas of change that currently are not fully understood and cannot be fully quantified but will have potential significant financial impact, and include:-

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

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

3.15 In addition to all these areas of uncertainty, the effects of Brexit on the economy of the country, the duties the Government expects us to carry out and the workforce available to both the Council and the service providers on whom we rely, particularly in the Care Sector, remain unclear. It will be an additional factor that we need to take into account as the details of any deal and the practical realities begin to emerge.

Reserves and Balances Policy

1.0 Background

This policy sets out the Council's approach to reserves and balances. The policy has regard to LAAP Bulletin 77 "Local Authority Reserves and Balances", issued in November 2008.

- 1.1 In reviewing medium-term financial plans and preparing annual budgets, the Council will consider the establishment and maintenance of reserves for the general fund. The nature and level of reserves will be determined formally by the Council, informed by the judgement and advice of the Chief Finance Officer (CFO).

2.0 Types of Reserve

The Council will maintain the following reserves:

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

- 2.1 Earmarked reserves will be maintained as follows:

- priority outcomes and transformation reserve: to fund the transformation programme to change, protect and improve Council services;
- financial management reserve: to manage the potential financial consequences of risks recognised in the Council's risk management arrangements and the CFO's robustness statement, and to enable the effective management of the medium-term financial strategy and investment strategy.
- named service reserves will be held specifically for the capital programme, waste contract risk and insurance risk.
- other reserves will be held on behalf of others (e.g. Schools) and/or statutorily ring-fenced (e.g. Public Health).

- 2.2 The Council will also maintain a number of other reserves that arise out of the interaction between legislation and proper accounting practices. These reserves, which are not resource-backed, are for accounting purposes and will be specified in the annual Statement of Accounts.

3.0 Principles to assess the adequacy of reserves

The CFO will advise the Council on the adequacy of reserves. In considering the general reserve, the CFO will have regard to:

- the strategic financial context within which the Council will be operating through the medium-term;
- the overall effectiveness of governance arrangements and the system of internal control;
- the robustness of the financial planning and budget-setting process;
- the effectiveness of the budget monitoring and management process

- 3.1 Having had regard to these matters, the CFO will advise the Council on the monetary value of the required general reserve.

- 3.2 In considering specific reserves, the CFO will have regard to matter relevant in respect of each reserve, and will advise the Council accordingly.

4.0 Underspends

The process for determining the specific use of any underspend will be based upon the principles of effective financial management. Therefore underspends will not automatically be carried forward via reserves, nor will they only be available to the service that has identified the underspend.

- 4.1 Periodically during the year, Services will be asked to submit business cases for the use of underspend. Business cases will be determined by the CFO in conjunction with the Corporate Management Team. These will then be held in a Strategic Reserve.
- 5.0 Use of reserves
Members, as part of agreeing the budget, will agree the policy for drawdown of reserves on the advice of the CFO. Use of reserves will be approved by CMT and reported to Cabinet as part of the RPPR monitoring process.
- 5.1 The CFO will monitor the drawdown of specific reserves in accordance with the agreed policy, and keep Members advised.

1. East Sussex Strategic Wider Partners

1.1 The Leader and Deputy Leader, supported by officers, met with representatives of the public, private and voluntary and community sectors (VCS) and service user groups on 12 December 2018. The meeting provided an opportunity to update partners on the Council's Core Offer approach, continuing challenging financial position and to gather views on the planning being undertaken in response. The presentations included the budget plans and priorities for 2019/20 and the medium term financial period (2019/20-2021/22). 21 partner organisations and service user groups were represented at the meeting and ESCC is grateful to all partners for the comments and feedback provided.

1.2 The following issues were discussed in the meeting:

- The Core Offer approach was broadly welcomed by partners who also appreciated the honesty and transparency about the scale of the financial challenge. It was confirmed that the Core Offer set out in the Reconciling, Policy and Performance papers agreed by Cabinet on 13 November covered all services delivered by the Council and outlined the services that were proposed not to be included in the Core Offer.
- The Core Offer engagement survey that had been published in mid-November was discussed and it was noted that detailed consultation, including Equality Impact Assessments, would be undertaken on any savings proposals in the 2019/20 budget that would result in service changes.
- Concerns were raised that Question 2 of the survey, '*Which of these options would you prefer to keep East Sussex within its financial means?*', had limited engagement as respondents were deterred by the requirement to select the option to either raise Council Tax by 23% over the next three years to maintain services or reduce the range of services on offer. While it was appreciated that the question was difficult to answer, it had helped raise awareness of the real and very difficult decisions Members faced to deliver a balance budget. Although business rates and housing growth could improve the Council's financial position over the long term, they would not generate the revenue urgently needed. It was suggested that it could be clarified that the 23% increase would apply only to ESCC's element of Council Tax, but as ESCC's precept formed the largest part of residents' Council Tax bills the increase would still be significant.
- There were concerns that the proposed Core Offer for Special Education would exacerbate challenges already in the system, including delays in assessment of SEN, reducing trust families had in the service; and increase costs by reducing preventative activity to encourage schools to remain inclusive. ESCC acknowledged that reducing early help and preventative services was counterintuitive and could result in additional future costs (on ESCC and partners) but there was a balance to be struck to maintain urgent services for those children with the highest needs and some early help services where their loss would result in an immediate escalation in need. ESCC would continue to work with schools to promote inclusivity, including through trying to improve schools' allocations through the Dedicated Schools Grant to enable them to be as

inclusive as possible. Any changes to the Special Education service offer would be subject to detailed consultation before they were adopted and relevant partners and representative groups would be consulted as part of that to identify and mitigate possible adverse outcomes.

- ESCC was concertedly lobbying Government - individually, with partners and with others in the sector - for sustainable funding and had emphasised that cuts to preventative and early intervention services were counterproductive. The message appeared to be being heard and it was hoped that the Comprehensive Spending Review and new Fair Funding Formula would go some way to address the sustainable funding of Local Government. The Council modelled future costs and pressures and specific work undertaken in Children's Services had demonstrated the link between prevention and curbing rising service costs.
- Changes to services across sectors and providers were having a cumulative impact on residents and driving crisis situations for some, including in housing for younger people. ESCC was aware that all parts of the public sector were expected to do more with less and worked closely with the Borough and District Councils to make the best use of resources to support vulnerable residents across services. ESCC had also made numerous bids for grants and funding streams to maximise funding and had received additional funding for homelessness prevention among Care Leavers.
- The impact of savings on provision for vulnerable children was also raised and ESCC was acutely aware of the pressure being placed on Foster Carers and vulnerable children. No reductions in support for Looked After Children were proposed in the 2019/20 budget cycle in recognition of the rising number of Looked After Children and the continued need to recruit new Foster Carers. The language used in reports would be reviewed to clarify that changes to legal obligations for care leavers had created financial pressures rather than 'burdens.'
- The Council remained committed to recognising Social Value in its tendering process. ESCC commissioned services at a range of levels and geographies with partners, including health, to achieve the best outcomes possible within available resources. ESCC was working with the Clinical Commissioning Groups through East Sussex Better Together to integrate health and social care services and Delayed Transfers of Care had significantly improved as a result. A Care Quality Area Review in 2018 had also commended the joint working across the East Sussex Healthcare System. Ongoing work was needed to ensure all additional funding, including the additional funding for Winter Pressures, was used appropriately and did not increase costs in any part of the system.
- ESCC would continue to collaborate with partners in response to the financial challenge. It was agreed by all that residents' continued to have needs even if resources were no longer available to provide services or eligibility changed. It was agreed to be vital for all sectors to work together to make best use of the resources available. The important role that the VCS played as service providers was acknowledged and welcomed. The joint review that was underway to reset the way the two sectors worked together was highlighted. This annual partner engagement meeting only formed part of an ongoing conversation between sectors and providers. East Sussex strategic partners also met regularly collectively and separately in other forums. It was reinforced that any changes to

services was subject to detailed consultation with full consideration given to all relevant issues.

- The lobbying partners and service user groups were doing, including through national alliances, to raise awareness of the need for sustainable funding for services was welcomed.
- The significant contribution older residents made in the county and the value that they provided to organisations such as Healthwatch through volunteering was recognised.
- ESCC had worked hard to significantly reduce its agency spend while recognising that agency workers helped to meet need and specialist skills, particularly in hard to recruit areas.

2. Public Sector Partners

The Chief Executives of the Borough and District Councils and representative of the East Sussex Fire and Rescue Authority met on 18 December and welcomed the presentation on the budget proposals and the core offer given by Becky Shaw. Chief Executives commented that;

- The growth in use of one off funding pots made planning difficult and were very difficult to use sensibly
- Agreed interest in councils discussing:
 - Joint working on housing /homelessness
 - complaints/LGO/FOI (in context of social activism)
 - Looking at most expensive families and
 - Working with wider Public sector leaders about impact of all partners' changes on localities

3. Scrutiny Committees

People Scrutiny Committee RPPR Board

3.1 The People Scrutiny RPPR Board discussed in detail the savings and draft Portfolio Plans for the Adult Social Care and Children's Services Departments at its meeting on 10 December 2018. The meeting was attended by Councillors Davies (Chair), Clark, Ensor, Field, Galley, Sheppard and Webb. Set out below is a summary of the key matters on which the Board sought clarification, together with its concluding remarks in relation to each Department.

Adult Social Care

3.2 With regard to the savings plan, the Director clarified that the average spend on the social needs element of the Working Age Adults activity is significantly higher in East Sussex than in other local authorities in the region. Furthermore, initial findings indicate other local authorities have achieved these lower levels of demand via the deployment of more effective signposting practices. It was also clarified that there is no direct evidence that savings in this area will be shunted across to other organisations, such as voluntary groups. However, the Director confirmed that the Department will, if the saving is agreed, undertake consultation and an Equality

Impact Assessment so as to ensure it understands the implications of savings for this area of activity.

3.3 With regard to Meals in the Community, it was clarified that the full cost of the meals is between £4 and £8 and that the withdrawal of the £4.10 subsidy will mean clients will need to meet the full cost themselves. The Director also confirmed that the saving for the Meals in the Community activity will be a part-year saving and that with regard to the Working Age Adults activity, the Department expects to make a full year saving in 2019/20.

3.4 With regard to the Adult Social Care and Health draft Portfolio Plan, the Director confirmed that funding for the Better Care Fund for 2019/20 is in place. However, the Director also confirmed that the additional £2.6m funding for the following year will be managed through the Better Care Fund assurance process and that this will mean the NHS will have greater control over how this funding is spent in future.

3.5 The Director clarified that the reductions in Income and Net Recharges listed in the Revenue Budget are the result of changes in how the Department and the NHS work together. For example, more NHS nursing staff are now seconded to the Department.

Concluding Comments to Cabinet

3.6 Given the scale of savings previously required of Adult Social Care, the Board agreed that the savings identified for the next financial year are relatively modest. Furthermore, Members were grateful for the work undertaken by the Department and agreed that in the context of the Core Offer, the proposals are realistic. However, the Board expressed a particular concern regarding the proposed removal of the subsidy described under the Meals in the Community activity. The Board therefore asked that Cabinet are mindful of the potential impact of this proposal on the finances of the most vulnerable service users which this subsidy supports.

3.7 In addition, the Board asked that the wording under the Operating Principles section of the Adult Social Care and Health Portfolio Plan be amended so that the Strong Partnership item includes reference to working in partnership with voluntary organisations.

Children's Services

3.8 With regard to the Safeguarding Services activity listed in the savings plan, the Director informed Members that the Department had developed a proposal which represents the 'least worst option' available to it. The only other significant potential source of savings within the Safeguarding service area available to the Department relates to the number of social workers it can deploy. However, the Department is clear that reductions in this area would have a much greater negative impact on the vulnerable children and young people this activity area supports.

3.9 In response to a query regarding the savings plan for Early Help activities, the Board were informed that the Department's strategic review of this area is ongoing.

As a result, Members would be given an opportunity to comment on a detailed Early Help savings plan early next year.

3.10 The Board expressed concerns about the impact of proposed savings on school attendance (under the I-SEND: Inclusion Services activity). In response, the Department agreed that attendance in East Sussex is a particular challenge. However, given the necessary reduction in funding for preventative services, the Department had reluctantly concluded that it would not be able to provide the same level of direct working with parents as before. The Department also confirmed that it retains some statutory responsibility in this area and support for this will continue (for example, with regard to instances of very poor school attendance). Members were also informed that schools retain a responsibility to promote high levels of school attendance.

3.11 In response to the Board's questions regarding the impact of the savings plan for the Standards and Learning Effectiveness Service (SLES) activity, the Department confirmed that its strategy in recent years had been to focus on supporting schools to support themselves. The Department believes this strategy had left schools better placed to cope with the reduced levels of support it will be able to offer in future, although the Department was clear that there was an increased risk that some schools will underperform in future.

3.12 The Board queried the lower than national average target relating to the proportion of pupils in all schools who will achieve the expected standards at Key Stage 2 (Performance Measures and Targets in the draft Portfolio Plan). In response, the Board were informed that this was an area of continuing challenge for the Department and schools. Whilst the Department was ambitious and there had been some improvements this year, the targets represent a realistic picture of what it believes can be achieved in the coming three year period.

Concluding Comments to Cabinet

3.13 The Board understood the difficult funding position facing the Children's Services Department. Within this context therefore, the Board recognised that officers and the relevant Lead Members had worked hard to deliver a realistic 'Core Offer' savings plan. However, and whilst accepting the difficult situation facing the Department, Members asked that Cabinet note the Board's regret at the impact of the proposed savings on services that support children in the county.

Place Scrutiny Committee RPPR Board

3.14 The Place Scrutiny RPPR Board reviewed in detail the proposed savings and draft Portfolio Plans covering the Communities Economy and Transport (CET), Business Services and Governance Services Departments at its meeting on 17 December 2018. The board was attended by Councillors Richard Stogdon (Chair), Godfrey Daniel (Vice Chair), Martin Clarke, Chris Dowling, Claire Dowling, Nigel Enever, Pat Rodohan and Barry Taylor. The Board sought further information in relation to a number of the proposed savings and further clarification with regard to impact. In particular the Board examined how the savings, or additional income, are to be achieved and made comments about the timing of some of the proposed

savings in year 3 of the MTFP. Set out below are the Board's agreed comments to Cabinet.

3.15 The Board highlighted two areas that it would wish to comment on to Cabinet:

- The Place Scrutiny Committee would like more detail of the proposed Orbis savings and their impact when they are available; and
- The timing of significant changes to CET services need to be carefully considered.

3.16 The Board considered that it could not comment fully on the RPPR process without seeing the draft Council budget. The Board agreed that it would like to hold another RPPR Board meeting in January to discuss and comment on the draft budget when it is available.

Committee:	Cabinet
Date:	22 January 2019
Title of Report:	Core Offer Engagement
By:	Chief Executive
Purpose of Report:	To inform Cabinet of the results of the engagement carried out on the Core Offer

RECOMMENDATION:

To note the report and agree to continue the discussion about the Core Offer approach to inform Reconciling Policy, Performance and Resources (RPPR)

1. Background

1.1 As part of its work on RPPR, it was agreed that the Council should develop a Core offer for its services. The Core Offer is intended to establish the minimum outcomes a competent and efficient Council could expect to be able to provide by 2020/21 having regard to our agreed priorities and the resources we anticipate having available over the next three years. The Core Offer is intended to be ambitious but realistic: seeking to maintain our track record of delivering excellent services, innovation and providing good value for money. It is an articulation of what we believe local people most need from the County Council and includes both our statutory duties and the most critical elements of early intervention. It should be stressed that the Core Offer is by no means an ideal; rather it is a realistic assessment of what is most important for the Council to deliver given the limited resources available to us; it therefore seeks to set out, transparently, what is achievable at a time of continued austerity.

1.2 The Core Offer was intended to:

- Help us have a dialogue with residents, businesses, the Government, our partners and stakeholders about what is most needed from the Council for children and young people in the county, for adults with disabilities or who are vulnerable, for older people and what our universal offer is to all residents;
- Inform our lobbying with Government about the funding issues we face, what was important to local people and to help us make the case for a realistic level of funding we need to continue to serve local people adequately;
- Help to shape our service and budget planning over the next three years.

1.3 The Core Offer as set out in the State of the County report contributed to raising the profile of the need for sustainable funding for local government nationally and has been instrumental in achieving some one-off funding for the sector as a whole as part of the national budget and local government settlement. Although this has been one-off, it has helped to mitigate some of the savings proposed for 2019/20 and closed the gap between identified resources and need. It will continue to be used to press for funding ahead of the next Comprehensive Spending Review, both in the short and long term.

2. Engagement

2.1 Between 14 November and 26 December 2018 members of the public were asked to comment on the proposed Core Offer through a questionnaire on the Council's website. Partners, other public sector bodies, staff and the voluntary and community sector organisations were made aware of the questionnaire and invited to give their views. The questionnaire was also publicised via social media.

2.2 1204 responses to the questionnaire were received. A full analysis of the results are on the report at Appendix 1 and all the comments received in response to the free text questions are available in the Members' room. A summary of the key points are set out below.

3. Key points

3.1 Most people either supported or were neutral about the statement that the Council currently provides good value for money (65%). When asked about their preferred solution to the immediate funding issues, more people would prefer higher council tax (56%) to reductions in service (44%). In the longer term, most people considered that the Government should allocate more funds to meet the financial gap (78%). The next highest preference was for housing growth (9%) with reductions in services being the least popular answer (4%).

3.2 44% of people felt that the Core Offer was a reasonable response to the current funding pressures, and 40% felt it was not. 16% were unsure. Most of those who responded to the survey would be affected, either somewhat or greatly, by the changes to the universal service offer (88%).

3.3 53% said they would be affected greatly or somewhat by changes to services for vulnerable people. Older people and rural residents were less likely to say they would be affected. Those who consider themselves disabled as set out in the Equality Act 2010 were more likely to say they would be affected greatly or somewhat (63%)

3.4 52% think they would be affected by changes to services for schools either greatly or somewhat. The perceived effect was less among older respondents, people in rural areas and those with disabilities.

3.5 25% of those who responded felt that there were services in the core Offer which should not be included, however the actual figure is likely to be lower, as a number of people used the free text box available with this question to flag services that services should be protected. There was, however, little consistency about which services these were. In answer to the question "are there services not in the Core Offer which you think should be included", 33% of those who responded said yes. Most services suggested for inclusion are already in the Core Offer and it may be that those who responded were indicating that they would not wish to see more savings in these areas. There were a number of areas which were identified which are not provided by the County Council (eg homelessness services). Of those service areas the County Council provides, the most frequently suggested for inclusion were services for those with an impairment, schools/education and services for families.

3.6 Most people (58%) did not suggest that there are more services that volunteers could do more to provide or work with us to provide; with the most frequent comments being that volunteers shouldn't be relied on/already do too much; that there were not services that volunteers and communities could provide and that trained professionals should run services. Of those who identified areas where volunteers could do more, 83 people said library services and 73 people said maintenance of public spaces and the environment. All other suggestions were by fewer than 50 people.

3.7 The two highest priorities for funding in the future were older people's (23%) and children's (22%) social care. comparing the responses for particular groups of respondents with the overall response:

- Older people prioritised older people's social care and highways services more highly;
- People with disabilities also gave slightly higher priority to adults and older people's social care and to highways;
- Those in rural areas prioritised highways and economic development more highly.

3.8 When asked which charges we might reasonably ask people to pay if we were legally permitted, 33% said home to school transport for those who could afford it, 22% said an annual library membership fee and 22% said half fare on busses for pensioners and those with a disability.

4. Conclusion and Next Steps

4.1 The results of consultation have confirmed the value of the transparency of the Core Offer model and the conversation it enables us to have with local residents, partners, staff and businesses. The responses confirm the proposed Core Offer represents the minimum expected from East Sussex County Council in this time of continued austerity and that residents would have considerable concerns if the Council were to consider restricting services to a level below what has been identified in the Core Offer.

4.2 The results of the consultation exercise will be used to influence our lobbying with Government and in conversations with partners and stakeholders. It will also inform the work on our priority setting, budget deliberations and development of services as part of the work leading up to the next State of the County report in the summer.

BECKY SHAW
Chief Executive

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Appendix 1

A Core Offer for East Sussex Public Engagement Analysis

Prepared in conjunction with



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1. Introduction

- 1.1 Between 14 November and 26 December 2018 the County Council undertook a public engagement on proposals for a “Core Offer” for future services in East Sussex, in light of the requirement for further cost savings over the next 3 years.
- 1.2 During the engagement, 1204 people submitted a response, with the vast majority choosing the Council’s online facility and only a handful opting to submit their responses by paper.
- 1.3 This report forms an element of the analysis and recommendations that will be presented to East Sussex County Council Cabinet on 22 January 2019.
- 1.4 MCL, a locally based research / transport consultancy, were appointed to provide data processing and analysis services in support of the engagement. This report is produced by the County Council in conjunction with MCL.
- 1.5 This report provides a complete analysis of all of the questionnaires completed, in terms of overall response to all key questions and breakdown of respondents. Some additional analysis for sub-groups of respondents has also been undertaken; full details of this have been supplied to Council officers, and some references where relevant are also included herein, relating to older people, people who consider themselves to be disabled, and people living in rural areas of the County.
- 1.6 A range of methods and media were used to publish and advertise the engagement, to try to ensure that as many people as possible were able and encouraged to give their views. These have included publicity at local public buildings, regular postings on the Council’s social media, and promotion at local events during the engagement period. The questionnaire was made available in different formats upon request.
- 1.7 The priorities and proposals are set out in the introduction to the questionnaire.
- 1.8 The questionnaire included sections as follows:
 1. Our services and value for money
 2. Living within our means
 3. The Core Offer and how it might affect you
 4. The Core Offer – changes and options
 5. Looking further into the future
 6. Charges we could make if allowed by law
 7. You, East Sussex and the County Council
 8. “About you” – questions designed to allow us to help make informed decisions that, as far as possible, ensure everyone is treated fairly and the views of different groups represented

2 Summary of Results

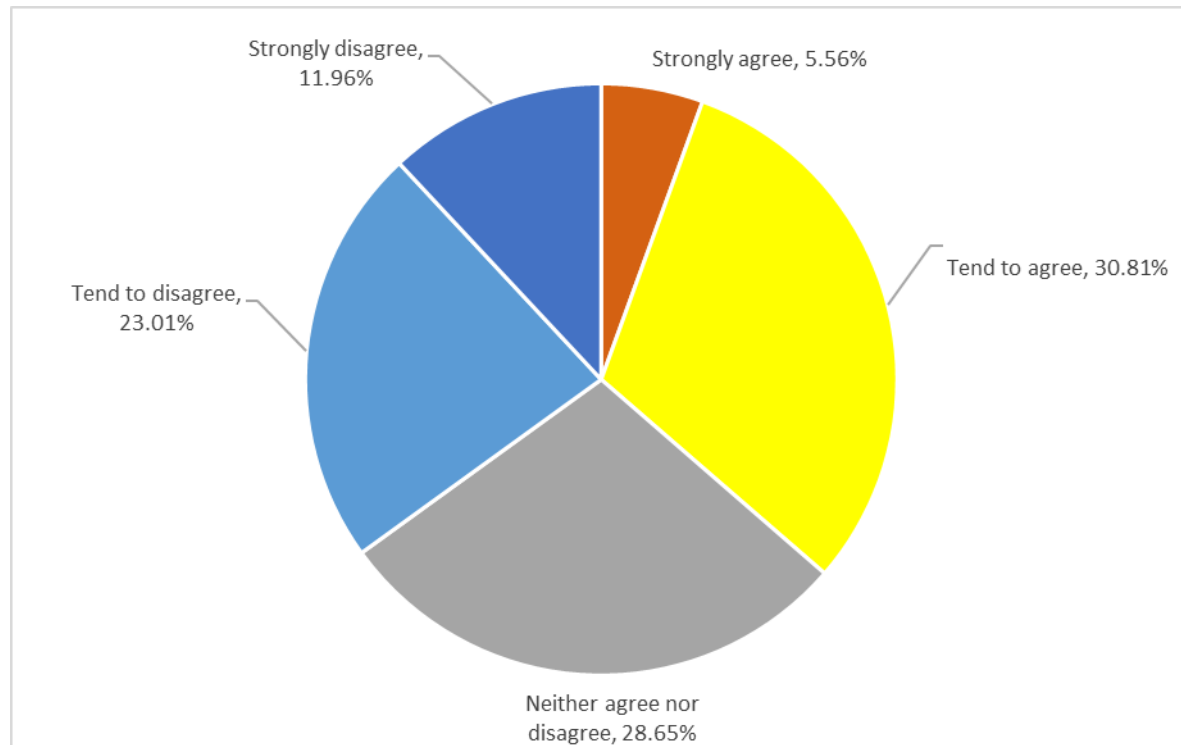
The overall responses to each of the questions asked are summarised below – questions 1 to 14 relating to the respondent's views regarding the proposals being advanced, and further “about you” questions (15 to 36) providing demographic and other personal information to assist in analysis and interpretation of the results, and in particular to inform an assessment of the impact on protected groups.

Respondents aged under 16 were directed to a slightly different set of “about you” questions, so Q16 to Q27 relate to adults and Q28 to Q35 form the equivalent section for young people.

Our services and value for money

Q1. To what extent do you agree or disagree that East Sussex County Council currently provides good value for money?

Response	Number of Respondents	Percentage
Strongly agree	67	5.56%
Tend to agree	371	30.81%
Neither agree nor disagree	345	28.65%
Tend to disagree	277	23.01%
Strongly disagree	144	11.96%
Total number of respondents	1204	100.00%



A majority of respondents (65%) are either supportive or neutral in relation to the Council's current service provision, value for money, and by a small margin, the largest single response here was “tend to agree”. The *strongest* views at both ends of the scale form the smallest part of the overall response. Also of note, from additional analysis undertaken:

1. Older people (age 65+) expressed somewhat greater agreement here than the overall response. The same, but to a lesser extent, applied to people living in *rural* areas of the County;
2. People who classed themselves as having a disability or impairment expressed somewhat *less* agreement

Living within our means

Q2. Which of these options would you prefer to keep East Sussex within its financial means?

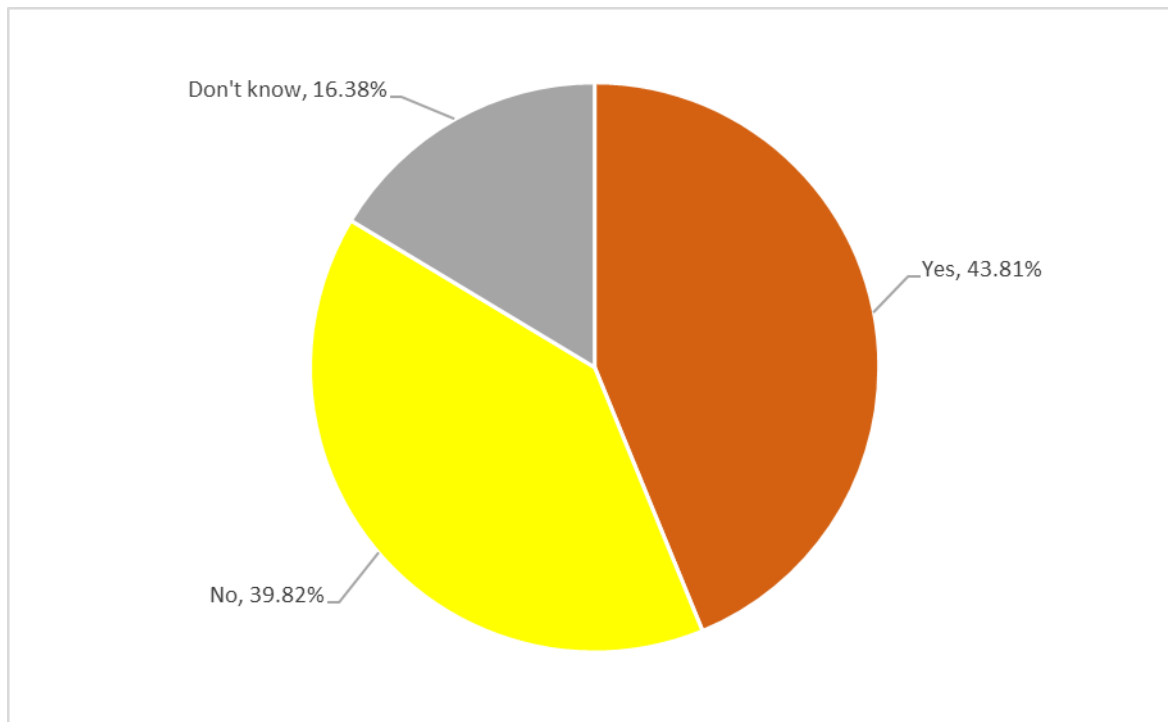
Response	Number of Respondents	Percentage
Pay higher council tax	672	55.91%
Reduce range of public services	530	44.09%
<i>Total number of respondents</i>	<i>1202</i>	<i>100.00%</i>

Respondents are fairly divided in their view of a preferred solution to the funding issues. 56% said they would be prepared to see increases of 23% in council tax over three years to keep services at their current level, with 44% supporting a reduced package of services.

Older people were more inclined towards paying higher council tax, people with disabilities or impairments less so.

Q3. In general, do you feel the idea of a core offer is a reasonable response to the current funding pressure on our county?

Response	Number of Respondents	Percentage
Yes	527	43.81%
No	479	39.82%
Don't know	197	16.38%
<i>Total number of respondents</i>	<i>1203</i>	<i>100.00%</i>



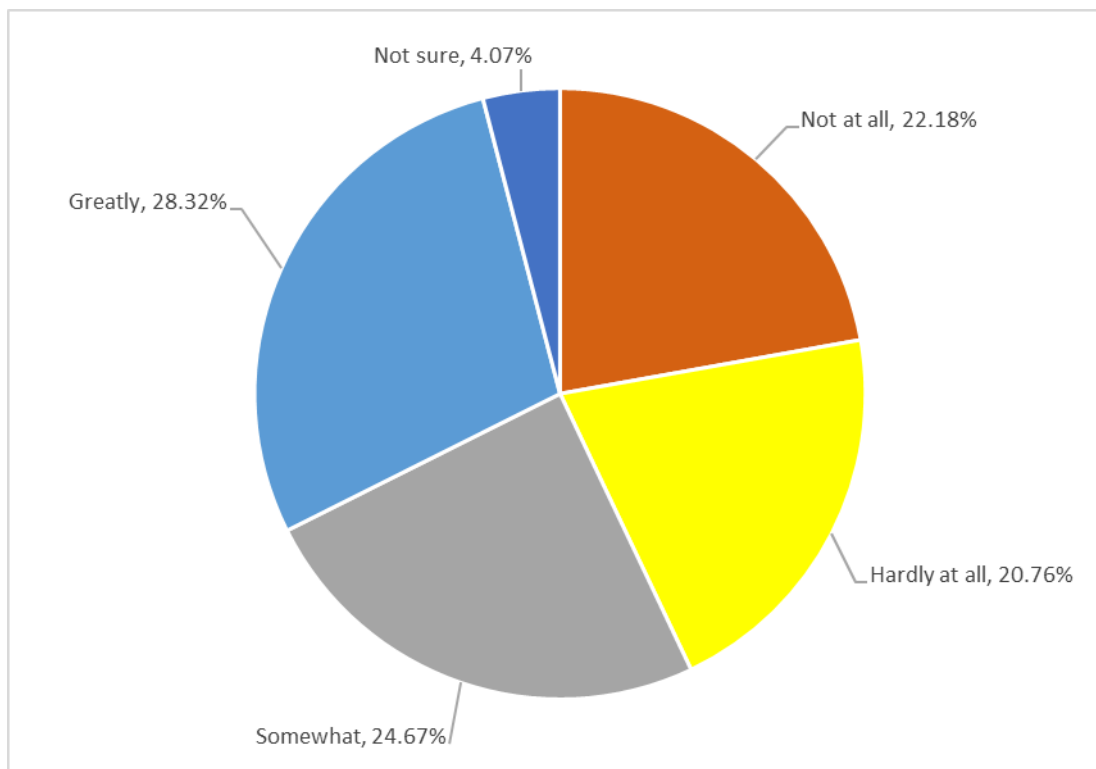
By a small margin the largest response here supports the idea of a core offer as response to the current funding pressure, in the circumstances presented. Notably, over 16% of respondents declared themselves unsure.

The Core Offer and how it might affect you

The next series of questions asked people to consider the effect - on them personally, rather than a view of the wider effect on the community - of some of the specific changes being proposed.

Q4. How would changes to services for vulnerable people affect you?

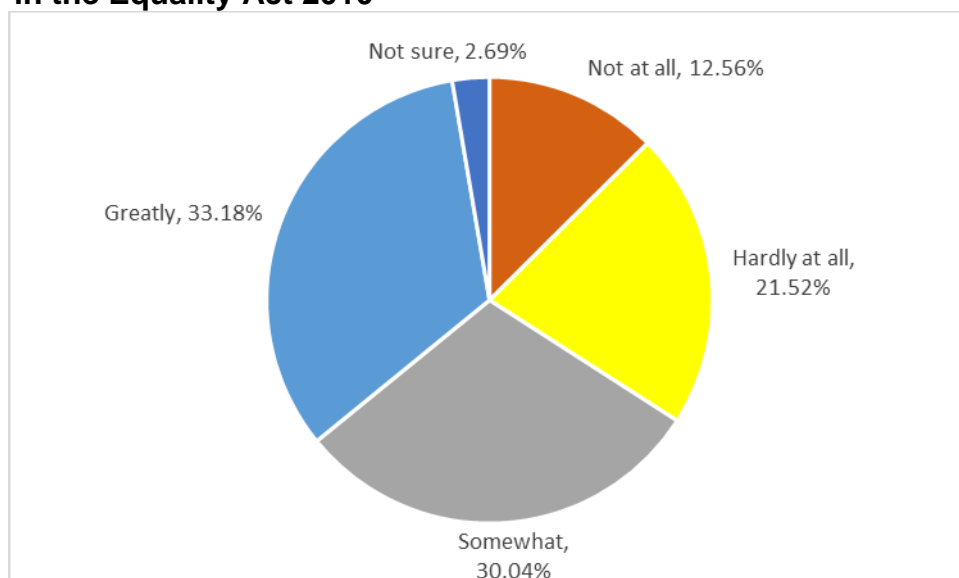
Response	Number of Respondents	Percentage
Not at all	267	22.18%
Hardly at all	250	20.76%
Somewhat	297	24.67%
Greatly	341	28.32%
Not sure	49	4.07%
Total number of respondents	1204	100.00%



53% of respondents indicated that they would be either somewhat or greatly affected, versus 43% indicating little or no effect likely, and 4% unsure.

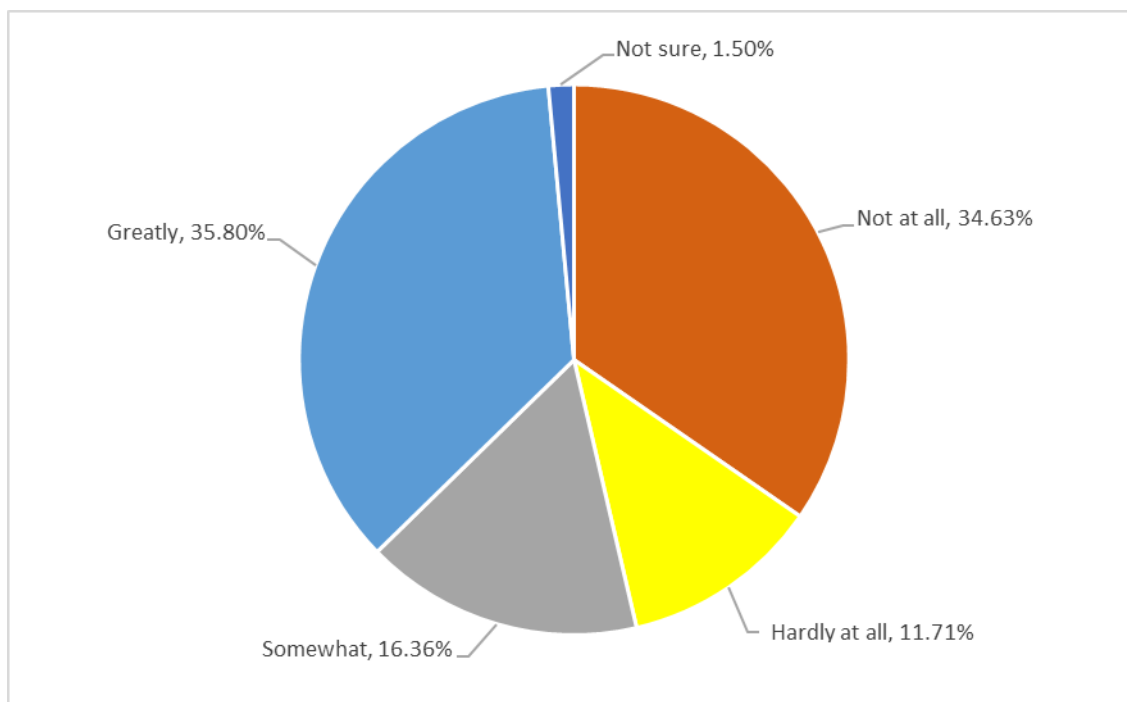
The perceived effect was less among older respondents and rural residents but, as might be expected and as shown below, greater amongst people considering themselves to be disabled.

Q4 responses, people who consider themselves to be disabled as set out in the Equality Act 2010



Q5. How would changes to services for schools affect you?

Response	Number of Respondents	Percentage
Not at all	417	34.63%
Hardly at all	141	11.71%
Somewhat	197	16.36%
Greatly	431	35.80%
Not sure	18	1.50%
Total number of respondents	1204	100.00%

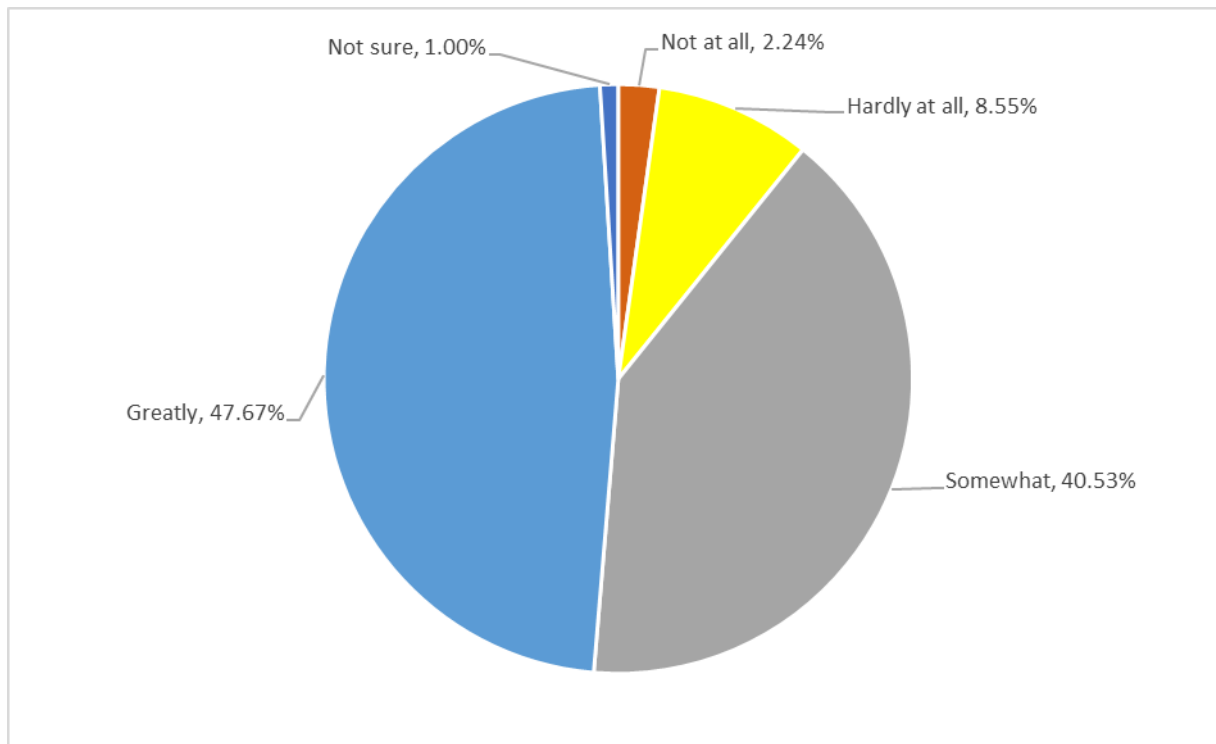


In relation to services for schools, 52% think they would be somewhat or greatly affected, just over 46% hardly or not at all.

The perceived effect was less among older respondents, people in rural areas and those with disabilities.

Q6. How would changes to universal services (including libraries & archives, economy & trading standards, waste management, highways) affect you?

Response	Number of Respondents	Percentage
Not at all	27	2.24%
Hardly at all	103	8.55%
Somewhat	488	40.53%
Greatly	574	47.67%
Not sure	12	1.00%
Total number of respondents	1204	100.00%



In relation to this group of universal services, a *much* higher percentage of respondents (over 88%) said they would be somewhat or greatly affected, with under 11% saying the proposals here would have little or no effect on them. This group of services is therefore, clearly, that over which concerns are most widespread, though this in large part follows given that these services affect more people.

The perceived effect was more in this case among older respondents, but not significantly different for the other groups that we have highlighted.

The Core Offer – changes and options

Q7. Are there any services in the core offer which you think should NOT be included?

Response	Number of Respondents	Percentage
Yes	302	25.08%
No	902	74.92%
Total number of respondents	1204	100.00%

Most respondents are clear that the core offer does not include any elements that are non-essential. This view is almost certainly more emphatic than is shown in the table here. A number of people (potentially 167 in our view) are almost certainly, either by accident or design, actually flagging up services NOT in the core offer that they think ought to be preserved, i.e. comments that would be more correctly delivered in response to question 8.

To note also, in relation to this and other questions where free text comments were invited, a small number of people selected “No” as their response but then did proceed to comment. All comments have been included in the analysis which follows.

The suggestions made here have been analysed and grouped using a gazetteer that has developed as responses were added week by week, and those that emerged as popular themes are shown in the table below.

Ranking	Coding Label	Quantity
1	Maintenance of gypsy sites	19
2	Library service	15
3	Services for schools	9
4	Unnecessary road safety improvements	7
5	Some services should be kept but outsourced by council	6
6	National Child Weight Programme	6
7	Stop economic development e.g Newhaven Port Access Road	5
8	Maintenance of public spaces/parks/environment	5
9	Services for vulnerable people	5
10	Highways Maintenance	4
11	Work to improve health & well-being	4
12	Deliver local community safety priorities	4
13	Reduction in household waste collections	3
14	CCGs	3
15	Sexual health services	3
16	Drug and alcohol treatment	3
17	Promote Post 16 education and training	3
18	Services for housing	3
19	Trading Standards	3
20	Parking enforcement	3

No other relevant comments have so far appeared more than twice in the overall response. In addition to these comments, a number of others not directly relevant to this specific question have been noted, broadly falling into two separate groups:

1. Code 998 – Concerns regarding reductions in services, effectively the 137 referred to above. Common themes here related to *schools/education services, social care, children's services, libraries, waste management and archive services*;
2. Code 999 – Miscellaneous comments, fairly wide-ranging and unthemed, including comments about the costs around Councillors and management in local government, the need for more information around the core service offer, and disagreeing with any further cuts in services. Some people used this space to express concerns about the questionnaire, and question 2 in particular (the binary choice offered between higher taxes and reductions in services).

Q8. Are there services not in the core offer which you think *SHOULD* be included?

Response	Number of Respondents	Percentage
Yes	399	33.17%
No	241	20.03%
Not sure	528	43.89%
Not answered	35	2.91%
Total number of respondents	1203	100.00%

Uncertainty was the most common response overall, quite reasonably given the complexity of the issues, options and constraints that the Council is faced with. The *suggestions* made have been analysed and grouped in the same way as for Q7, and those that emerged as popular themes are shown in the table below.

Ranking	Coding Label	Quantity
1	Services for those with an impairment	102
2	Schools / Education	83
3	Services for families	79
4	Funding Suggestion - Increase Council Tax	53
5	Library Services	47
6	Social care	32
7	Archive Services	26
8	Funding Suggestion - Obtain more money from the Government to fund services	25
9	Mental health facilities	22
10	Waste Management Services	22
11	Highway maintenance/road safety awareness	21
12	Support for the elderly	20
13	Support for carers	17
14	Maintenance of public rights of way	16
15	Prevention and Support in Trading Standards	15
16	Funding Suggestion - Suggestions of reductions/cuts to specified services to create savings	12
17	Community Meals	10
18	Services for the homeless	8
19	Emergency response units	7
20	Funding Suggestion - Create charges for services	7
21	Music lessons	6
22	Childcare services	5
23	Funding Suggestion - Cancel the Newhaven Port project to create savings	5
24	Funding Suggestion - Improve efficiency in services to create savings	5

No other relevant comments have so far appeared more than four times in the overall response. Again, a number of other comments not directly relevant to this specific question have been noted, broadly falling into two separate groups:

1. Code 23 – Miscellaneous suggestions around funding and revenue-raising or cost-saving, principally themed around potential savings in councillors' allowances and expenses, and management staff within the Council;
2. Code 999 – Miscellaneous comments, fairly wide-ranging and unthemed but notable views including concerns at the effect/wisdom of cutting services (overall and in effects on vulnerable people).

Q9. Are there any services which volunteers and communities could do more to provide, or work with us to provide?

Response	Number of Respondents	Percentage
Respondent answered question	508	42.19%
Respondent didn't answer question	696	57.81%
Total number of respondents	1204	100.00%

Again, suggestions have been analysed and the themes emerging are summarised below. No other relevant comments have so far appeared more than twice in the overall response.

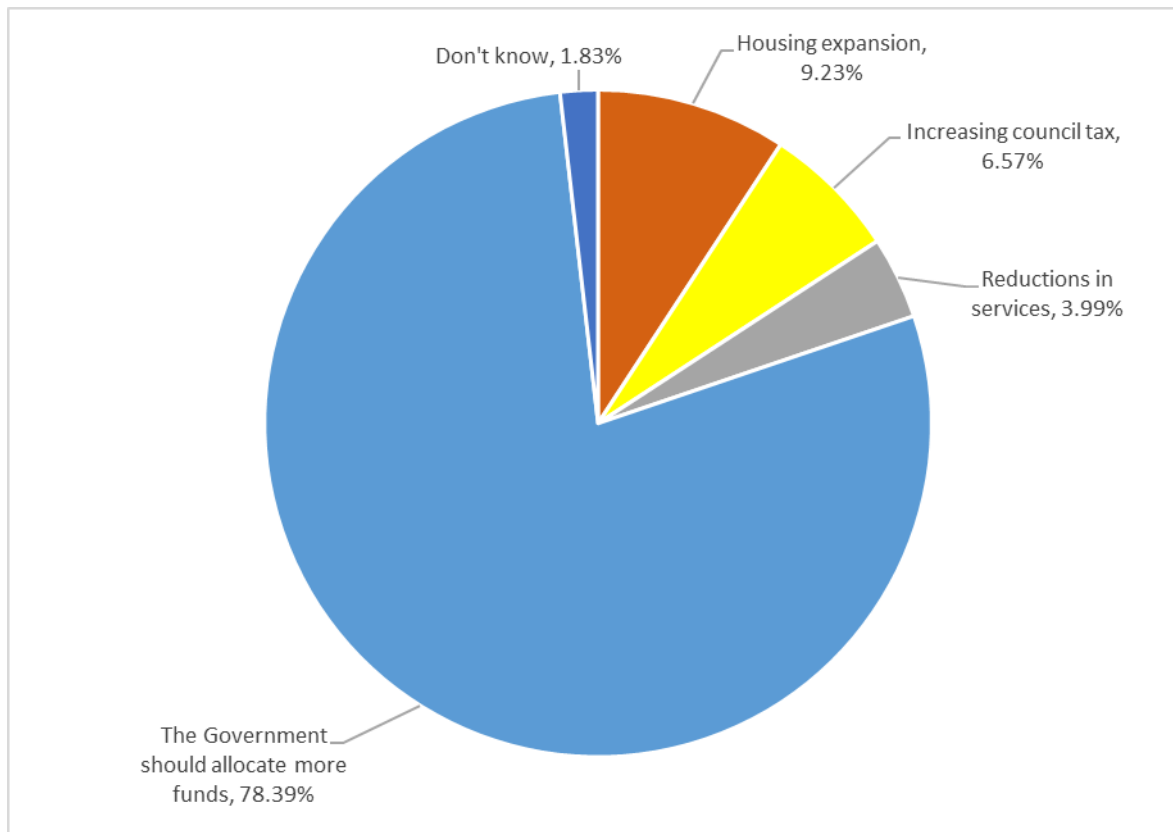
In this case, 79 of a total of 610 comments have been classified as miscellaneous, and generally not directly relevant to the specific question. Comments here were very wide-ranging, and without reproducing them in full it is not practical to pick out common themes within them.

Ranking	Coding Label	Quantity
1	Volunteers shouldn't be relied on / volunteers already do too much	95
2	Library Services	83
3	Maintenance of public spaces/parks/environment	73
4	Care of the elderly or those with an impairment	44
5	Schools/support for children	33
6	"No"	30
7	I would prefer trained professionals to run services	26
8	Information services	19
9	Volunteers are not a cost free option	18
10	General agreement volunteers should be used	18
11	Grassroot projects/groups for young people	11
12	Don't know	11
13	Social Care	8
14	Community services/working with groups within the community	8
15	Parishes should get involved	7
16	Emergency Response units	7
17	Subsidised meal service	6
18	Waste Management Services	5
19	Community Transport	4
20	Mental health services	4
21	Concerns regarding safeguarding issues/there will need to be safeguarding put into place	4
22	Support/Care for carers	4
23	Roadway Maintenance	3

Looking Further into the Future

Q10. In the longer term what is the best way of meeting the financial gap faced by East Sussex?

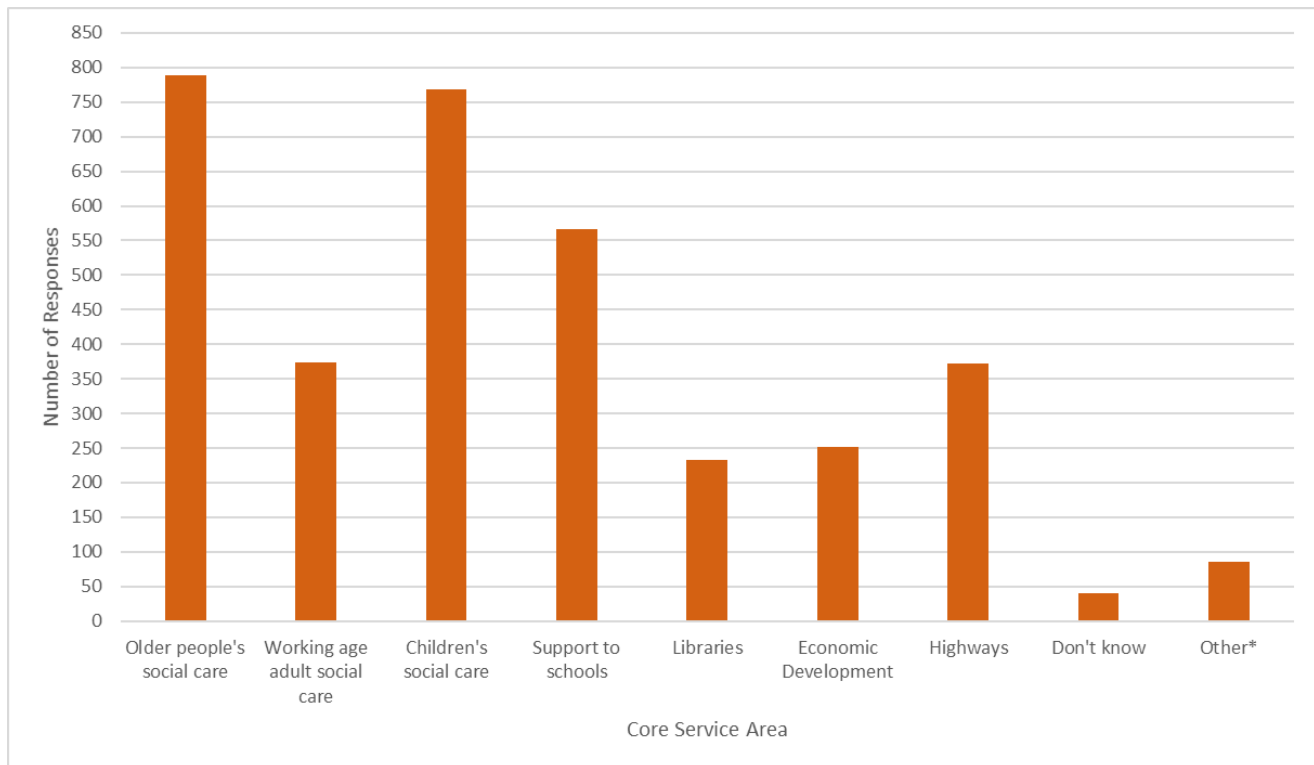
Response	Number of Respondents	Percentage
Housing expansion	111	9.23%
Increasing council tax	79	6.57%
Reductions in services	48	3.99%
The Government should allocate more funds	943	78.39%
Don't know	22	1.83%
Total number of respondents	1203	100.00%



Whilst there remains some support here for the options presented at question 2, increases in council tax or reductions in services, the very clear message here is a view that Government should be allocating more funding to the Council in the longer term, to reduce the pressure that has built and brought about the need for the actions now being considered.

Q11. If we had to reduce spending below the core service we have set out, which areas should be a priority for funding in future? (Choose up to three)

Response	Number of Respondents	Percentage
Older people's social care	789	22.67%
Working age adult social care	374	10.75%
Children's social care	769	22.10%
Support to schools	566	16.26%
Libraries	232	6.67%
Economic Development	252	7.24%
Highways	372	10.69%
Don't know	40	1.15%
Other*	86	2.47%
Total number of respondents	3480	100.00%



Social care is seen as the highest priority here, services for the young and the elderly at least. The next highest priority was for support to schools and highways spend.

Although people were asked to choose up to three of the options, it became apparent that this limit was not *enforced* by the online survey system. Whilst the majority of respondents did as asked, some (167 in total) made *more* than three choices. As we cannot rank/select choices in these cases, all have been included for analysis. We do not have any concerns about the effect of this on the overall analysis or conclusions that may be drawn.

Additional analysis here suggests, comparing the responses for particular groups of respondents with the overall response:

1. Older people prioritised older people's social care and highways services more highly;
2. People with disabilities also gave slightly higher priority to (adults and older people's) social care and to highways;
3. Those in rural areas prioritised highways and economic development more highly.

Respondents were also asked under Q11 to *name any other service they thought should be a priority for future funding*. Our analysis of relevant comments made to this question is set out below.

Ranking	Coding Labels	Quantity
1	Social Care services	40
2	Schools/education	33
3	Funding for those with an impairment	26
4	All areas are priorities and need funding, you shouldn't be making any cuts	24
5	Highways, the maintenance of roads & road safety	24
6	Environmental management/protection	16
7	Mental Health Care Services	16
8	Healthcare Services	15
9	Library Services	15
10	Children need to be made a priority, they will be disadvantaged if cuts happen	13
11	Vulnerable people need to be made a priority, they will be disadvantaged if cuts happen	13
12	Public Transport	12
13	Early Help Services	11
14	Archives	11
15	Economic Development	9
16	Waste Management Sites & rubbish collections	8
17	Respite Care	8
18	Families need to be made a priority, they will be disadvantaged if cuts happen	7
19	Trading Standards	6
20	None/None of the above	6
21	Children's Centres	5
22	Emergency Response units	4
23	Housing	4
24	Care for the homeless	3

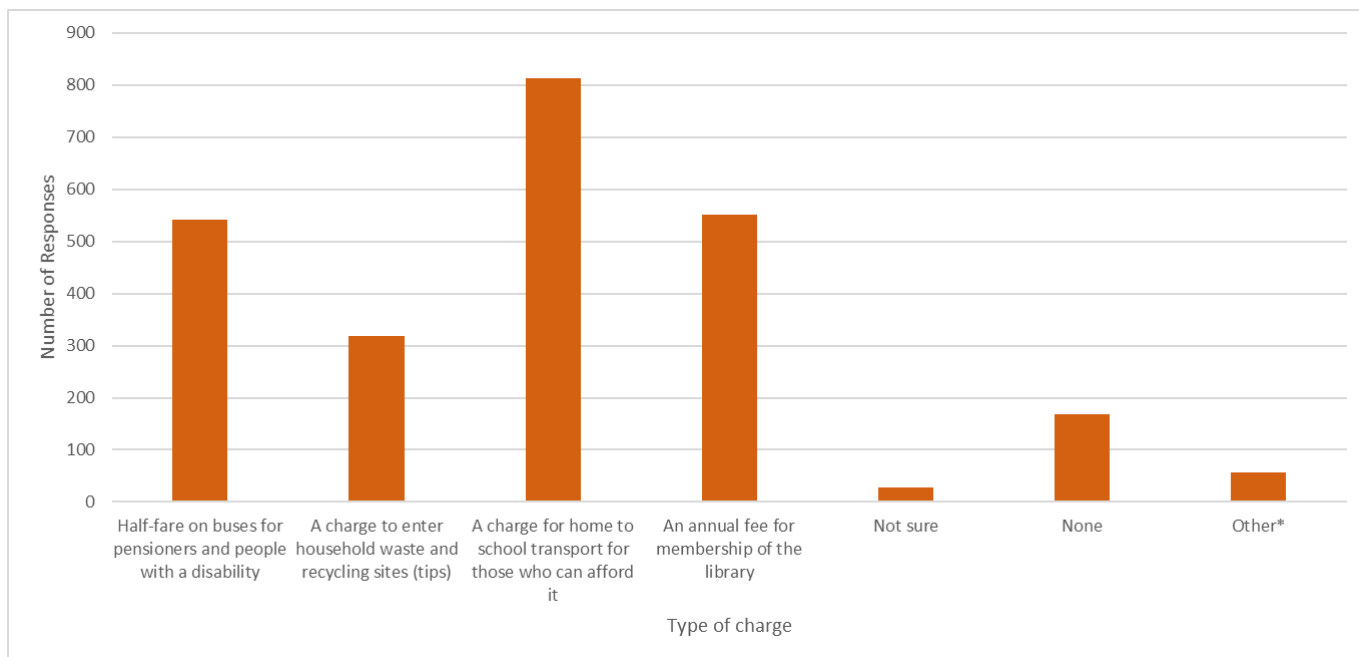
No other relevant comments have so far appeared more than twice in the overall response. In addition to these comments, a number of others not directly relevant to this specific question have been noted, broadly falling into two separate groups:

1. Code 998 – Suggestions of ways to save money / increase revenue, including statements expressing concern at the prospect of further service reductions when revenue raising or efficiencies would be more appropriate;
2. Code 999 – Miscellaneous comments, fairly wide-ranging and unthemed.

Charges we could make if allowed by law

Q12. Which of these charges might we reasonably ask people to pay if we were legally allowed to? (choose as many as apply)

Response	Number of Respondents	Percentage
Half-fare on buses for pensioners and people with a disability	541	21.84%
A charge to enter household waste and recycling sites (tips)	318	12.84%
A charge for home to school transport for those who can afford it	812	32.78%
An annual fee for membership of the library	552	22.29%
Not sure	28	1.13%
None	169	6.82%
Other*	57	2.30%
Total number of respondents	2477	100.00%



Respondents were also asked to give details of any other charges they thought would be reasonable *if allowed by law* – to be clear, these are generally not options open to the Council under existing legislation - and a summary of the response is shown in the table below. No other relevant comments have so far appeared more than four times in the overall response.

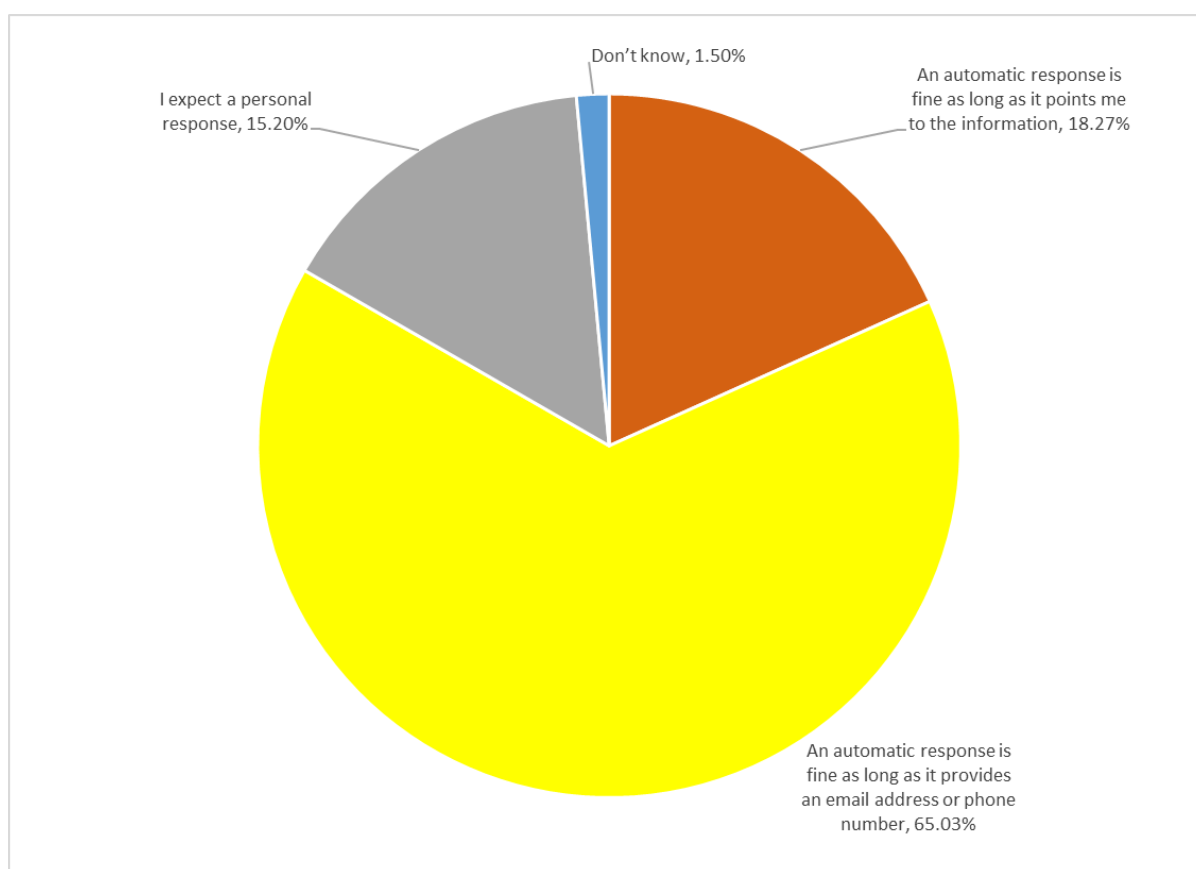
A further 38 miscellaneous comments, not directly relevant, were made, mostly too wide-ranging to allow themes to be picked out, other than potential for efficiencies in terms of payments to Councillors and staff, and the fact that most people are already personally responsible for school travel costs.

Ranking	Coding Label	Quantity
1	Charge those who can afford the charges / Means testing for services	74
2	Suggestions of other uncommon charges/fines	51
3	Disagrees with charges for tip entry	34
4	Agrees with charging an annual fee for library	22
5	Start charging for parking where it is currently free / charge for blue badge parking	20
6	Agrees with charging half-fare tickets on buses	20
7	Suggestions of ways to save money / Uncommon ways to increase revenue	17
8	Disagrees with half-fare tickets on buses	15
9	Agrees with charging for school transport	13
10	Suggestions of other waste disposal charges (e.g. household waste, garden waste, commercial waste)	12
11	Increase council tax for those who can afford it/own expensive houses	11
12	Vulnerable people will be disadvantaged if charges are applied	10
13	Disagrees with any charges in general	9
14	Charge for bus passes	9
15	Increase penalties for illegal/antisocial behaviour (e.g. flytipping, speeding)	9
16	Charges won't bring in enough/much revenue	8
17	Disagrees with library membership fees	8
18	Road usage charges / tolls	8
19	Charges for GP and other NHS services/penalties for missing appointments	7
20	Agrees with charges for Tip entry	6
21	We already pay enough in taxes	5
22	Reduce costs/make spending more efficient	5

You, East Sussex and the County Council

Q13. What do you think is a reasonable response when you get in touch with us to ask for general information?

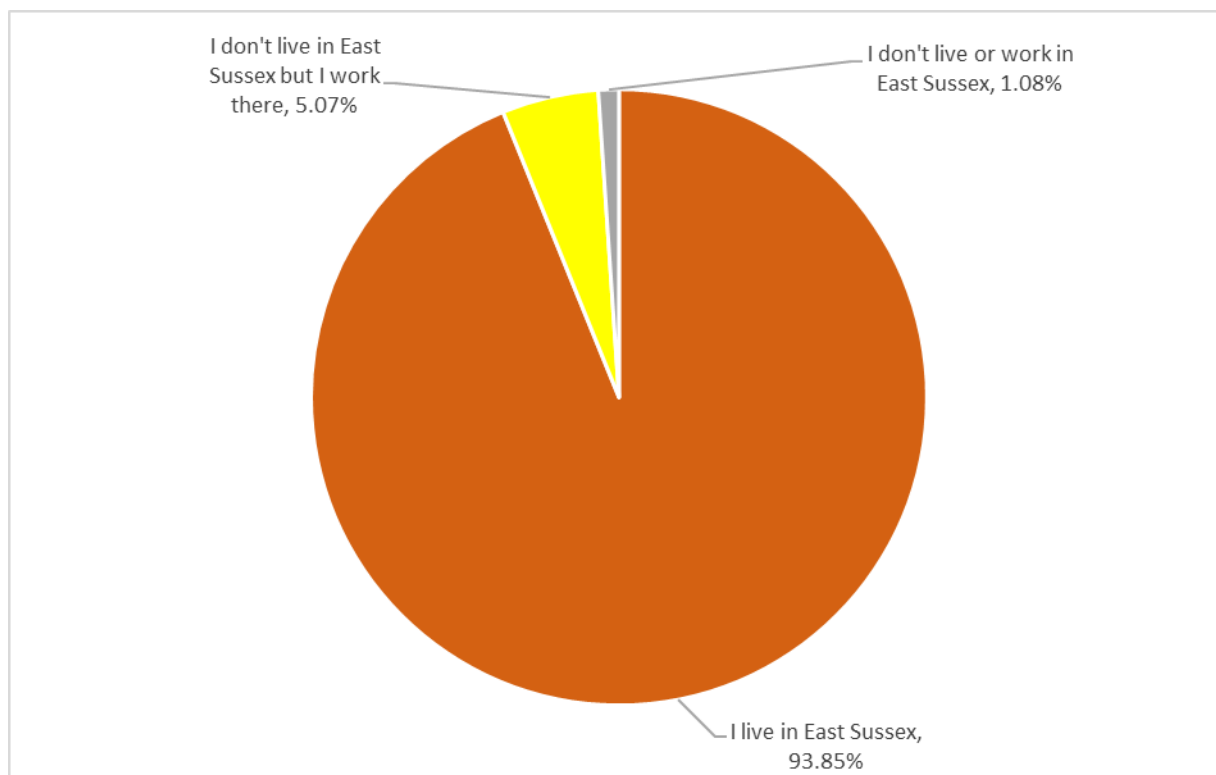
Response	Number of Respondents	Percentage
An automatic response is fine as long as it points me to the information	220	18.27%
An automatic response is fine as long as it provides an email address or phone number	783	65.03%
I expect a personal response	183	15.20%
Don't know	18	1.50%
Total number of respondents	1204	100.00%



83% of all respondents indicated they are satisfied with automated responses to enquiries, as long as this is configured to effectively provide the required information or a relevant point of contact.

Q14. Which best describes you?

Response	Number of Respondents	Percentage
I live in East Sussex	1130	93.85%
I don't live in East Sussex but I work there	61	5.07%
I don't live or work in East Sussex	13	1.08%
Total number of respondents	1204	100.00%



This provides reassurance that the response is overwhelmingly from those people directly affected by the Council's spending decisions. The number of responses from people neither living nor working in the County is not sufficient to be a concern in interpreting results.

3 About You - Classification of Respondents

An initial screening question here (Q15) was inserted mainly to allow questions and responses to be split between adults and children, but also to identify anyone answering on behalf of an organisation. Only 4 children responded to the engagement, and 10 responses in total came from organisations rather than individuals. In neither case does the level of response mean that there is anything to be gained from separating responses for analysis.

Analysis below relates to questions as directed to respondents *of all ages* unless otherwise stated. Those answering on behalf of an organisation, and those choosing *not to answer* the screening question 15 are not included, as the subsequent questions were not asked in these cases.

People aged under 16 were not asked questions 17, 25, 26 and 27, and were given a different response format to question 18.

Q16. Which gender are you?

A (respondents aged 16 and over)

Response	Number of Respondents	Percentage
Male	405	35.62%
Female	671	59.01%
Prefer not to say	52	4.57%
Not answered	9	0.79%
Total number of respondents	1137	100.00%

B (respondents aged up to 16, Q28)

Response	Number of Respondents	Percentage
Male	0	0.00%
Female	3	75.00%
Prefer not to say	0	0.00%
Not answered	1	25.00%
Total number of respondents	4	100.00%

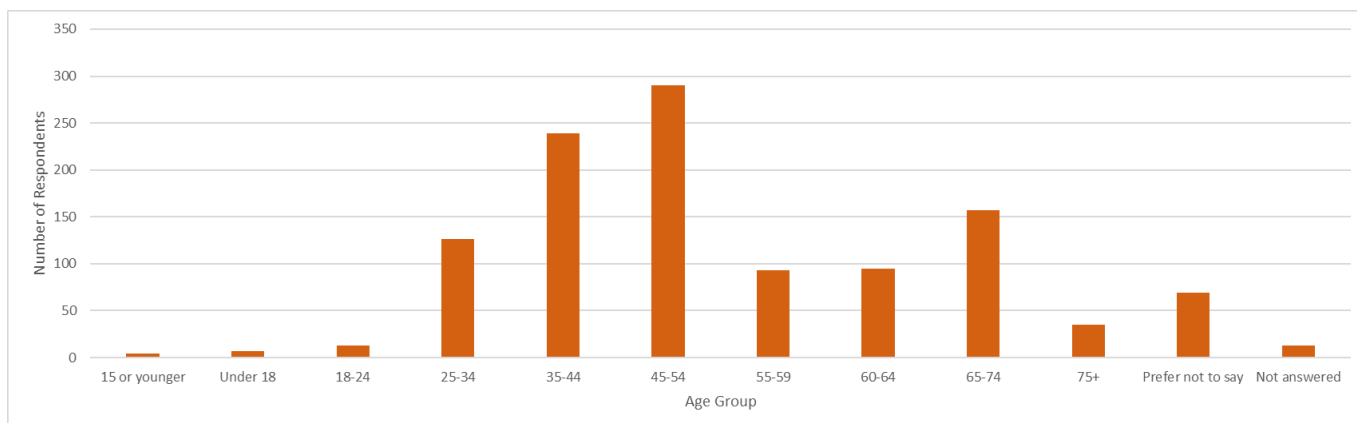
The response has been significantly stronger from women than from men – over 60% of those that chose to answer were women - and very limited from young people as already noted.

Q17. Do you identify as a transgender or trans person?

Response	Number of Respondents	Percentage
Yes	2	0.18%
No	1034	90.94%
Prefer not to say	67	5.89%
Not answered	34	2.99%
Total number of respondents	1137	100.00%

Q18. Which of these age groups do you belong to?

Response	Number of Respondents	Percentage
15 or younger	4	0.35%
Under 18	7	0.61%
18-24	13	1.14%
25-34	126	11.04%
35-44	239	20.95%
45-54	290	25.42%
55-59	93	8.15%
60-64	95	8.33%
65-74	157	13.76%
75+	35	3.07%
Prefer not to say	69	6.05%
Not answered	13	1.14%
Total number of respondents	1141	100.00%



Almost exactly 50% of the respondents *who gave their age group* were in the range 35-54, and just over 80% may be defined as being of working age (18 to 64). We understand the population aged 16-64 in the County is around 62% of the overall population, so the sample slightly over-represents this age range.

Conversely, the sample for age 65 and over is just over 18%, again, of those that provided an age group, where this group is currently 21.3% of the total population of the County.

Postcode analysis (Q19)

Respondents were asked to provide a postcode, so that some analysis of the pattern of response could be undertaken. Some respondents did not complete this question or provided only a partial postcode, but from the responses to date we can see the broad breakdown of response between urban and rural residents, which is as follows.

Response	Number of Respondents	Percentage
Rural	211	18.49%
Urban	526	46.10%
Outside East Sussex/Incomplete Postcode Given	246	21.56%
Postcode not given	158	13.85%
Total number of respondents	1141	100.00%

Where the information was complete and clear, therefore, over twice as many respondents were resident in postcodes defined by the Council as urban, 71.4% urban and 28.6% rural.

Urban areas are defined as being those forming / within settlements with a population of over 10,000, which we would understand to be:

Eastbourne
Hastings
Bexhill-on-Sea
Seaford
Crowborough
Hailsham
Peacehaven
Lewes
Uckfield
Newhaven

These having, at 2011, a total population of just over 383,000 – at that point, 73% of the total population of the County. From this it may be concluded that the response to this engagement very slightly over-represents residents in rural areas. That could represent a feeling that residents in these areas consider themselves more directly impacted under the proposals, but in truth the variation is not statistically significant.

Q20. To which of these ethnic groups do you feel you belong? (source: 2011 census)
Please select one answer

Response	Number of Respondents	Percentage
White British	951	83.35%
White Irish	9	0.79%
White Gypsy/Roma	3	0.26%
White Irish Traveller	1	0.09%
White Other	44	3.86%
Mixed White and Black Caribbean	5	0.44%
Mixed White and Black African	2	0.18%
Mixed White and Asian	4	0.35%
Mixed Other	4	0.35%
Asian or Asian British Indian	2	0.18%
Asian or Asian British Pakistani	0	0.00%
Asian or Asian British Bangladeshi	0	0.00%
Asian or Asian British Other	2	0.18%
Black or Black British Caribbean	3	0.26%
Black or Black British African	0	0.00%
Black or Black British Other	0	0.00%
Arab	1	0.09%
Chinese	1	0.09%
Prefer not to say	61	5.35%
Other ethnic group	2	0.18%
Not answered	46	4.03%
Total number of respondents	1141	100.00%

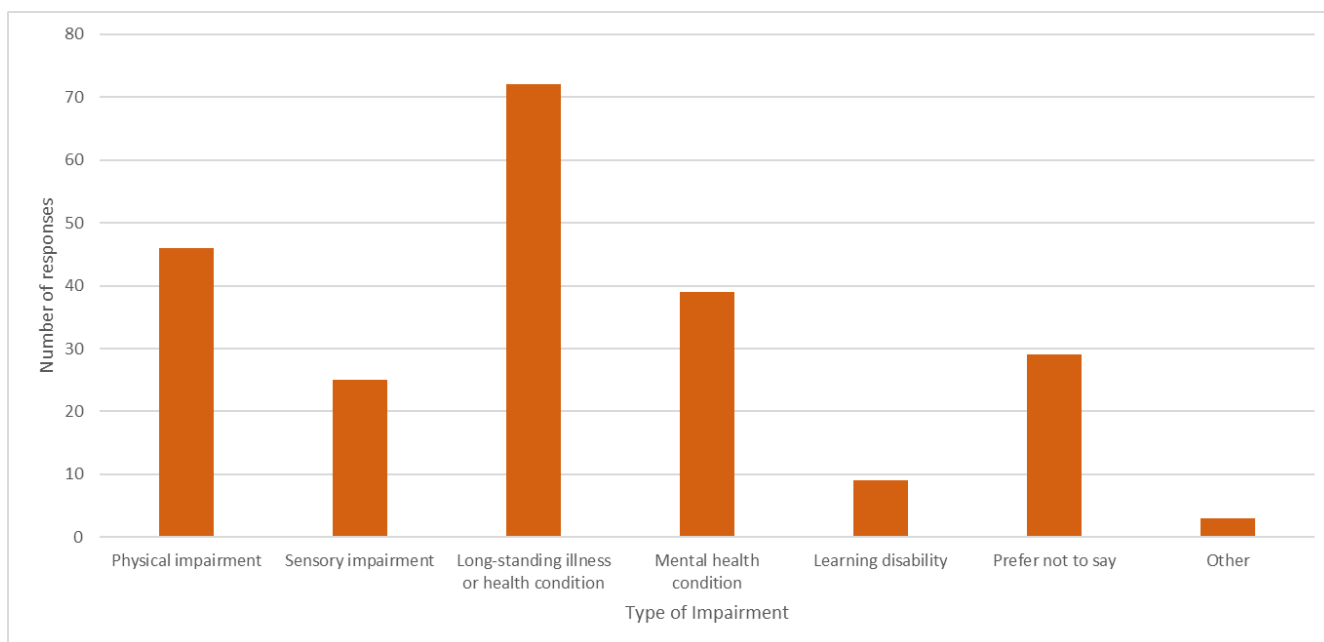
Of those that gave a definite response here, 92% identified as “White British”, the only other substantial response being from those identifying as “White Other”. In total, 106 people (9.35% of respondents to this question) chose not to answer, either by selecting the “prefer not to say” option or by making no response.

Q21. Do you consider yourself disabled as set out in the Equality Act 2010?

Response	Number of Respondents	Percentage
Yes	167	14.64%
No	904	79.23%
Prefer not to say	46	4.03%
Not answered	24	2.10%
Total number of respondents	1141	100.00%

Q22. If you answered yes to Q21, please tell us the type of impairment that applies to you
(total number of **respondents** here was 167)

Response	Number of Responses	Percentage
Physical impairment	46	20.63%
Sensory impairment	25	11.21%
Long-standing illness or health condition	72	32.29%
Mental health condition	39	17.49%
Learning disability	9	4.04%
Prefer not to say	29	13.00%
Other	3	1.35%
Total number of responses	223	100.00%



Respondents were invited to describe their disability or condition if they felt it was not listed as an option on the questionnaire. Only a small number of clarifications were given here, one related to dementia and three to physical conditions.

In 2016/17 nationally, 19% of adults of working age and 45% of adults over State Pension age reported a disability under the terms of Equality Act 2010, with mobility being the most prevalent impairment reported (Source: Family Resources Survey 2016/17). Somewhat fewer are represented in the engagement here, 12.7% identifying themselves as such (of those providing a definite answer).

On the same basis, more than 15%, 167 respondents, went on to specify an impairment / condition in question 22, so we infer that this includes some people who may not consider their reported health issue to constitute a disability in the terms of the Act. In reporting, for consistency, we have shown all of these people as having reported a disability

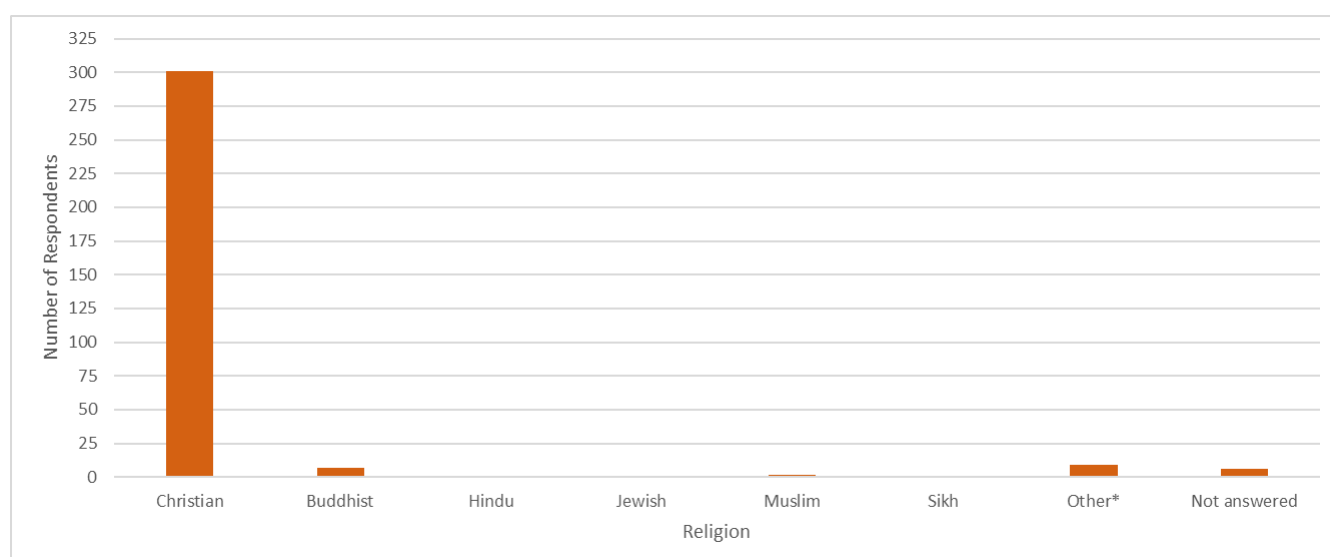
The final group of questions related to religion, sexuality, relationship status and establishing pregnancy rates among respondents. There was a clear increase for these questions in the “prefer not to say” response, where some respondents may have considered these issues of limited relevance to the engagement.

Q23. Do you regard yourself as belonging to any particular religion or belief?

Response	Number of Respondents	Percentage
Yes	328	28.75%
No	667	58.46%
Prefer not to say	114	9.99%
Not answered	32	2.80%
Total number of respondents	1141	100.00%

Q24. If you have answered yes to Q23, which one?

Response	Number of Respondents	Percentage
Christian	301	91.77%
Buddhist	7	2.13%
Hindu	1	0.30%
Jewish	1	0.30%
Muslim	2	0.61%
Sikh	1	0.30%
Other	9	2.74%
Not answered	6	1.83%
Total number of respondents	328	100.00%



Not all those that indicated they belonged to a religious or belief group went on to specify which. Of those that did, clearly the very large majority are Christian.

Q25. Are you...? (Respondents aged 16 and over)

Response	Number of Respondents	Percentage
Bi/Bisexual	22	1.93%
Heterosexual/straight	866	76.17%
Gay woman/Lesbian	14	1.23%
Gay man	22	1.93%
Other	5	0.44%
Prefer not to say	149	13.10%
Not answered	59	5.19%
Total number of respondents	1137	100.00%

Q26. Are you currently pregnant or have you been pregnant in the last year? (Respondents aged 16 and over)

Response	Number of Respondents	Percentage
Yes	22	1.93%
No	975	85.75%
Prefer not to say	86	7.56%
Not answered	54	4.75%
Total number of respondents	1137	100.00%

Q27. Are you married or in a civil partnership? (Respondents aged 16 and over)

Response	Number of Respondents	Percentage
Yes	675	59.37%
No	324	28.50%
Prefer not to say	104	9.15%
Not answered	34	2.99%
Total number of respondents	1137	100.00%

4 Conclusions

The engagement has produced a response from 1204 people, which provides a robust sample of the population of East Sussex. Statistically, we can be confident that the overall analyses of the sample produce answers that are within 3% of the answers that the whole population would provide if it were possible to ask them, *if we can assume that the respondents are a true cross-section of the population.*

It is not possible to make this assumption as the sample was self-selecting, in other words it was made up of people who, for a range of reasons, *wanted* to respond, often but not always on the basis that they had a particular point of view to express.

We can, however, say that the response provides a robust view of the overall response of those people, and of the range of views that residents and others have in relation to the key questions.

For particular *groups* of respondents, conclusions may be more or less robust depending on the numbers of responses from those groups. Broadly speaking, we can say that:

- if the group includes more than 380 respondents, for example people of working age, the conclusions in relation to any key question should be accurate to within 5%;
- if it includes more than 95 respondents, for example people aged 65 and over or people with disabilities as defined in the 2010 Equality Act, then results will be accurate to within 10%.

The response to key questions may be summarised as follows:

1. Views concerning the current performance of the Council were mixed, but with overall greater support than dissent;
2. Similarly, in relation to a “core offer” views are mixed, but the concept is supported by more than oppose it;
3. Over half of respondents felt they would be affected by potential changes to services for vulnerable people (28% greatly affected) and to schools (36% greatly affected);
4. Almost 90% felt they would be affected by potential changes to universal services (48% greatly affected);
5. Few people identified services likely to be included in a core offer that they felt should not be included;
6. Additional services that people felt should be *added* to the core offer included services (presumably additional to core) for people with impairments, schools/education and families, and a reasonably common theme that council tax should be raised / Government funding secured, in order to provide service levels beyond the proposed core;
7. In the longer term there was a very clear indication that more support should come from Government rather than further pressure being placed on local services or taxes;
8. Nevertheless, should further economies be required, respondents’ priorities (in order) were for social care – particularly for the elderly and for young people - education, highways, economic development and libraries;
9. Were legislation to change, there was some indication that people would be prepared to pay for some services currently provided without charge by statute. Among these, the greatest support - 33% of respondents – was for charges for (entitled pupils’) home to school transport. It should be stressed that these options are *not* open to the Council without changes to primary legislation.

10. Respondents were also asked about the sort of response they would consider reasonable when *contacting* the Council for information. Over 80% said that an automated response of some sort would be acceptable as long as this was effective in providing either the information needed, or a clear pointer to an email or phone contact point where the information would be found.

Further questions were asked in order to establish the groups of people making up the response. Amongst the information given here:

- Responses came mainly from people living in East Sussex – 94% of all respondents. A further 5% *work* in the County, and 1% neither live nor work in East Sussex;
- The engagement was open to people of all ages, but very few (4 in total) respondents were aged under 16. Adult responses gave good coverage from all age groups;
- Women responded more than men (at least 60% of all respondents);
- The response from urban and rural parts of the County was broadly in line with the overall split of population between these areas;
- Just over 15% of respondents assessed themselves as having a disability, most frequently a long-term illness or health condition where the detail was given.

Report to: **Cabinet**

Date: **22 January 2019**

By: **Chief Operating Officer**

Title of report: **Treasury Management Policy and Strategy 2019/20**

Purpose of report: **This report proposes the Treasury Management Policy and Strategy for 2019/20. The Council is also required to set Prudential Indicators as set out in the Prudential Code which are included in this strategy for approval.**

RECOMMENDATIONS

Cabinet is recommended to recommend Council to:

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

1. Background

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

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

1.3 The Treasury Management Policy and Strategy Statement (TMSS) for 2019/20 is presented in Appendix 'A' to this report. The strategy includes the Treasury Management Policy Statement, the Treasury Management Strategy Statement, the Annual Investment Strategy, Prudential and Treasury Indicators for the next three years and the annual Minimum Revenue Provision Policy Statement.

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

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

1.5 The 2018/19 Annual Investment Strategy was revised considerably to include a broader group of investment instruments including pooled property funds, short dated bond funds, and pooled mixed asset funds. The inclusion of these instruments provides options for the Council to invest its longer term cash, which assists in both diversifying the investment

portfolio whilst providing an improvement to the overall yield. The council's first step in using these wider instruments was with a £5m investment in the CCLA Pooled Property fund in July 2018 following a fund selection process. In its first 3 months, this investment achieved an annualised yield of 3% over and above what the council could achieve for one year deposits with banks at the time. It was always intended that a total of £10m would be invested in the CCLA Property Fund. A further investment of £5m will be reviewed in April/May 2019, once the impact of the UK withdrawal from the EU on the UK property market can be assessed.

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

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

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

2. Supporting Information

Treasury Management Reporting

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

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

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

Economic Background

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

Minimum Revenue Provision (MRP)

2.4 A paper was discussed at Audit Committee on 20 September 2018 recommending a revision to the MRP methodology, which was supported by the committee. The current methodology is based on using an equal instalment method. The alternative proposed was an annuity method. Under this revised methodology, MRP will be lower in the early years and increases over time. This is considered a prudent approach as it reflects the time value

of money (i.e. the impact of inflation) as well as providing a charge which is better matched to how the benefits of the asset financed by borrowing are consumed over its useful life. That is, a method that reflects the fact that asset deterioration is slower in the early years of an asset and accelerates towards the latter years. The revised MRP Policy Statement (Appendix A, Section 3) therefore reflects this change in policy which, if approved, will be introduced during 2018/19.

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

Revision of CIPFA Codes and MHCLG Guidance

2.6 The framework in which treasury management operates was revised by the Ministry for Housing, Communities and Local Government (MHCLG) and CIPFA during 2017/18, with full implementation expected by 2019/20. The changes were largely in response to a growing number of authorities increasing their use of non-financial investments (such as commercial property portfolios) to generate income in response to reducing resources to deliver their core services. The revised codes and guidance sought to increase transparency and to provide a single place to assess the proportionality of this activity in comparison to an authority's core services. This report is fully compliant with the revised requirements, and a new, separate, report (The Capital Strategy) will be part of Reconciling Policy, Performance and Resources as reported to Cabinet on 22 January 2019. The purpose of the Capital Strategy is to drive the authority's capital investment ambition, whilst also ensuring appropriate capital expenditure, capital financing and treasury management in the context of the sustainable, long term delivery of services.

3 Conclusion and recommendations

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

3.2 Cabinet recommends the 2019/20 Treasury Management Policy and Strategy Statement for approval by Council.

KEVIN FOSTER

Chief Operating Officer

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Local Member(s): All

BACKGROUND DOCUMENTS

CIPFA Prudential Code and CIPFA Treasury Management Code

Local Government Act 2003 – Capital Finance

MHCLG Statutory Guidance on Local Authority Investments and the Minimum Revenue Provision.

TREASURY MANAGEMENT POLICY AND STRATEGY 2019/20



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1. INTRODUCTION

1.1 Background

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

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans, or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.

The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities (arising usually from capital expenditure), and are separate from the day to day treasury management activities.

CIPFA defines treasury management as:

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

Revised reporting is required for the 2019/20 reporting cycle due to revisions of the Ministry for Housing Communities and Local Government (MHCLG) Investment Guidance, the MHCLG Minimum Revenue Provision (MRP) Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code. The primary reporting changes include the introduction of a capital strategy, to provide a longer-term focus to the capital plans, and greater reporting requirements surrounding any commercial activity undertaken under the Localism Act 2011. The capital strategy is being reported separately.

1.2 Reporting Requirements

1.2.1 Capital Strategy

The CIPFA revised 2017 Prudential and Treasury Management Codes require, for 2019/20, all local authorities to prepare an additional report, a capital strategy report, which will provide the following:

- a high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed

- the implications for future financial sustainability

The aim of the capital strategy is to ensure that all elected members on the full council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

This capital strategy is reported separately from the Treasury Management Strategy Statement; non-treasury investments will be reported through the former. This ensures the separation of the core treasury function under security, liquidity and yield principles, and the policy and commercialism investments usually driven by expenditure on an asset. The capital strategy will show:

- The corporate governance arrangements for these types of activities;
- Any service objectives relating to the investments;
- The expected income, costs and resulting contribution;
- The debt related to the activity and the associated interest costs;
- The payback period (MRP policy);
- For non-loan type investments, the cost against the current market value;
- The risks associated with each activity.

Where a physical asset is being bought, details of market research, advisers used, (and their monitoring), ongoing costs and investment requirements and any credit information will be disclosed, including the ability to sell the asset and realise the investment cash.

Where the Council has borrowed to fund any non-treasury investment, there should also be an explanation of why borrowing was required and why the MHCLG Investment Guidance and CIPFA Prudential Code have not been adhered to.

If any non-treasury investment sustains a loss during the final accounts and audit process, the strategy and revenue implications will be reported through the same procedure as the capital strategy.

1.2.2 Treasury Management reporting

The Council is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.

- a. **Prudential and treasury indicators and treasury strategy** (this report) - The first, and most important report is forward looking and covers:
 - the capital plans, (including prudential indicators);
 - a minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time);
 - the treasury management strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
 - an investment strategy, (the parameters on how investments are to be managed).
- b. **A mid-year treasury management report** – This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision.
- c. **An annual treasury report** – This is a backward looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

This Council delegates responsibility for implementation and monitoring treasury management to Cabinet and responsibility for the execution and administration of treasury management decisions to the Section 151 Officer. Cabinet therefore receives the Mid Year and Annual treasury reports in December each year.

The above reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Audit Committee.

1.3 Treasury Management Strategy for 2019/20

The strategy for 2019/20 covers two main areas:

Capital issues

- the capital expenditure plans (section 2) and the associated prudential indicators (Annex C);
- the minimum revenue provision (MRP) policy (Section 3).

Treasury management issues

- the current treasury position (section 1.5);
- treasury indicators which limit the treasury risk and activities of the Council (Annex C);
- prospects for interest rates (Annex B);
- the borrowing strategy (section 2);
- policy on borrowing in advance of need (section 2.2);
- debt rescheduling (section 2.3);
- the investment strategy (section 4);
- creditworthiness policy (section 4.4); and
- the policy on use of external service provider (section 5.3).

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, MHCLG MRP Guidance, the CIPFA Treasury Management Code and MHCLG Investment Guidance.

1.4 Treasury Management Policy Statement

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

- i) This Council defines its treasury management activities as

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

- ii) This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Council, and any financial instruments entered into to manage these risks.
- iii) This Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore

committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance management techniques, within the context of effective risk management.

1.5 Current Treasury Position

A summary of the council's borrowing & investment portfolios as at 30th November 2018 and forecast at the end of the financial year is shown in **Table 1** below:

Table 1	Actual at 30 November 2018			Forecast to 31 March 2019		
	£'000	% of portfolio	Average Rate	£'000	% of portfolio	Average Rate
Investments						
Banks	182,000	74%	0.99%	190,000	81%	0.99%
Local Authorities	22,500	9%	1.09%	27,500	12%	1.09%
Money Market Funds	38,000	15%	0.74%	11,500	5%	0.75%
CCLA Pooled Property Fund	5,000	2%	4.00%	5,000	2%	4.00%
Total Investments	247,500	100%	1.02%	234,000	100%	1.05%
Borrowing						
PWLB loans	233,570	95%	4.83%	230,275	95%	4.78%
Market loans	12,900	5%	4.00%	12,900	5%	4.00%
Total external Borrowing	246,470	100%	4.79%	243,175	100%	4.74%

2. BORROWING STRATEGY

The capital expenditure plans of the council are set out in the Capital Strategy Report being considered by full Council on 5 February 2019. The treasury management function ensures that the council's cash is organised in accordance with the relevant professional codes so that sufficient cash is available to meet the capital expenditure plans.

Any capital investment that is not funded from these new and/or existing resources (e.g. capital grants, receipts from asset sales, revenue contributions or earmarked reserves) increases the council's need to borrow. However, external borrowing does not have to take place immediately to finance its related capital expenditure: the council can utilise cash being held for other purposes (such as earmarked reserves and working capital balances) to temporarily defer the need for external borrowing. This is known as 'internal borrowing'.

The council's primary objective is to strike an appropriate balance between securing cost certainty and securing low interest rates.

The council's cumulative need to borrow is known as the Capital Financing Requirement (CFR). The CFR and the actual level of external borrowing will differ according to decisions made to react to expected changes in interest rates and the prevailing economic environment. Where a decision to defer borrowing (or internally borrow) is made, the council will be underborrowed. Where a decision to borrow in advance of need to secure cost certainty, the council will be overborrowed.

The Council borrowed £25m in advance of need during 2016/17 at an average rate of 2.74%. This move was to secure low cost borrowing to fund the capital programme. In order to

secure historically low interest rates. As a result, cash balances remain high, and at a time where investment returns are low and counterparty risk continues to be relatively high, no further external borrowing has been entered into. A restructuring opportunity arose in October 2018, with one of the council's market lenders (RBS) offering to allow the council to repay the £23m loans on attractive terms. The Council funded the repayment through using cash within the investment portfolio, thereby reducing the overborrowed position of the Council's CFR.

There is also £11m is expected to be funded via borrowing in the 2018/19 Capital Programme. No new borrowing is expected to be undertaken to fund this, and this will be funded through cash balances. The combination of the repayment of loans and the £11m of borrowing to be funded from cash is expected to shift the Council's borrowing position compared to it's CFR from £25m overborrowed at 31 March 2018 to £8m underborrowed by 31 March 2019.

2.1 Borrowing Strategy for 2019/20

The council's Capital Programme 2019/20 to 2022/23 forecasts £271m of capital investment over the next four years with £197m met from existing or new resources. The increase in the council's borrowing need over this period is therefore £74m as shown in **Table 2** below.

2018/19 Projected £m	Table 2	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m	Total £m
92 (81)	Capital Expenditure Financed by: New & existing resources	103 (89)	80 (46)	45 (25)	43 (37)	271 (197)
11	Borrowing Need	14	34	20	6	74

Table 3 below shows the actual expected external borrowing against the capital financing requirement, identifying any under or over borrowing.

2018/19 Estimate £m	Table 3	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m
271 (28)	External Debt at 1 April Expected change in Debt	243 (4)	239 18	257 12	269 (2)
243	External Debt at 31 March	239	257	269	267
247 11 (6)	CFR* at 1 April Borrowing need (Table 2) MRP	252 14 (6)	260 34 (7)	286 20 (8)	299 6 (8)
252	CFR* at 31 March	260	287	299	296
9	Under / (Over) borrowing	21	30	30	29

*CFR in Table 3 is the underlying need to borrow and excludes PFI and lease arrangements, which are included in the CFR figure in the Prudential Indicators in Annex C

Table 2 demonstrates that the Council has a borrowing need of £74m over the next four years. The strategy will initially focus on meeting this borrowing need from internal borrowing; avoiding external borrowing by utilising the council's own surplus funds. This will reduce the net revenue cost of borrowing and reduce counterparty risk within the council's investment portfolio by reducing the portfolio size. However, borrowing rates have been volatile so far in 2018/19 and have increased modestly over the summer. Therefore the

internal borrowing position needs to be carefully and continually reviewed to avoid incurring higher borrowing costs in the future at a time when the authority may not be able to avoid new borrowing to finance capital expenditure or refinance maturing debt.

There will remain a cost of carry (the difference between borrowing costs and investment rates) to any new long term borrowing that causes a temporary increase in cash balances which will, most likely, lead to a cost to revenue.

2.2 Policy on Borrowing in Advance of Need

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

2.3 Debt Rescheduling

Officers continue to regularly review opportunities for debt rescheduling, but there has been a considerable widening of the difference between new borrowing and repayment rates, which has resulted in much fewer opportunities to realise any savings or benefits from rescheduling PWLB debt.

The reasons for any rescheduling to take place will include:

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

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

2.4 Interest Rate Risk & Continual Review

The total borrowing need in **Table 2**, as well as the debt at risk of maturity shown in **Table 4** is the extent to which the council is subject to interest rate risk.

Table 4	2019/20	2020/21	2021/22	2022/23
	£m	£m	£m	£m
Maturing Debt	4	3	4	6
Debt Subject to early repayments options	6	6	6	6
Total debt at risk of maturity	10	9	10	12

Officers continue to review the need to borrow taking into consideration the potential increases in borrowing costs, the need to finance new capital expenditure, refinancing maturing debt, and the cost of carry that might incur a revenue loss between borrowing costs and investment returns.

Against this background and the risks within the economic forecast, caution will be adopted with the 2019/20 treasury operations. The Chief Finance Officer will continue to monitor

interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- if it was felt that there was a significant risk of a sharp fall in long and short term rates (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.
- if it was felt that there was a significant risk of a much sharper rise in long and short term rates than that currently forecast, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates are still lower than they will be in the next few years.

3. MINIMUM REVENUE PROVISION POLICY STATEMENT

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the Capital Financing Requirement - CFR) through a revenue charge (the minimum revenue provision - MRP). Ministry of Housing, Communities and Local Government (MHCLG) regulations require the full Council to approve an MRP Statement in advance of each year. A variety of options are available to councils, so long as the principle of any option selected ensures a prudent provision to redeem its debt liability over a period which is commensurate with that over which the capital expenditure is estimated to provide benefits (i.e. estimated useful life of the asset being financed).

The below MRP Policy Statement reflects a change in policy for borrowing incurred both before and after 2008. The current policy is to make a provision on a straight line basis over a maximum period of 50 years for land and 40 years for other assets. Paragraph 2.4 of the main report details the rationale for making changes to the policy.

The Council is recommended to approve the following MRP Statement for 2018/19 onwards:

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

- Annuity basis over a maximum of 40 years.

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

- Asset Life Method (annuity method) – MRP will be based on the estimated life of the assets, in accordance with the proposed regulations. A maximum useful economic life of 50 years for land and 40 years for other assets. This option will also be applied for any expenditure capitalised under a capitalisation directive.

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

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

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

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

In view of the variety of different types of capital expenditure incurred by the Council, which is not in all cases capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure. This approach also allows the Council to defer the introduction of an MRP charge for new capital projects/land purchases until the year after the new asset becomes operational rather than in the year borrowing is required to finance the capital spending.

4. ANNUAL INVESTMENT STRATEGY

The MHCLG and CIPFA have extended the meaning of ‘investments’ to include both financial and non-financial investments. This report deals with financial investments. Non-financial investments are covered in the Capital Strategy.

The Council’s investment policy has regard to the following:

- MHCLG’s Guidance on Local Government Investments (the “Guidance”)
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 (the “Code”)
- CIPFA Treasury Management Guidance Notes 2018

The Council’s investment priorities will be the security of capital first, portfolio liquidity second and then yield (return).

4.1 Annual Investment Strategy for 2019/20

Investments will be made with reference to the core balance and cash flow requirements and the outlook for interest rates. Bank Rate is forecast to increase steadily but slowly over the next few years to reach 2.00% by Quarter 1 2022. Bank Rate forecasts for financial year ends (March) are:

2018/19	2019/20	2020/21	2021/22
0.75%	1.25%	1.50%	2.00%

Link Asset Service’s (LAS) view on the prospect for interest rates, including their forecast for short term investment rates is appended at Annex B.

Following consultation, changes to the strategy were made from 2018/19 to broaden the risk profile by reducing liquidity and to include some suitable, alternative investment products that are held for the medium (2-5 years) to longer term (5 years+). These products can generate better overall returns but there is a higher risk of volatility of performance so a longer term commitment is required.

During 2018/19, £5m was invested in the CCLA Pooled Property Fund which was the first step into utilising the new instruments within the revised strategy. It is expected that further investments into the fund will take place during 2019/20, but the due diligence and subsequent decision to increase the Council’s exposure to the Property fund will be undertaken during April/May 2019 once the impact of the withdrawal from the EU and the resultant prevailing economic environment has been appraised.

An options appraisal process will also be undertaken during 2019/20 to ascertain which of the other instruments are most appropriate to expand and diversify the Council’s investment

portfolio. This will include a thorough due diligence process which will consider the risks & returns of each investment type, the cash flow requirements over the investment time horizon and the diversification of risks across the whole investment portfolio. Risks will be assessed in the context of prevailing economic and market conditions. The result of this process will be reported as part of the 2019/20 Mid-Year report to Cabinet in December 2019.

Table 5 below summarises the changes to the 2018/19 & 2019/20 strategies from those approved in 2017/18. Each of the new investment products included are described in more detail in the paragraphs below. The inclusion of an investment product category in the strategy does not automatically result in investments being placed – investments will only be placed following a due diligence procedure as described above.

Table 5 - Investment options	2017/18	2018/19	2019/20
Money Market Funds (Including LVNAV)	✓	✓	✓
Bank Notice Accounts	✓	✓	✓
Fixed Term Bank Deposits	✓	✓	✓
UK Local Authorities	✓	✓	✓
Enhanced Money Market Funds (VNAV)	✓	✓	✓
Building Societies	✗	✓	✓
Pooled Property Funds	✗	✓	✓
Corporate Bond Funds	✗	✓	✓
Multi Asset Funds	✗	✓	✓
Equity Funds	✗	✗	✓

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

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

4.2 Investment Policy – Management of risk

Treasury management risks and how risks are managed and mitigated are identified in the Council's Treasury Management Practices and related procedures, details of which are held within the Council's Treasury Management Team. The main risks to the Council's treasury activities are:

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

The guidance from the MHCLG and CIPFA place a high priority on the management of risk. This authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -

- i) Minimum acceptable credit criteria are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.
- ii) Other information: ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as “credit default swaps” and overlay that information on top of the credit ratings.
- iii) Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
- iv) This authority has defined the list of types of investment instruments that the treasury management team are authorised to use.
 - a. **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year. The limits and permitted instruments for specified investments are listed within Table 7.
 - b. **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use. The limits and permitted instruments for non-specified investments are listed within Table 8.
- v) Lending limits (amounts and maturity) for each counterparty will be set through applying the credit criteria matrix (within Table 7).
- vi) This authority will set a limit for the amount of its investments which are invested for longer than 365 days, detailed in the Treasury Indicators in Annex C.
- vii) Investments will only be placed with counterparties from countries with a specified minimum sovereign rating of AA+ (see paragraph 4.3).
- viii) This authority has engaged external consultants, (see paragraph 5.3), to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.
- ix) All investments will be denominated in sterling.
- x) As a result of the change in accounting standards for 2018/19 under IFRS 9, this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, the Ministry of Housing, Communities and Local Government, [MHCLG], concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years commencing from 1.4.18.).

4.3 Sovereign Credit Ratings

For 2019/20 it is recommended to maintain the policy of lending to sovereign nations and their banks which hold either a AAA or AA+ rating, with the exception of the UK which is

currently rated AA by two of the three rating agencies (Aa2 Moody's). Maximum investment limits and duration periods will remain the same as in the previous strategy at £60 million and one year respectively. The list of countries that qualify using this credit criteria (as at the date of this report) are shown below:

AAA Australia, Canada, Denmark, Germany, Netherlands, Singapore, Sweden and Switzerland
AA+ (No Country currently)
AA UK

4.4 Creditworthiness Policy








The Council as part of its due diligence in managing creditworthiness, uses amongst other information, a tool provided by LAS. This tool employs a sophisticated modelling approach utilising credit ratings from the three credit rating agencies which is then supplemented with the following overlays:

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

This weighted scoring system then produces an end product of a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments.

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

- Yellow 5 years
- Purple 2 years
- Blue 1 year (*semi nationalised UK Bank – NatWest/RBS*)
- Orange 1 year
- Red 6 months
- Green 3 months
- No Colour Not to be used

Y	P	B	O	R	G	N/C
						
Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yrs	Up to 6 months	Up to 100 days	Not to be used

Typically the minimum credit ratings criteria the Council use will be a Short Term rating (Fitch or equivalents) of F1 and a Long Term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

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

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

- It has sufficient liquidity in its investments.

All credit ratings are monitored daily. The Council is alerted to changes to ratings of all three agencies through its use of the LAS credit worthiness service. If a downgrade results in the counterparty or investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.

In addition to the use of credit ratings, the Council will be advised of information re movements in Credit Default Swap against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list. The counterparties in which the Council will invest its cash surpluses is based on officers assessment of investment security, risk factors, market intelligence, a diverse but manageable portfolio and their participation in the local authority market.

Table 7 below summarises the types of specified investment counterparties available to the Council, and the maximum amount and maturity periods placed on each of these. A full list of the Council's counterparties and the current limits for 2019/20 are appended at Annex A.

Criteria for Specified Investments

Table 7	Country/ Domicile	Instrument	Min. Credit Criteria/LAS colour band	Max. Amount	Max. maturity period
Debt Management and Deposit Facilities (DMADF)	UK	Term Deposits (TDs)	N/A	unlimited	12 Months
Government Treasury bills	UK	TDs	UK Sovereign Rating	unlimited	12 Months
UK Local Authorities	UK	TDs	UK Sovereign Rating	£60m	12 Months
Banks – part nationalised	UK	<ul style="list-style-type: none"> ▪ TDs ▪ Deposits on Notice ▪ Certificates of Deposit (CDs) 	N/A	£60m	12 Months
Banks	UK	<ul style="list-style-type: none"> ▪ TDs ▪ Deposits on Notice ▪ CDs 	Blue	£60m	12 Months
			Orange	£60m	12 Months
			Red	£60m	6 Months
			Green	£60m	100 Days
Building Societies	UK	<ul style="list-style-type: none"> ▪ TDs ▪ Deposits on Notice ▪ CDs 	Blue	£60m	12 Months
			Orange	£60m	12 Months
			Red	£60m	6 Months
			Green	£60m	100 Days
Individual Money Market Funds (MMF) CNAV and LVNAV	UK/Ireland/ EU domiciled	AAA Rated Money Market Fund Rating	N/A	£60m	Liquid

Table 7	Country/ Domicile	Instrument	Min. Credit Criteria/LAS colour band	Max. Amount	Max. maturity period
VNAV MMF's and Ultra Short Dated Bond Funds	UK/Ireland/EU domiciled	AAA Rated Bond Fund Fund Rating	N/A	£60m	Liquid
Banks – Non-UK	Those with sovereign rating of at least AA+*	<ul style="list-style-type: none"> TDs Deposits on Notice CDs 	Blue	£60m	12 Months
			Orange	£60m	12 Months
			Red	£60m	6 Months
			Green	£60m	100 Days

*See Paragraph 4.3 for full list of countries that meet these criteria

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

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

The maximum amount that can be invested will be monitored in relation to the Council surplus monies and the level of reserves. The approved counterparty list will be maintained by referring to an up-to-date credit rating agency reports, and the Council will liaise regularly with brokers for updates. Counterparties may be added to or removed from the list only with the approval of the Chief Finance Officer. A full list of the Council's counterparties and the current limits for 2019/20 are appended at Annex A.

Equity Fund(s)

The 2018/19 Annual Investment Strategy, as agreed at full Council 6 February 2018, included Equity funds into the list of authorised instruments from 2019/20 onwards.

Equity funds are pooled investment vehicles which invest in a range of sectors and stocks, providing the benefit of diversification whilst providing inflation beating returns long term. Equity funds are highly liquid, but it is recommended that they are used only as a long term investment tool (typically 5+ years) as a result of potential considerable volatility in prices in line with that of global equity markets.

5. OTHER TREASURY ISSUES

5.1 Banking Services

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

5.2 Training

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. Training was last provided to Audit Committee members on 22 November 2018 and further training will be arranged as required.

The training needs of treasury management officers are periodically reviewed and training arranged as required.

5.3 Policy on the use of External Service Providers

The Council uses Link Asset Services as its external treasury management advisors.

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

5.4 Lending to Third Parties

The Council has the power to lend monies to third parties subject to a number of criteria. These are not treasury type investments rather they are policy investments. Any activity will only take place after relevant due diligence has been undertaken.

5.5 Updates to Accounting Requirements

▪ IFRS 9 – Financial Instruments

The accounting treatment for all financial instruments will be in the scope IFRS9 from 2018/19. This is not expected to have significant impact on the Council's investment portfolio, but the key considerations are as follows:

- A provision will be required for expected loss on the Council's investment portfolio as at the 31 March 2019 using the "expected loss" model, taking into account historical losses for instruments that carry a similar credit quality. To provide an estimate of the impact of this, a provision based on the investment portfolio as at 30th November 2018 would result in a provision being required of £0.032m.
- The valuation of investments previously classified as Available for Sale (AfS) will now be classified as Fair Value through Profit & Loss (FVPL). Under this change, any gains or losses on the valuation to the council's pooled property fund holding at 31 March in each year would have to be charged to the general fund revenue account. Following the consultation undertaken by the Ministry of Housing, Communities and Local Government, [MHCLG], on IFRS9 the Government has introduced a mandatory statutory override for local authorities to reverse out all unrealised fair value movements resulting from pooled investment funds. This will be effective from this financial year, 1 April 2018. The statutory override applies for five years from this date. Local authorities are required to disclose the net impact of the unrealised fair value movements in a separate unusable reserve throughout the duration of the override in order for

the Government to keep the override under review and to maintain a form of transparency.

- **IFRS 16 – Leasing**

CIPFA issued a consultation to local authorities regarding the accounting impact of operating leases being brought onto the balance sheet. The Council's Prudential Indicators and Capital Financing Requirement will need to be amended to allow for leases which were previously off balance sheet being brought onto balance sheet from 1 April 2020. The authorised limit and operational boundary for 2020/21 onwards will be increased to reflect the effect of this change once assessed.

Counterparty List 2019/20

ANNEX A

Bank with duration colour	Country	Fitch Ratings				Moody's Ratings		S & P Ratings		CDS Price	ESCC Duration	Link Duration Limit	Money Limit
Specified Investments:		L Term	S Term	Viab.	Supp.	L Term	S Term	L Term	S Term		(Months)	(Months)	(£m)
Lloyds Banking Group:													
Lloyds Bank	UK	A+	F1	a	5	Aa3	P-1	A+	A-1	67.64	12	12	60
Bank of Scotland	UK	A+	F1	a	5	Aa3	P-1	A+	A-1	60.16	12	12	
RBS/NatWest Group:													
NatWest Bank	UK	A-	F2	bbb+	5	A1	P-1	A-	A-2	-	12	12	60
Royal Bank of Scotland	UK	A-	F2	bbb+	5	A1	P-1	A-	A-2	-	12	12	
HSBC Bank	UK	AA-	F1+	a	1	Aa3	P-1	AA-	A-1+	44.23	12	12	60
Barclays Bank	UK	A	F1	a	5	A2	P-1	A	A-1	91.04	6	6	60
Santander (UK)	UK	A	F1	a	2	Aa3	P-1	A	A-1	-	6	6	60
Goldman Sachs IB	UK	A	F1	-	1	A1	P-1	A+	A-1	90.14	6	6	60
Standard Chartered Bank	UK	A+	F1	a	5	A1	P-1	A	A-1	58.72	6	6	60
Nationwide Building Society	UK	A	F1	a	5	Aa3	P-1	A	A-1	-	6	6	60
Coventry Building Society	UK	A	F1	a	5	A2	P-1	-	-	-	6	6	60
Non UK Counterparties:													
Australia & New Zealand Banking Group	Australia	AA-	F1+	aa-	1	Aa3	P-1	AA-	A-1+	68.33	12	12	60
Commonwealth Bank of Australia	Australia	AA-	F1+	aa-	1	Aa3	P-1	AA-	A-1+	70.32	12	12	60
National Australia Bank	Australia	AA-	F1+	aa-	1	Aa3	P-1	AA-	A-1+	69.36	12	12	60
Westpac Banking Corporation	Australia	AA-	F1+	aa-	1	Aa3	P-1	AA-	A-1+	70.36	12	12	60
Royal Bank of Canada	Canada	AA	F1+	aa	2	A1	P-1	AA-	A-1+	-	12	12	60
Toronto Dominion	Canada	AA-	F1+	aa-	2	Aa1	P-1	AA-	A-1+	-	12	12	60
Dev. Bank of Singapore	Singapore	AA-	F1+	aa-	1	Aa1	P-1	AA-	A-1+	-	12	12	60
Oversea Chinese Banking Corp	Singapore	AA-	F1+	aa-	1	Aa1	P-1	AA-	A-1+	-	12	12	60
United Overseas Bank	Singapore	AA-	F1+	aa-	1	Aa1	P-1	AA-	A-1+	-	12	12	60

Continued Counterparty list Bank with duration colour	Country	Fitch Ratings				Moody's Ratings		S & P Ratings		CDS Price	ESCC Duration	Link Duration Limit	Money Limit
		L Term	S Term	Viab.	Supp.	L Term	S Term	L Term	S Term		(Months)	(Months)	(£m)
Svenska H	Sweden	AA	F1+	aa	5	Aa2	P-1	AA-	A-1+	-	12	12	60
Nordea Bank AB	Sweden	AA-	F1+	aa-	5	Aa3	P-1	AA-	A-1+	-	12	12	60
ABN AMRO Bank	Netherlands	A+	F1	a	5	A1	P-1	A	A-1	-	6	6	60
Rabobank	Netherlands	AA-	F1+	a+	5	Aa3	P-1	A+	A-1	36.00	12	12	60
ING Bank NV	Netherlands	A+	F1	a+	5	Aa3	P-1	A+	A-1	39.27	12	12	60
UBS	Switzerland	AA-	F1+	a+	5	Aa2	P-1	A+	A-1	43.65	12	12	60
Credit Suisse	Switzerland	A	F1	a-	5	A1	P-1	A	A-1	97.27	6	6	60
DZ Bank	Germany	AA-	F1+		WD	Aa1	P-1	AA-	A-1+	-	12	12	60
Danske Bank	Denmark	A	F1	a	5	Aa2	P-1	A	A-1	60.20	6	6	60

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

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

ECONOMIC OVERVIEW

Provided by Link Asset Services 8 January 2018

GLOBAL OUTLOOK. World growth has been doing reasonably well, aided by strong growth in the US. However, US growth is likely to fall back in 2019 and, together with weakening economic activity in China, overall world growth is likely to weaken.

Inflation has been weak during 2018 but, at long last, unemployment falling to remarkably low levels in the US and UK has led to a marked acceleration of wage inflation. The US Fed has therefore increased rates nine times and the Bank of England twice. However, the ECB is unlikely to start raising rates until late in 2019 at the earliest.

KEY RISKS - central bank monetary policy measures

Looking back on nearly ten years since the financial crash of 2008 when liquidity suddenly dried up in financial markets, it can be assessed that central banks' monetary policy measures to counter the sharp world recession were successful. The key monetary policy measures they used were a combination of lowering central interest rates and flooding financial markets with liquidity, particularly through unconventional means such as quantitative easing (QE), where central banks bought large amounts of central government debt and smaller sums of other debt.

The key issue now is that that period of stimulating economic recovery and warding off the threat of deflation, is coming towards its close. A new period is well advanced in the US, and started more recently in the UK, of reversing those measures i.e. by raising central rates and, (for the US), reducing central banks' holdings of government and other debt. These measures are now required in order to stop the trend of a reduction in spare capacity in the economy and of unemployment falling to such low levels, that the re-emergence of inflation is viewed as a major risk. It is, therefore, crucial that central banks get their timing right and do not cause shocks to market expectations that could destabilise financial markets. In particular, a key risk is that because QE-driven purchases of bonds drove up the price of government debt, and therefore caused a sharp drop in income yields, this also encouraged investors into a search for yield and into investing in riskier assets such as equities. Consequently, prices in both bond and equity markets rose to historically high valuation levels simultaneously. This meant that both asset categories were exposed to the risk of a sharp downward correction and we have indeed, seen a sharp fall in equity values in the last quarter of 2018. It is important, therefore, that central banks only gradually unwind their holdings of bonds in order to prevent destabilising the financial markets. It is also likely that the timeframe for central banks unwinding their holdings of QE debt purchases will be over several years. They need to balance their timing to neither squash economic recovery, by taking too rapid and too strong action, or, conversely, let inflation run away by taking action that was too slow and/or too weak. The potential for central banks to get this timing and strength of action wrong are now key risks. At the time of writing, (early January 2019), financial markets are very concerned that the Fed is being too aggressive with its policy for raising interest rates and was likely to cause a recession in the US economy.

The world economy also needs to adjust to a sharp change in liquidity creation over the last five years where the US has moved from boosting liquidity by QE purchases, to reducing its holdings of debt, (currently about \$50bn per month). In addition, the European Central Bank ended its QE purchases in December 2018.

UK. The flow of positive economic statistics since the end of the first quarter of 2018 has shown that pessimism was overdone about the poor growth in quarter 1 when adverse

weather caused a temporary downward blip. Quarter 1 at 0.1% growth in GDP was followed by a return to 0.4% in quarter 2 and by a strong performance in quarter 3 of +0.6%. However, growth in quarter 4 is expected to weaken significantly.

At their November quarterly Inflation Report meeting, the MPC repeated their well-worn phrase that future Bank Rate increases would be gradual and would rise to a much lower equilibrium rate, (where monetary policy is neither expansionary or contractionary), than before the crash; indeed they gave a figure for this of around 2.5% in ten years time, but declined to give a medium term forecast. However, with so much uncertainty around Brexit, they warned that the next move could be up or down, even if there was a disorderly Brexit. While it would be expected that Bank Rate could be cut if there was a significant fall in GDP growth as a result of a disorderly Brexit, so as to provide a stimulus to growth, they warned they could also raise Bank Rate in the same scenario if there was a boost to inflation from a devaluation of sterling, increases in import prices and more expensive goods produced in the UK replacing cheaper goods previously imported, and so on. In addition, the Chancellor could potentially provide fiscal stimulus to support economic growth, though at the cost of increasing the budget deficit above currently projected levels.

It is unlikely that the MPC would increase Bank Rate in February 2019, ahead of the deadline in March for Brexit. Getting parliamentary approval for a Brexit agreement on both sides of the Channel will take well into spring 2019. However, in view of the hawkish stance of the MPC at their November meeting, the next increase in Bank Rate is now forecast to be in May 2019, (on the assumption that a Brexit deal is agreed by both the UK and the EU). The following increases are then forecast to be in February and November 2020 before ending up at 2.0% in February 2022.

Inflation. The Consumer Price Index (CPI) measure of inflation has been falling from a peak of 3.1% in November 2017 to 2.3% in November. In the November Bank of England quarterly Inflation Report, inflation was forecast to still be marginally above its 2% inflation target two years ahead, (at about 2.1%), given a scenario of minimal increases in Bank Rate. This inflation forecast is likely to be amended upwards due to the Bank's report being produced prior to the Chancellor's announcement of a significant fiscal stimulus in the Budget; this is likely to add 0.3% to GDP growth at a time when there is little spare capacity left in the economy, particularly of labour.

As for the **labour market** figures in October, unemployment at 4.1% was marginally above a 43 year low of 4% on the Independent Labour Organisation measure. A combination of job vacancies hitting an all-time high, together with negligible growth in total employment numbers, indicates that employers are now having major difficulties filling job vacancies with suitable staff. It was therefore unsurprising that wage inflation picked up to 3.3%, (3 month average regular pay, excluding bonuses). This meant that in real terms, (i.e. wage rates less CPI inflation), earnings are currently growing by about 1.0%, the highest level since 2009. This increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. This tends to confirm that the MPC was right to start on a cautious increase in Bank Rate in August as it views wage inflation in excess of 3% as increasing inflationary pressures within the UK economy.

In the **political arena**, there is a risk that the current Conservative minority government may be unable to muster a majority in the Commons over Brexit. However, our central position is that Prime Minister May's government will endure, despite various setbacks, along the route to reaching an orderly Brexit in March 2019. If, however, the UK faces a general election in the next 12 months, this could result in a potential loosening of monetary and fiscal policy and therefore medium to longer dated gilt yields could rise on the expectation of a weak pound and concerns around inflation picking up.

Prospect for Interest Rates

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

Link Asset Services Interest Rate View													
	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.50%	1.50%	1.75%	1.75%	1.75%	2.00%
3 Month LIBID	0.90%	1.00%	1.10%	1.20%	1.30%	1.40%	1.50%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%
6 Month LIBID	1.00%	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%
12 Month LIBID	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%	2.30%	2.40%
5yr PWLB Rate	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%	2.80%	2.80%
10yr PWLB Rate	2.50%	2.60%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%
25yr PWLB Rate	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%	3.50%	3.50%	3.60%	3.60%
50yr PWLB Rate	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%	3.40%

The flow of generally positive economic statistics after the quarter ended 30 June meant that it came as no surprise that the MPC came to a decision on 2 August to make the first increase in Bank Rate above 0.5% since the financial crash, from 0.5% to 0.75%. Growth became increasingly strong during 2018 until slowing significantly during the last quarter. At their November quarterly Inflation Report meeting, the MPC left Bank Rate unchanged, but expressed some concern at the Chancellor's fiscal stimulus in his Budget, which could increase inflationary pressures. However, it is unlikely that the MPC would increase Bank Rate in February 2019, ahead of the deadline in March for Brexit. On a major assumption that Parliament and the EU agree a Brexit deal in the first quarter of 2019, then the next increase in Bank Rate is forecast to be in May 2019, followed by increases in February and November 2020, before ending up at 2.0% in February 2022.

The overall longer run future trend is for gilt yields, and consequently PWLB rates, to rise, albeit gently. However, over about the last 25 years, we have been through a period of falling bond yields as inflation subsided to, and then stabilised at, much lower levels than before, and supported by central banks implementing substantial quantitative easing purchases of government and other debt after the financial crash of 2008. Quantitative easing, conversely, also caused a rise in equity values as investors searched for higher returns and purchased riskier assets. In 2016, we saw the start of a reversal of this trend with a sharp rise in bond yields after the US Presidential election in November 2016, with yields then rising further as a result of the big increase in the US government deficit aimed at stimulating even stronger economic growth. That policy change also created concerns around a significant rise in inflationary pressures in an economy which was already running at remarkably low levels of unemployment. Unsurprisingly, the Fed has continued on its series of robust responses to combat its perception of rising inflationary pressures by repeatedly increasing the Fed rate to reach 2.25 – 2.50% in December 2018. It has also continued its policy of not fully reinvesting proceeds from bonds that it holds as a result of quantitative easing, when they mature. We therefore saw US 10 year bond Treasury yields

rise above 3.2% during October 2018 and also investors causing a sharp fall in equity prices as they sold out of holding riskier assets. However, by early January 2019, US 10 year bond yields had fallen back considerably on fears that the Fed was being too aggressive in raising interest rates and was going to cause a recession. Equity prices have been very volatile on alternating good and bad news during this period.

From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment. Such volatility could occur at any time during the forecast period.

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

Investment and borrowing rates

- Investment returns are likely to remain low during 2019/20 but to be on a gently rising trend over the next few years.
- Borrowing interest rates have been volatile so far in 2018-19 and while they were on a rising trend during the first half of the year, they have backtracked since then until early January. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in the future when authorities may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt;
- There will remain a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

ANNEX C

PRUDENTIAL AND TREASURY INDICATORS 2019/20 to 2021/22

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

The Prudential Indicators for 2019/20 to 2021/22 are set out in **Table A** below:

Table A	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
Capital Expenditure £m (gross) Council's capital expenditure plans	£103m	£80m	£45m
Capital Financing Requirement £m Measures the underlying need to borrow for capital purposes (including PFI & Leases)	£343m	£371m	£380m
Ratio of financing costs to net revenue stream** Identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against net revenue stream	5.77%	4.70%	4.68%

** the ratio of financing costs to net revenue stream illustrates the percentage of the Council's net revenue budget being used to finance the council's borrowing. This includes interest costs relating to the council's borrowing portfolio and MRP, net of the investment income from the council's investment portfolio.

The Treasury Management Code requires that Local Authorities set a number of indicators for treasury performance in addition to the Prudential Indicators which fall under the Prudential Code. The Treasury Indicators for 2019/20 to 2021/22 are set out in **Tables B & C** below:

Table B	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
Authorised Limit for External Debt £m* The Council is expected to set a maximum authorised limit for external debt. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by Full Council.	£373m	£401m	£410m
Operational boundary for external debt £m* The Council is required to set an operational boundary for external debt. This is the limit which external debt is not normally expected to exceed. This indicator may be breached temporarily for operational reasons.	£353m	£381m	£390m
Principal Sums invested for longer than 365 days	£60m	£60m	£60m

Control on interest rate exposure: Upper limit for fixed interest rate exposure* Identifies a maximum limit for fixed interest rates for borrowing and investments.	100%	100%	100%
Control on interest rate exposure: Upper limit for variable interest rate exposure* Identifies a maximum limit for variable interest rates for borrowing and investments.	15%	15%	15%

Table C

Maturity Structure of fixed interest rate borrowing*

The Council needs to set upper and lower limits with respect to the maturity structure of its borrowing.

	Lower	Upper
Under 12 months	0%	25%
12 months to 2 years	0%	40%
2 years to 5 years	0%	60%
5 years to 10 years	0%	70%
Over 10 years	0%	90%

Note-

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

SCHEME OF DELEGATION

1. Full Council

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

i. Treasury Management Policy and Strategy Report

The report covers:

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

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

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

2. Cabinet

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

3. Audit Committee

- Scrutiny of performance against the strategy.

4. Role of the Section 151 Officer

The Section 151 (responsible) Officer:

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

There are further responsibilities for the S151 Officer identified within the 2017 Code in respect of non-financial investments. They are identified and listed in the Capital Strategy where relevant.

INVESTMENT PRODUCT GLOSSARY

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

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

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

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

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

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

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

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

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

Report to: Cabinet

Date of meeting: 22 January 2019

By: Assistant Chief Executive

Title: Scrutiny Review of Schools Coping with Change - the Way Forward

Purpose: To provide an opportunity for the Cabinet to consider the report of the People Scrutiny Committee.

RECOMMENDATION:

To consider any comments the Cabinet wishes to make to the County Council on the report of the People Scrutiny Committee.

1 Background

1.1 The People Scrutiny Committee established the scrutiny review of Schools Coping with Change - the Way Forward in response to the unprecedented level of change within the education system. Following its initial discussions, the Review Board focused its attention on issues relating to the role of strategic bodies, school partnerships and small schools.

1.2 The Board's goal was to develop practical, achievable recommendations which it hoped would ultimately help schools and academies be better placed to cope with the challenges and opportunities the evolving educational landscape is presenting to them.

2 Supporting information

2.1 The People Scrutiny Committee has completed its review of Schools Coping with Change - the Way Forward.

2.2 The Committee's report will be submitted to the County Council on 5 February 2019 and a copy is attached at appendix 1. The Cabinet has the opportunity to comment to the County Council on the recommendations in the Scrutiny Committee's report, although it cannot alter the report. Elsewhere on the agenda (item 8b) there is a separate report by the Director of Children's Services commenting on the Scrutiny Committee's report and recommendations.

3. Conclusion and reasons for recommendations

3.1 Cabinet is invited to consider any comments it wishes to make to the County Council on the report of the People Scrutiny Committee.

PHILLIP BAKER
Assistant Chief Executive

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Local Members - All

Background Documents: None

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Scrutiny Review Board

Schools Coping with Change - the Way Forward

Report by the Review Board

Councillor Roy Galley (Chairman)

Councillor Kathryn Field

Councillor Francis Whetstone

Councillor Laurie Loe

Matthew Jones, Parent Governor Representative

Former Members:

Nicola Boulter, Parent Governor Representative

Councillor Alan Shuttleworth

Councillor Stephen Shing

People Scrutiny Committee – 27 November 2018

Cabinet – 22 January 2019

Full Council – 5 February 2019

Final report of the Scrutiny Review Board: 'Schools Coping with Change - the Way Forward'

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	Recommendations	Page
1	The Chair of the People Scrutiny Committee to write on behalf of the committee to the Secretary of State for Education seeking further detail regarding his vision for schools and academies. In particular, the letter should seek clarity regarding the Department's stance on the academy programme and the promotion of formal partnership arrangements.	8
2	Work to be undertaken by the Local Authority to promote the leadership role of Governing Bodies and Head teachers. Such activity should seek to empower schools to consider actively their current organisational arrangements and the potential benefits of partnership arrangements. If already in some form of partnership, then relevant schools should review whether the benefits of their current arrangements are being fully exploited and actively consider how they strengthen these arrangements over the coming years.	8
3	The Local Authority to undertake a thorough review of how the ongoing budget for SLES is best utilised. This will help ensure the purpose of the service and its staffing arrangements are appropriately aligned to meet the needs of the evolving educational landscape in East Sussex.	9
4	a) The Local Authority to consider promoting to Head teachers and Governing Boards the benefits of a formal partnership arrangement, as well as developing its critical friend role with regard to partnership proposals. b) The Local Authority to consider also clarifying to individual schools at risk what it sees as the potential dangers to them of not actively pursuing a formal partnership arrangement.	10
5	The Local Authority to consider developing the next iteration of its 'Excellence for All Strategy' document and other related documents so that it: <ul style="list-style-type: none"> • promotes the development of formal partnership arrangements; • emphasises the leadership role of schools; and • offers bespoke advice that is tailored to meet the needs of rural primary and small schools. 	10
6	So as to present a consistent and clear message to schools, and to draw on the combined strengths and experiences of each party, the Local Authority should seek to strengthen its relationships with the main strategic educational bodies in East Sussex. For example, this might include exploring the development of a common approach to formal partnerships.	10
7	That the Local Authority develop further its 'brokerage' role and develop innovative ways of facilitating school partnership that might not otherwise come into being.	11
8	The experiences of successful formal partnership arrangements are recorded and shared by the Local Authority. The aim being to: <ul style="list-style-type: none"> • help other existing partnerships more fully realise the benefits of their arrangements; and • develop advice for 'single' schools who are considering entering into a formal partnership arrangement. 	15
9	To help encourage the development of formal partnerships, the Local Authority should consider promoting to schools the creation of a federation as an initial step. This approach would: <ul style="list-style-type: none"> • help address some of the perceptions which are discouraging change; and • better enable schools to consider, in the context of their local circumstances, whether or not they then wish to convert to academy status. 	15
10	The Local Authority to develop further guidance which has a focus on the specific role and responsibilities of the formal partnership arrangement governor and their training and development needs.	16

11	The Local Authority to further develop its toolkits and guidance for schools who are considering creating a federation or converting to academy status, or who are already in a formal partnership. Such guidance should include specific advice on the role of the Executive Head and Heads of School and their training and development. Consideration should also be given to developing such guidance in partnership with other regional strategic bodies.	16
12	Alongside the guidance set out in the Education Commissioning Plan for small and rural schools, that the Local Authority to take steps to explore innovative solutions to the specific problems small, (and in particular), small rural schools are facing. Such solutions could include, for example, technological responses and adapting training provided to primary school teachers. It could also include exploring the solutions which other authorities in similar situations have developed.	18

Objectives and scope of the review

1. The education system is undergoing a period of sustained change. As a result, schools are having to respond to an unprecedented range of new challenges. Some of the key drivers of this change include:

- the impact of the National Funding Formula;
- increasing school autonomy (including how schools are now increasingly making decisions regarding which services they purchase);
- the changing role of the Local Authority and other strategic partners;
- pressures on the Local Authority's budget;
- changes to the national curriculum and assessment methods;
- the sustainability of schools and in particular, small schools; and
- the impact of the Academy programme.

2. The above factors have helped create new opportunities and new ways of thinking. But the scale and pace of change has also helped create a complex and fragmented educational landscape, with diffuse lines of accountability. Some stakeholders point to what they regard as a lack of a 'direction of travel' within the system. Furthermore, the full impact of some of these changes has not yet been felt. As a result, it is not clear at this stage what the settled picture will look like and it is likely that there will be further change in the policy environment.

3. Given the above context, Members agreed to explore developments within the local education system and to seek to understand the challenges and opportunities the evolving situation is presenting to schools and academies in East Sussex. Fundamentally, and in this period of great change, Members wanted to see if they could contribute to the process of responding to the following questions:

- What can we do to ensure the quality of education we provide to our young people is not put at risk by these changes?; and
- How can we ensure the new opportunities these changes present are fully exploited?

4. As a result, it was agreed by the then Children's Services Scrutiny Committee on 27 November 2017 to appoint a 'Schools Coping with Change – the Way Forward' Scrutiny Review Board (the Children's Services Scrutiny Committee has now been superseded by the 'People Scrutiny Committee' which reaffirmed its commitment to this scrutiny review at its meeting on 25 June 2018). Members were particularly clear that the review should have a forward-looking nature. The goal therefore was to develop recommendations that would ultimately help schools and academies be better placed to cope with change.

5. The Board was also clear that the review is timely as it is now an urgent matter for all schools to take a strategic approach to planning for their future. Two of the most important drivers of this urgency are financial. The first relates to the financial pressures on East Sussex County Council. In this respect, the most up to date indication of the reduced level of support the Local Authority will be able to provide in relation to partnerships is set out in the Council's Reconciling Policy, Performance and Resources report to Cabinet (13/11/18). This states that with regard to partnerships, it is proposed to reduce the Local Authority's:

“..support to develop school partnerships, federations or move to academy status.”

6. The other financial factor creating urgency relates to the National Funding Formula. The Government committed in 2015 to introducing a National Funding Formula (NFF) for mainstream schools. The Government's main aim in introducing the NFF was to deliver a fairer and more transparent system on the basis that schools would attract funding based on the needs of their pupils. The Board heard that that schools in East Sussex would receive an overall funding increase of 2.5%. However, and whilst the NFF will not be fully implemented until 2020, it seems inevitable some schools will do better than others. In particular, shifting the balance of funding away from a lump sum to a pupil place basis is likely to have a negative impact on the budgets of small schools.

7. Given the above factors, the Board concluded there is good reason to have an urgent focus on the changes occurring within the school system. The Board acknowledges that a great deal of excellent work has already been done with this sense of urgency in mind - there are already many success stories within East Sussex. However, the evidence presented to the Board indicates that there is still some inertia and confusion in the system. Some schools appear to be failing to apprehend the scale of the challenge before them, whilst others may not be reviewing and fully exploiting the benefits of the changes they have already made.

8. As part of its early deliberations, the Board agreed to accept some fundamental points of reference that would inform its deliberations. This included the understanding that:

- de facto, we now have a mixed economy of schools;
- that proposed responses to the challenges schools are facing must begin with putting the quality of education first; and
- that the school system is now a school-led one.

9. As the factors driving change and the challenges and opportunities they present are diverse, the Board also made an early decision to focus on organisational matters and partnerships (rather than matters relating to educational attainment). In particular, the issues listed below were viewed by the Board as the most pressing:

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

10. In the following sections, the report discusses the evidence gathered in relation to each of the above three areas of focus, the Board's conclusions on possible ways forward, together with its final recommendations.

The future role of the Local Authority and other strategic matters.

Background

11. As part of its evidence gathering process, the Board wanted to develop its knowledge of the framework within which schools in East Sussex operate. The Board received significant quantities of evidence in this respect – much more than can be described in any detail in this report. One key area for the Board, however, was a clear understanding of the roles of the main educational strategic bodies that operate in the county and their relationships with schools and each other. The main bodies are described below:

12. **The Local Authority (the LA).** The LA, which is the Children's Services Department of East Sussex County Council, has a duty to:

- act as a champion of children, young people and their parents, in particular the most vulnerable and disadvantaged;
- promote high standards of education and have high expectations for the outcomes of all groups of pupils and safeguard and promote the welfare of children.
- Ensure fair access to school places for all learners.

13. **The Regional Schools Commissioner (RSC).** Each RSC acts on behalf of the Secretary of State for Education and is responsible for:

- taking action where academies and free schools are underperforming
- intervening in academies where governance is inadequate
- deciding on applications from local-authority-maintained schools to convert to academy status
- improving underperforming maintained schools by providing them with support from a strong sponsor
- encouraging and deciding on applications from sponsors to operate in a region
- taking action to improve poorly performing sponsors
- advising on proposals for new free schools
- advising on whether to cancel, defer or enter into funding agreements with free school projects
- deciding on applications to make significant changes to academies and free schools

14. **The Diocese of Chichester Board of Education (DBE).** The DBE oversees the work of all Church of England state funded schools in the Diocese. In educational terms, this relates to three local authorities: West Sussex, East Sussex and Brighton and Hove. Currently there are 158 Church of England schools in the diocese. 60 have voluntary aided status and 98 have voluntary controlled status. The Diocese's Education Department has the following specific responsibilities:

- support and training in RE and Collective Worship;
- strategic and focused training for head teachers, senior staff and clergy;
- assistance in developing the Christian distinctiveness and character of the school;
- advising on the appointment of head teachers and deputy heads;
- manage inspections and provide support under Section 48 of The Education Act 2005;
- pre and post Ofsted training and support;
- advice in maintaining, developing and funding school buildings;
- governor appointment, training and support;
- advice in formulating and administering pupil admissions policies;
- Advice on structural changes including sharing headship and academies.

15. **Diocese of Arundel and Brighton Education Service.** The Diocese of Arundel and Brighton geographically consists of the counties of West and East Sussex, Surrey (outside the Greater London boundary, south of the Thames) and the City of Brighton and Hove. The Diocese currently has 53 primary schools and 11 secondary phase schools. The Diocesan Education Service aims to support the schools of the Diocese of Arundel and Brighton through:

- the provision of quality information, training, advice and guidance to head teachers and governors;
- working closely with heads and governors to develop policies and services that reflect schools' real needs;
- maintaining effective partnerships with other dioceses, the CES and the LAs;
- helping schools to recruit and retain senior managers, teachers and governors;
- helping schools to monitor and develop their religious education provision;
- supporting schools in difficulty;
- supporting newly appointed heads by induction and mentoring;
- providing a 'Section 48' school inspection service;
- encouraging productive collaboration between schools, parishes and diocesan agencies;

Issues relating to the role of the Local Authority and other strategic matters.

16. Having established an understanding of the main strategic bodies, the Board then moved on to consider the key challenges in this area.

National guidance

The Board accepts that key aspects of the Government's intentions with regard to the future of the school system are clear. The Government retains its drive to develop a self-improving, school-led system. It is also widely accepted that a mixed economy of different types of educational institution is now firmly embedded within the system. However, the Board received a consistent message from witnesses that greater clarity from the Government regarding its academy programme would be desirable. There is a widely shared view that no clear direction on this matter has been issued by the Government since its decision in 2016 to step back from its commitment to require all schools to become an academy. Witnesses informed the Board that this 'lack of a direction of travel' was impacting on the ability of both schools and regional bodies to plan effectively. So for example, and when discussing plans for creating an expanded MAT, one witness from a strategic body commented that:

"..so far not many schools have confirmed that they want to convert. There is some reluctance as schools and the diocese want to see what is happening at the national level with regard to the government's policy on academisation."

17. Given the above, the Board agreed that there is merit in seeking further clarity from the Secretary of State for Education regarding his intentions for the academy programme.

Recommendation 1

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

School Leaders

18. Evidence presented to the Board indicates that some schools may not be sufficiently focused on the potential risks of not forming effective, sustainable partnerships and that this is now an urgent matter. Evidence considered also indicated that change is most effective when it emanates from schools themselves (rather than being dictated by regional authorities). As a result, the Board concluded that more should be done to re-emphasise to school leaders that the educational system is now a school-led one and that the responsibilities this entails will increase as the LA's capacity is further reduced. So as to lend confidence to these arrangements it is also important that, amongst other benefits, the capacity for formal partnership arrangements to deliver sustained improvement is also highlighted to school leaders.

Recommendation 2

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

Standards and Learning Effectiveness Service

19. The Standards and Learning Effectiveness Service (SLES) aims to provide the staff and governors of East Sussex schools with a range of high quality services, designed to help them raise standards by improving the quality of learning, teaching, leadership and management. The Board heard evidence regarding the perceptions of schools and academies in relation to the support and guidance SLES provides to them. Given the development of a school-led system and the commensurate changing role of the LA, the Board also considered the Department's position with regard to advising schools and academies about their partnership arrangements and its plans for the future shape of the service.

20. The key point made to the Board regarding SLES is that its capacity to provide support to schools will in future be severely restricted. Most recently, this point has been reinforced by proposals set out in East Sussex County Council's 'Core Offer'. With regard to school improvement services, it is proposed that the Council will not 'offer our current programme of support to schools to help them improve'. Whilst the precise proposed level of support is yet to be defined, it seems likely that the service will be greatly reduced.

21. The Board was therefore mindful of these pressures and limitations and accepted the need to develop recommendations that take this difficult funding picture into account. However, the Board suggest the current developments in the educational system mean a further thorough review of SLES should be considered. Such a review would seek to ensure the remaining service is effectively aligned to the meet the needs of the evolving situation. This review would include an exploration of whether SLES has capacity to help ensure partnerships are appropriately focused on key issues, such as partnership school improvement, collaborative professional development, the development of strategic leaders and the development of partnership governance.

Recommendation 3

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

Traded Services

22. As part of the range of possible responses to the challenges the LA is facing, the Board considered whether an expanded traded service offer could help deliver enhanced SLES support to schools and academies. However, the evidence considered by the Board led it to conclude that there was no realistic prospect of developing effective recommendations in this area. The Department's view is that school budgets are under great pressure and this diminishes the likelihood that sufficient numbers of institutions would purchase the service to make it viable. The Board also heard that the LA no longer has the capacity within SLES to create such an offer. There are also a range of practical factors that would make running a sustainable service difficult. For example, there is a tendency for schools to limit the time when they would be likely to want to pay for support. This means schools are less likely to want support at:

- The beginning or end of term
- The beginning or end of a day
- Other times when schools are under particular pressure

23. This creates a problem for staffing as requests for support are likely to create peaks and troughs which means it is very difficult to ensure sufficient resource is in place when schools require it. Given these restrictions, the Board concluded it would not be appropriate to develop an expanded traded services offer.

Advice to Schools regarding partnerships

24. In terms of its performance within the current strategy, the Board was satisfied that the LA fulfils its duties with regard to supporting schools which come forward and ask for assistance to either convert to academy status or to federate. Furthermore, the evidence provided to the Board was also clear that those schools which had sought help to change their status were also generally satisfied with the support and advice they had been given. Indeed many were clear that they viewed the LA as a highly valued source of advice and guidance.

25. In terms of the advice it offers to schools regarding partnerships, the LA currently provides guidance on the processes schools should follow to change their status and the potential benefits and challenges of the different available options. The LA's current strategy asks schools to identify their own potential structured relationship which the school believes will help it deliver good outcomes into the future. This strategy is informed by the LA's view that for change to be effective and sustainable it must be led from the bottom up and not dictated by strategic bodies. The Board also heard evidence that the LA is perceived by some witnesses to have a neutral stance with regard to whether schools should enter into a formal partnership.

26. The evidence presented to the Board was broadly supportive of the LA's policy on these matters - particularly of the need for change to be led by the schools themselves. However, the evidence indicated to the Board that there is still some scope to develop the guidance in this area. Schools are now entering into a crucial phase and the evidence points to a need for a stronger message about the kind of actions schools should be taking now. With this in mind, the Board recommend that the LA strengthen its message to school leaders about the benefits of a being in a partnership and reinforce its message to single schools about the future risks of not being in a partnership. The revised guidance could include wording that emphasises the leadership role of schools in a school-led system. Whilst responsibility for bringing partnership proposals forward is the responsibility of individual schools, the Board heard evidence that the LA play a 'critical friend' role for schools considering entering into a formal partnership. This friendly challenge role can help ensure proposed groupings have a realistic chance of delivering a sustainable/beneficial partnership. The Board welcomed this approach and recommend that this role is strengthened as it appropriately utilizes the experience and knowledge of the LA at a critical point in the development process of a formal partnership. Consideration should also be given to offering advice which is tailored to the particular needs of small and rural schools. Such a message could be also be set out in the next iteration of the Council's 'Excellence for All' strategy document.

Recommendation 4

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

Recommendation 5

The Local Authority to consider developing the next iteration of its 'Excellence for All Strategy' document and other related documents so that it:

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

Relationships between strategic authorities

27. The Board heard evidence which suggests that it is not only schools which cannot afford to stand alone. No one (regional) strategic educational body can provide all the oversight and support which our schools and academies need. Authorities such as the RSC, the local dioceses and the LA therefore all need to collaborate. As one strategic leader said 'we are all in it together'. Indeed the Board received consistent evidence from these bodies about how they appreciate the excellent working relationships they have with each other and the benefits this can deliver. For example, the authorities the Board heard from all agreed that when they work together, the messages they deliver to schools and academies have greater credibility.

28. The Board accepts that all the relevant strategic bodies have their own clearly defined roles and that there are often clear limitations on the actions they are legally allowed to take. Nonetheless, evidence presented to the Board led it to conclude that the challenges facing our schools suggest these bodies should review their current working relationships and goals. Such a review should seek to strengthen these relationships in the light of the evolving school-led system. Where possible, it should also seek to develop common guidance on the promotion of formal partnership arrangements and advice and guidance on related training matters.

Recommendation 6

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

LA brokerage role

29. The Board heard clear evidence that it is in the best interests of all schools to develop their own policy with regard to the nature of a proposed formal partnership arrangement. The Board recognises though that there may be occasions when schools need help to identify suitable partners. The Board understands that the LA and RSC already offer such assistance when requested to do so. However, some schools may have a greater challenge finding a partner. For example, one witness informed the Board that 'small schools are not attractive to federations and MATs'. The Board therefore considers that there may be scope for this brokerage role to be developed further - as without additional help, some schools may be left isolated.

30. The Board considers that the LA and the RSC have the necessary experience to explore innovative solutions that might not otherwise be obvious or accessible to these schools. Such help might be especially appropriate if the LA were to adopt an approach that promotes formal partnerships.

Recommendation 7

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

School partnerships

Background

31. In a research report produced for the Department for Education (DfE) by Dr Paul Armstrong, the situation regarding inter-school collaboration is described as 'complex, encompassing a wide range of different types of collaborative activity both informal and formal and involving schools of different phases and types'. Within this complex spectrum of collaboration types, it is possible to designate partnerships as being either 'informal' or 'formal' as described below:

- **Informal Partnerships.** This model is a non-statutory arrangement, with the school retaining its own Governing Body (this model is sometimes referred to as a soft partnership). In East Sussex the most common form of informal partnership is an Education Improvement Partnership (EIP). East Sussex County Council's 'Partnership Pathways' guidance describes EIPs as:

“..groups of schools working together across an area to improve outcomes for pupils at all schools; they build on the earlier smaller school alliances. EIPs include primary and secondary schools. These informal networks and informal partnerships do not require any change to leadership or governance, although schools might want to consider whether they need to put their own accountability framework in place.”
- **Formal Partnership Arrangements.** A formal partnership is an inter-school collaboration that involves shared governance. The two main types of formal partnership are Multi Academy Trusts and federations (these partnerships are sometimes referred to as a hard partnership):
 - Multi Academy Trusts (MATs). Academies are state-funded schools which receive their funding directly from central government and are independent of the LA. As set out in East Sussex Council's 'Collaborations' guidance document, a MAT is 'established to take responsibility for more than one academy.' In East Sussex an example of a MAT is the South Downs Learning Trust (which is comprised of Ratton School and Ocklynge Junior School in Eastbourne).
 - Federation Partnership. A federation is where a number of maintained schools come together under one Governing Body. The schools' individual Governing Bodies are disbanded and a new single over-arching Governing Body is formed. This becomes the accountable body for all the schools in the group and sets the strategic direction. Schools share common goals and will usually have an Executive Head teacher working across all schools (with

individual Heads of School at each separate school). There are a significant number of federations in East Sussex, with one example being the Skylark Federation which is comprised of Barcombe, Hamsey and Plumpton Primary Schools.

32. Having established an understanding of the main strategic bodies, the Board then moved on to consider the key challenges in this area.

Issues relating to partnerships

33. The Board examined partnerships as they are widely seen as the most sustainable way for schools to operate in future. The Board considered a wide body of evidence relating to different types of partnership, their relative strengths and weaknesses and whether they were the most effective option open to schools.

Effectiveness of Partnerships

34. The Board sought evidence to establish whether partnerships are effective. The Board was informed by the LA that both national and local evidence supports the view that schools should enter into partnership arrangements. For example, one strategic authority explained that it is:

“..in favour of partnerships as this is the best way to make a difference to outcomes.”

35. Furthermore, when asked about the ability of schools to stand alone, one witness informed the Board that:

“A key issue is that single academies can be isolated and whilst they can succeed, it’s just more difficult for them.”

36. Given the above and other related evidence, the Board was satisfied that in the context of a school-led system, partnerships are the most realistic option for the majority of schools going forward. As a result, the Board then moved on to consider the strengths and weaknesses of informal and formal partnerships.

Informal partnerships

37. The majority of the evidence considered by the Board indicated that informal partnerships will not provide an effective response to the challenges discussed in this report. In general there was concern that such partnerships do not provide clear leadership. For example, at the national level, and in its ‘Enabling School Improvement’ guidance, the LGA comment that:

“One risk for the sustainability of current partnership arrangements is that they are founded on effective working between individuals. When those individuals move on, the basis of the partnership possibly weakens.”

38. At the local level, the Board heard similar evidence from a Chair of a Federated Governing Body who noted that whilst Education Improvement Partnerships (EIPs) can help share good practice, they are:

“..not strong enough...and that a formal Federation is better than a soft partnership as one Governing Board means you have less conflicts to deal with” and “with a Federation you get all the governors in one room to discuss key issues”.

39. While informal partnerships are not the response the Board would advocate in relation to the challenges being considered here, the Board accept that there may be circumstances where such arrangements can be beneficial. One example relates to the dip in academic performance which can occur in Key Stage 3, when pupils transfer from the primary phase to the secondary phase. One response to this problem can be to set up a cross-phase informal partnership as this helps enable a smooth transition of pupils from Year 6 into Year 7.

Formal Partnerships

40. The Board considered the strengths and weaknesses of the two main types of formal partnership – MATs and federations.

Multi Academy Trusts – Benefits

41. At the national level, and in its 'Governance in Multi Academy Trusts' guidance, the National College for Teaching & Leadership summarises its views on the benefits of MATs as enabling school leaders to:

- share best practice
- deliver economic benefits, such as centralised services
- focus funds where they are most needed
- have increased and flexible staffing resources
- establish more effective succession planning programmes and, in doing so, retain good staff who might otherwise move on – including head teachers

42. These views on the benefits of MATs were echoed at the local level when the Board met with representatives of two separate types of MAT. One is a local Trust comprised of two schools. When asked for some practical examples of the benefits that the MAT model can help deliver, the Executive Head commented:

“The Executive Business Manager manages across both schools in the MAT and this helps us identify real efficiencies. We can draw both schools into pre-existing contracts (and achieve better deals) and do parallel staff/resource planning. Other benefits include shared caretaker capacity across both schools. Quality of teaching and learning: we now have a larger network and are able to commission more support. We are creating a wider network to develop quality teaching. Areas like safeguarding and recruitment are easier to manage. Professional development and training - suddenly we have one set of training charges for certain areas.”

43. The Board also received evidence from a larger MAT which operates a number of academies in East Sussex and South London. This evidence echoed the above comments, with the Chief Executive Officer saying the benefits of a MAT include:

- effective strategic planning both for the Trust's schools both individually and as a group
- more scope for effective succession planning for staff
- greater scope for sharing resources and skills across a number of schools
- the leadership to react quickly to problems without the need to refer to a central bureaucracy
- MATs to be able to determine the numbers and roles of governors and to go for a smaller number of high quality governors.

Multi Academy Trusts - Challenges

44. Inevitably, whilst the shift within the school system for schools to work together has helped deliver benefits, it has also created new challenges and risks. Some of these challenges apply across the partnership as a whole, whilst others impact directly on the Executive Head - who takes on a greater range of responsibilities across more than one school site. When asked to comment on these challenges, the Executive Head of the local MAT quoted above said:

Strategic leadership capacity is stretched. We look to develop this within the school, but may also need to bring in external leadership. There are financial risks – such as unfunded salary increases. There is lots of change in the system – much more than five years ago. For example, new curriculum and GCSEs. We have to make sure the support is there to deal with these challenges.

Federation Benefits

45. The Board also considered evidence relating to the benefits of federations. For example, the Chair of a Governing Body of a federation informed Members that:

“With a federation you get all the governors in one room to discuss key issues. You can’t have too many governors though – so you then need to look at the skills of the governors you already have to ensure the single Governing Body has the best possible fit for purpose. You can then rotate the Governing Body meetings between the schools in the federation. Formal federations show a level of commitment - you have to ‘put your neck on the line’. It’s not a loose promise. Also, there is much more collaboration at a formal Federation. We all have the same INSET dates. Our bursars work together and benchmark together what we are buying in – joint procurement. We didn’t enter into this partnership for money – we went into it as there was not enough capacity without it to deliver quality teaching – so we have subject leaders.”

46. Furthermore the Board was presented with examples of successful local federations. This included an Ofsted inspection from June 2017 which commented that with regard to one federation:

“The school has certainly benefited from being part of the federation...Federation governors are competent and hardworking....The federation has enabled expertise in different subjects to be shared effectively throughout its schools. This has led to stronger professional development and better training for teachers.”

Federation - Challenges

47. The Board also heard evidence related to some of the challenges and risks associated with Federations. This included the view that:

“In small schools the difference between Executive Head and School Leader is not great and therefore in this model, a bigger grouping is desirable.”

48. Whilst the Board heard evidence that many of the benefits and challenges of a formal partnership apply to both MATs and federations, evidence was received regarding the perceived additional advantages of a MAT. For example, one local regional body commented that:

“Academies are more robust than federations, they have more control and stronger governance. In MATs the relationships are also more actively managed. We’ve seen some federations starting to fail, as schools can’t manage – you need external pressure.”

49. The Board did not, however, conclude that the above viewpoint means MATs should be promoted over Federations. Instead, the Board believe that the different options open to schools should be seen as a positive. This is because the circumstances relating to each school and its local community are different. This allows schools to make informed decisions about which type of formal partnership best suits their local situation.

Exploiting the benefits of a formal partnership.

50. The Board also investigated whether schools are fully exploiting the benefits of their partnership arrangements. The Board was informed by the LA that:

“.. it takes a long time for partnerships to produce benefits. However, and for a range of factors, some federations may not be exploiting the full range of benefits that the grouping can deliver. These factors include pre-existing contracts, the size of the Federation and the nature of the relationships between the schools within the group.”

51. Based on the evidence presented to them, the Board concluded that there would be value in assessing the performance of a formal partnership as a whole. A benchmarking process of this kind would not only help an individual partnership understand its performance, it could also create useful ‘good practice’ guidance for other schools. For example, when asked about their assessment process, the Chair of one federation commented that he thought assessing the performance is important because:

“We have had a massive learning curve. Staff surveys are one source of information. Parent surveys too. We have financial data and this helps us measure the impact of the federation, similarly there is data too on teaching and learning.”

52. With the above in mind, the Board proposes that the experiences of successful, mature federations are recorded. The learning from these successful partnerships should then be shared with both existing federations and other schools considering entering into such an arrangement. A similar process could occur with regard to the academy conversion process.

Recommendation 8

The experiences of successful formal partnerships should be recorded and shared by the Local Authority. The aim being to:

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

Resistance to Partnerships

53. The Board heard evidence regarding schools' impressions about the complex nature of both the process of creating a formal partnership and its subsequent management. The Board also heard that some schools may be concerned about their individuality and whether this would be diluted in a partnership. Such concerns indicated to the Board that this perception of complexity and potential loss of identity may be dissuading schools from taking the necessary steps to form sustainable partnerships. For example, when asked about the process of converting to academy status, one chair of a federated governing body said that for the time being at least, they were dissuaded from conversion as:

"..ahead of converting, it's quite a process, looking at land ownership, diligence matters, finance etc. It's a huge amount of work – you need enough capacity to do this properly."

54. When asked about whether the possibility of converting to an academy was ever considered by the schools in their group, another chair of Federation Governing Body responded by saying :

"No. There was a fear academisation would give us less flexibility over things like our branding (i.e. the school's identity). There is also a general concern about academisation, it seems more radical."

55. The Board also heard that some schools may be concerned about entering partnerships as they are:

"..reluctant to share key teaching staff and that parents can be strongly opposed to academy conversion."

56. In response to this reluctance, the Board heard that a possible solution to this concern is to promote the creation of a federation first as:

"Federation is sometimes adopted as a stepping stone approach, as this is seen as less permanent and controversial and helps to create new ways of working."

57. On the basis of the evidence presented, the Board concluded that the further promotion of this approach would be beneficial as it could help schools see the formation of a partnership as part of a journey which, depending on local context, may or may not result in conversion to academy status.

Recommendation 9

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

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

The roles of governors and Executive Heads

58. The new structures and partnerships schools are entering into and the development of a school-led system may mean there is increased scope for gaps in oversight and governance to develop. One key area where this issue could manifest itself relates to the role of 'partnership' governors. The Board heard compelling evidence that the role of such governors is significantly different and more demanding than that of a governor at a single school. As one witness commented:

"Federations have one Governing Board overseeing both schools. This represents a change in mind-set for the governors as they have to take on responsibility for all the children in all the schools within the grouping."

Another governor of an existing federation commented that:

"Becoming a federation governor is a real education. It is difficult."

59. Given this and other supporting evidence provided to them, the Board identified a need that appropriate bespoke guidance is developed on the oversight role of the partnership governor. In particular, this guidance should help to ensure specific groups of children, such as vulnerable children, are given an appropriate level of focus and attention across all the schools within the partnership. The guidance should also set out the particular training and development needs of a partnership governor.

Recommendation 10

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

60. The Board also heard evidence regarding the role of the Executive Head and how this is very different from that of a Head teacher of a single school. Evidence presented to the Board indicated that some schools entering into a federation arrangement were not clear on what the role would precisely entail and how it might work on a day-to-day basis. One witness commented that:

"More effective training is required for Executive Heads. They need to have vision."

61. As this role is crucial to the effective operation of a formal partnership, the Board recommend that consideration should be given to developing specific advice and training for schools regarding the role of the Executive Head. This could extend to providing practical advice as to how other formal partnership arrangements operate. For example, the Board heard how one Executive Head spends a day and a half at each of the schools in their Federation. It could also provide specific help with regard to the transition process, such as job descriptions for the relevant roles.

Recommendation 11

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

Sustainability of small schools

Background

62. The DfE defines a small school as one with a single form of entry (which is made up of 30 pupils). For primary schools therefore, a small school would usually not have a school roll of more than 210 pupils (across the seven year groups). The DfE also has a policy which sets out that proposals for new schools must have at least two forms of entry. That is to say, such a school would have a Published Admission Number of 60, with a potential total number on roll of 420.

63. The local context is that out of 153 primary schools in East Sussex:

- 39 have a single form of entry (30 pupils admitted per year in Reception).
- A further 49 are even smaller and have an intake below 30.

64. This means approximately one half of all primary schools in East Sussex would not meet the DfE's current standard for being built.

Pressures on small schools

65. Most of the issues discussed in this section affect, to varying degrees, all schools. However, the evidence presented to the Board indicates that the pressures on small schools are more pronounced. As a result, the Board focused on the particular challenges facing these schools with regard to their sustainability.

National Funding Formula

66. As mentioned elsewhere in this report, the Government committed in 2015 to introducing a National Funding Formula (NFF) for mainstream schools. At the time of evidence gathering, the Board heard that schools in East Sussex would receive an overall funding increase of 2.5%. However, despite the potential funding increase, the Board heard that it was likely that the NFF would disadvantage small schools. This is because the NFF increases the balance of funding toward a pupil based system. Ultimately this means, to a greater degree than before, fewer pupils equals less funding. Given small schools have small intakes, any variation in admissions will have a proportionally higher impact. The LA confirmed its view on this matter by indicating that:

"In 2020 the National Funding Formula will be introduced. There is no question that this will really impact on small schools. Fluctuating admission numbers for these schools will be a massive issue in terms of their funding."

67. The Board also heard that the LA has a very limited ability to assist schools who get into financial difficulty because 'all the available funding is allocated to the schools straight away'. This potentially unstable financial picture means partners may be more cautious of entering into a formal partnership with a small school.

Equality of opportunity and quality teaching

68. The National Curriculum (NC) is a set of subjects and standards used by schools in England. It sets out what subjects are taught and the standards children should attain. The national curriculum is divided into blocks of years called Key Stages. In recent years there have been a number of major developments relating both to the delivery of education and its assessment (for children of compulsory school age). Developments of particular relevance include:

- the revised National Curriculum introduced for 2014 onwards; and
- the introduction of a new assessment framework that replaced national curriculum levels (which occurred within key stages) with a new process called 'Assessment Without Levels' (introduced in September 2015);

69. The Board heard evidence about the demanding nature of the new curriculum and the challenges that some schools will face trying to deliver quality outcomes for their pupils. One chair of a Governing Body commented that:

"It is difficult for small schools to deliver quality teaching across eight subjects – this impacts on performance."

70. Another witness commented that:

"Small schools - are they really offering a fit for purpose education? Particularly taking into account the impact of the new tough curriculum. It is very difficult for one teacher with an entire class which is comprised of children made up of all the year groups in Key Stage 1."

71. Evidence provided to the Board also indicated that very small schools will struggle to meet the requirements of the National Curriculum because, amongst other factors, the teacher recruitment and retention challenge is particularly acute for this type of school. Recruitment is more of a challenge because many teachers do not view small schools as offering the same career development opportunities as larger schools. For example, one Chair of a Federation Governing Body commented that prior to the creation of the federation, his original single school had had two failed attempts to recruit a new Head. This failure led them to think about the federation model.

72. Elsewhere in this report, and as happened in the above example, the Board was presented with evidence which suggests that the appropriate response to these challenges would be to enter into a formal partnership. However, the Board also heard evidence from the LA that such a response might not be sufficient for very small schools:

“..the trouble is that some schools are so small, federation will not be able to deliver the necessary savings. Unless we grasp this issue though, it will impact on educational attainment. So rather than thinking just about saving schools in a given area, we should also think about equality of opportunity.”

73. The Board understands both the severe challenges facing small schools and the importance they have for their local communities. One Chair of a Governing Body stated that:

“We must be careful about stripping facilities out of villages. We must act for educational needs. What are these schools doing and can they provide for their kids an equality of provision?”

74. Given the above points, the Board agreed it is important that the LA is able to demonstrate that it has explored all reasonable opportunities for addressing these challenges. This would include the consideration of radical solutions. Such an approach might, therefore, involve exploring the viability of exploiting technological solutions. The Board are aware, for example, that in other circumstances virtual teaching is provided to pupils. Another solution could involve examining how primary school teachers are being trained and whether there is a model that could help prepare more teachers to deal with more than one year group at a time. The Board also recognise that many other LAs will be facing a similar challenge in this area. As a result, the Board recommend the LA explore whether other authorities have developed innovative solutions which could potentially be suitable for transferring to East Sussex.

Recommendation 12

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

Concluding comments

75. Evidence presented to the Board indicated that it is now an urgent matter for all schools to take a strategic approach to planning for their future. However, the Board was also aware that the scale and pace of change within the system has helped create uncertainty amongst schools about the best way forward. With this mind, the Board agreed a number of practical, attainable recommendations which Members hope will be of real assistance to schools and academies in East Sussex. In particular, the recommendations contained in this report aim to help clarify the advice schools receive regarding the benefits of formal partnership arrangements. The recommendations also aim to help schools develop their confidence to take on the challenges and opportunities the evolving education system is presenting to them.

Appendix: Terms of reference, membership and evidence

Scope and terms of reference

This scrutiny review was originally established by the Children's Services Scrutiny Committee on 27 November 2017 (the Children's Services Scrutiny Committee was subsequently superseded by the People Scrutiny Committee which reaffirmed its commitment to the review at its meeting on 25 June 2018). The key aims of the review were to explore developments within the local education system and to seek to understand the challenges and opportunities the evolving situation is presenting to schools and academies in East Sussex. Fundamentally, and in this period of great change, Members wanted to see if they could contribute to process of responding to the following questions:

- What can we do to ensure the quality of education we provide to our young people is not put at risk by these changes?; and
- How can we ensure the new opportunities these changes present are fully exploited?

Members were particularly clear that the review should have a forward-looking nature. The goal therefore was to develop recommendations that would ultimately help schools and academies be better placed to cope with change.

Board Membership and project support

Review Board Members:

Councillor Roy Galley (Chairman)

Councillor Kathryn Field

Councillor Francis Whetstone

Councillor Laurie Loe

Matthew Jones, Parent Governor Representative

Former Members:

Nicola Boulter, Parent Governor Representative

Councillor Alan Shuttleworth

Councillor Stephen Shing

Support to the Board

The Review Board would like to thank for their co-operation and assistance:

- those Federations and Multi Academy Trusts listed below who were either visited or sent representatives to board meetings.
- Representatives of the Regional Schools Commissioner.
- Councillor Bob Standley, Leader Member for Education and Inclusion and Special Educational Needs and Disability for attending a Board meeting.

The Board are also grateful for the support provided by officers listed below from within the Children's Services Department.

School/Academy visits were undertaken by members of the Review Board:

Councillor Roy Galley undertook an evidence gathering session when he visited Hawkes Farm Primary Academy on 23 April 2018.

Witnesses providing evidence:

- Amy Baron, Team Leader for Sussex, Brighton and Hove, Regional Schools Commissioner
- Peter Clark, Co-Chair of the Skylark Federation
- Maria Dawes, Deputy Regional Schools Commissioner
- Mark Ducker, CEO, STEP Academy Trust
- Dr Ann Holt, Director of Education, Diocese of Chichester
- Huxley Know-Macaulay, Executive Head teacher, South Downs Learning Trust
- Ben March, Chief Finance and Operations Manager, STEP Academy Trust
- Jeremy Meek, Head teacher, Hawkes Farm Academy
- Sarah Rice, Schools Accountant, Children's Services Department
- Melanie Saunders, Interim Head of Service, Children's Services Department
- Councillor Bob Standley, Leader Member for Education and Inclusion and Special Educational Needs and Disability
- Jessica Stubbings Senior Manager: Places and Participation, Children's Services Department
- Mandy Watson, Chair of the Pioneer Federation
- Mark Whiffin, Head of Finance, Children's Services Department
- Fiona Wright, Assistant Director Education and ISEND, Children's Services Department

Support was provided by the following officers:

- Elizabeth Funge, Head of Education Improvement
- The Project Manager was Stuart McKeown.

Review Board meeting dates

Session	Date
Meeting 1	05/01/18
Meeting 2	15/03/18
Meeting 3	24/04/18
Meeting 4	05/06/18
Meeting 5	25/07/18
Meeting 6	05/09/18
Meeting 7	01/10/18
Meeting 8	24/10/18

Evidence papers

No.	Title of Evidence	Date
1	Regional Schools Commissioner's decision-making guidance	23 02 18
2	Local Government Association report 'enabling school improvement'	23 02 18
3	Excellence for All 2017-19 Strategy Document	23 02 18
4	Overview of school improvement service in the future CSD Report (07/12/17)	23 02 18
5	Data on School Reorganisation, Partnerships across schools, all-through Academy Schools, Lists of Primary and Secondary Academy Schools	23 02 18
6	East Sussex Federations and Non-maintained Schools Maps	23 02 18
7	Federations - including 'Federation Benefits -A Briefing for Governors' and Federation Case Studies	23 02 18
8	Collaborations Guidance	23 02 18
9	National College for Teaching and Leadership 'Governance in multi-academy trusts'	23 02 18
10	The Impact of the National Funding Formula (NFF): A summary of the process, guidance and support given to schools in East Sussex.	14 03 18
11	Internal - Audit Progress Report - Quarter 3 (01/10/16 - 31/12/16) - Schools Themed Review of Federations and Partnerships	14 03 18
12	Central School Services Block DSG 2018/19 - report to the Schools Forum	29 03 18
13	Summary of budget share comparison between 2017-18 and 2018/19	29 03 18
14	Schools Final over-underspend schedule 2016-17	29 03 18
15	Embracing Change: rural and Small Schools - report by the Church of England Education Office	29 03 18
16	Devon County Council 'Small Schools Task Group' report	20 04 18
17	STEP Academy data	18 05 18
18	Councillor notes from meeting with the STEP Trust (on 23 April 18)	18 05 18
19	SLES Budget 2018-19	18 05 18
20	Statutory guidance on the roles and responsibilities of the Director of Children's Services and the Lead Members for Children's Services	18 05 18
21	Schools Final Over/Underspend schedule for 17/18	25 07 18
22	Twenty questions 2nd Edition - produced by the Key for School Governors - only formal copies given to the Board members at the meeting on 5th September 18.	05 09 18
23	SLES organisation chart	19 10 18

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Report to: **Cabinet**

Date of meeting: **22 January 2019**

By: **Director of Children's Services**

Title: **Scrutiny Review of Schools Coping with Change – the Way Forward**

Purpose: **To provide the Cabinet with the opportunity to comment on the report of the Scrutiny Committee Review of Schools Coping with Change – the Way Forward**

RECOMMENDATIONS:

The Cabinet is recommended to:

- 1. note the report of the Scrutiny Committee; and**
 - 2. advise the County Council that, in considering the report of the Scrutiny Committee, the Council be recommended to welcome the report of the Scrutiny Committee and to agree the response of the Director of Children's Services to the recommendations and their implementation as set out in the action plan attached as Appendix 1 to this report.**
-

1. Background

1.1 The Children's Services Scrutiny Committee agreed on 27 November 2017 to appoint a 'Schools Coping with Change – the Way Forward' Scrutiny Review Board. Subsequent to this, and following the Council's review of its scrutiny arrangements, the People Scrutiny Committee reaffirmed its commitment to the review at its meeting on 25 June 2018.

1.2 Members were particularly keen that the review should have a forward-looking nature. The goal therefore was to develop recommendations that would ultimately help schools and academies be better placed to cope with change. More specifically, and following its initial discussions, the Board decided to focus on issues relating to school partnerships, small schools and the role of strategic bodies.

1.3 At the People Scrutiny Committee on the 27 November 2018, a report of the Review Board and recommendations to Cabinet for comment and Council for approval was presented.

2. Supporting information

2.1 The Scrutiny Review Board was comprised of Councillors Roy Galley, Kathryn Field, Laurie Loe, Francis Whetstone and Matthew Jones, Parent Governor Representative. Councillor Galley was elected as the Chair of the Review Board. Following earlier changes to the membership of the committee, Councillors Stephen Shing and Alan Shuttleworth and Nicola Boulter, Parent Governor Representative also contributed to the work of the Review.

2.2 The Department's response to the Board's recommendations and action plan are set out at Appendix 1.

2.3 The Department would like to thank the Review Board for its work and recommendations. The Department's responses highlight our current and proposed plans to address the recommendations. For example, our existing strategy *Excellence for All* and our 2018/19 priorities deal with the issues of securing high quality leadership and governance across all our schools, colleges and settings and building a coherent and sustainable self-improving school system. In 2019 the Department will be preparing a refreshed *Excellence for All* strategy for publication in September 2019. This will take account of the core offer proposals and the areas of work we plan to reduce subject to the outcome of the core offer consultation.

3. Conclusion and reasons for recommendations

3.1 The Scrutiny Review has provided a useful insight into some of the current challenges for schools and potential for further change in relation to their organisation, funding and governance. It is recommended that Cabinet agree to the implementation of the action plan detailed in Appendix 1.

STUART GALLIMORE
Director of Children's Services

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LOCAL MEMBERS

ALL

BACKGROUND DOCUMENTS

None

SCRUTINY REVIEW of SCHOOLS COPING WITH CHANGE – THE WAY FORWARD CHILDREN'S SERVICES DEPARTMENT ACTION PLAN			
SCRUTINY RECOMMENDATION		DIRECTOR'S RESPONSE AND ACTION PLAN	TIMESCALE
R1	The Chair of the People Scrutiny Committee to write on behalf of the committee to the Secretary of State for Education seeking further detail regarding his vision for schools and academies. In particular, the letter should seek clarity regarding the Department's stance on the academy programme and the promotion of formal partnership arrangements.	<p>The department and service welcome the intervention.</p> <p>Action:</p> <p>Chair of the People Scrutiny Committee to write on behalf of the committee to the Secretary of State for Education.</p>	Feb 19
R2	Work to be undertaken by the Local Authority to promote the leadership role of Governing Bodies and Head teachers. Such activity should seek to empower schools to consider actively their current organisational arrangements and the potential benefits of partnership arrangements. If already in some form of partnership, then relevant schools should review whether the benefits of their current arrangements are being fully exploited and actively consider how they strengthen these arrangements over the coming years.	<p>The Council's strategy <i>Excellence for All</i> contains a number of priority areas that promote the leadership role of Governing Bodies and Head teachers including:</p> <ul style="list-style-type: none"> • Support leaders and governors to develop strong partnerships including federations and multi-academy trusts so that all schools and settings have a sustainable future. • Support the development and alignment of partnerships to provide sustainable system-led structures through which schools take responsibility for improvement in their local area, identifying underperformance and working together to secure strong outcomes on all measures. <p>The department welcomes Scrutiny's recognition of the role of school leaders in taking responsibility for ensuring sustainability, and Scrutiny's recognition of the work undertaken by SLES to support this. There is good evidence of impact (15% of schools are in federations and a further 9% in collaborations), but we recognise that there is scope for more schools to actively consider their options for the future.</p> <p>Actions:</p> <p>The department will consider what more can be done within available resources to encourage strong partnerships as part of the forthcoming review of <i>Excellence for All</i>.</p>	Sept 19

R3	<p>The Local Authority to undertake a thorough review of how the ongoing budget for SLES is best utilised. This will help ensure the purpose of the service and its staffing arrangements are appropriately aligned to meet the needs of the evolving educational landscape in East Sussex.</p>	<p>The department can provide reassurance that the service has anticipated the future landscape in relation to its staffing and planning. The planned major reduction in resources over the next three years was based upon a wholesale review in 2017/2018 and is aligned with the core offer.</p> <p>Given the recent review of SLES the department believes that a further wholesale review would not be appropriate at this time. However, the service continues to keep priorities, budget and staffing under review to ensure they are aligned.</p> <p>Action:</p> <p>The service will continue to keep under review priorities, budget and staffing arrangements to ensure they are aligned and deliver maximum impact for children and young people.</p>	July 20
R4	<p>a) The Local Authority to consider promoting to Head teachers and Governing Boards the benefits of a formal partnership arrangement, as well as developing its critical friend role with regard to partnership proposals.</p> <p>b) The Local Authority to consider also clarifying to individual schools at risk what it sees as the potential dangers to them of not actively pursuing a formal partnership arrangement.</p>	<p>The department welcomes the Scrutiny Review highlighting the potential benefits of partnerships to schools in appropriate circumstances.</p> <p>Action:</p> <p>The department will consider what more can be done within available resources to encourage strong partnerships as part of the forthcoming review of <i>Excellence for All</i>.</p>	Sept 19
R5	<p>The Local Authority to consider developing the next iteration of its <i>Excellence for All</i> strategy document and other related documents so that it:</p> <ul style="list-style-type: none"> • promotes the development of formal partnership arrangements; • emphasises the leadership role of schools; and • offers bespoke advice that is tailored to meet the needs of rural primary and small schools. 	<p>Work to review and update our strategy <i>Excellence for All</i> will commence in May 2019 for publication in September 2019. The updated strategy will cover the period 2019-2021 and will take account of the core offer proposals.</p> <p>Action:</p> <p>The Scrutiny recommendations will be considered as part of the review of <i>Excellence for All</i>.</p>	Sept 19
R6	<p>So as to present a consistent and clear message to schools, and to draw on the</p>	<p>The department takes a planned strategic approach to engagement with other strategic bodies, in line with the relationship articulated in our strategy <i>Excellence</i></p>	

	combined strengths and experiences of each party, the Local Authority should seek to strengthen its relationships with the main strategic educational bodies in East Sussex. For example, this might include exploring the development of a common approach to formal partnerships.	<p><i>for All.</i></p> <p>The department welcomes Scrutiny's recognition of the importance of these strategic relationships. However, ability to further develop work with partners will be limited given the planned reduction in resources in this area.</p> <p>Action:</p> <p>The department will take this recommendation into account when updating existing guidance on partnerships as part of the forthcoming review of <i>Excellence for All</i>.</p>	Sept 19
R7	That the Local Authority develop further it's 'brokerage' role and develop innovative ways of facilitating school partnership that might not otherwise come into being.	<p>The department welcomes Scrutiny's recognition of the important role the LA has taken in brokering school partnerships, federations and academy trusts. All academy trusts, bar one, have been brokered by the LA.</p> <p>The department's ability to further develop this role is limited given the anticipated reduction in resources for this area.</p> <p>Action:</p> <p>The review of <i>Excellence for All</i> will take into account the future local authority brokerage role and consider what can be achieved within available resources.</p>	Sept 19
R8	<p>The experiences of successful formal partnership arrangements are recorded and shared by the Local Authority. The aim being to:</p> <ul style="list-style-type: none"> • help other existing partnerships more fully realise the benefits of their arrangements; and • develop advice for 'single' schools who are considering entering into a formal partnership arrangement. 	<p>The department agrees that it is helpful to share experiences from existing partnerships. Although we already provide case studies, and guidance for single schools that are entering into a formal partnership arrangement, we recognise there is always scope for information to be updated and enhanced.</p> <p>Action:</p> <p>The service will continue to record and share details of successful existing partnerships, taking account of Scrutiny recommendations.</p>	Ongoing
R9	To help encourage the development of formal partnerships, the Local Authority	Action:	

	<p>should consider promoting to schools the creation of a federation as an initial step. This approach would:</p> <ul style="list-style-type: none"> • help address some of the perceptions which are discouraging change; and • better enable schools to consider, in the context of their local circumstances, whether or not they then wish to convert to academy status. 	<p>The messages proposed by Scrutiny will be considered as part of the review of <i>Excellence for All</i> during 2019 (see R5).</p>	Sept 19
R10	<p>The Local Authority to develop further guidance which has a focus on the specific role and responsibilities of the formal partnership arrangement governor and their training and development needs.</p>	<p>The department welcomes Scrutiny's recognition of the increasing complexity of the educational environment for governors, particularly partnership governors. One of the priority areas within the existing <i>Excellence for All</i> strategy is to:</p> <ul style="list-style-type: none"> • Support the development of strong governor-led support and provide high quality training and support for governors and clerks to develop their skills and expertise to secure ongoing improvement in a complex educational environment. <p>The department's ability to provide significant support to governors will be more limited in future given reduced resources.</p> <p>Action:</p> <p>The Scrutiny recommendation will be incorporated within the future provision of lighter touch support to governors.</p>	July 20
R11	<p>The Local Authority to further develop its toolkits and guidance for schools who are considering creating a federation or converting to academy status, or who are already in a formal partnership. Such guidance should include specific advice on the role of the Executive Head and Heads of School and their training and development. Consideration should also be given to developing such guidance in partnership with other regional strategic bodies.</p>	<p>The department agrees that it is helpful to share experiences from existing partnerships.</p> <p>Action:</p> <p>The department will take into account the areas of focus suggested by scrutiny when updating existing toolkits and guidance. The potential for any common messages across strategic partners will be considered through our ongoing discussions with the other parties.</p>	Ongoing
R12	<p>Alongside the guidance set out in the Education Commissioning Plan for small and</p>	<p>The department is not aware of research evidence to promote the use of technology to address the challenges with regard to the viability of small English schools within</p>	

	<p>rural schools, that the Local Authority to take steps to explore innovative solutions to the specific problems small, (and in particular), small rural schools are facing. Such solutions could include, for example, technological responses and adapting training provided to primary school teachers. It could also include exploring the solutions which other authorities in similar situations have developed.</p>	<p>a mainstream context. ISEND has experience of using these strategies as a teaching and learning tool. Although they find that they work with a small limited number of pupils unable to attend schools the impact in terms of pupil performance is limited.</p> <p>The department therefore believes it is unlikely that technology will provide a realistic solution to the particular challenges faced by small rural schools.</p> <p>Action:</p> <p>None</p>	
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Report to: Cabinet

Date of meeting: 22 January 2019

By: Chief Operating Officer

Title: The Conservators of Ashdown Forest – 2019/20 Budget

Purpose: To provide the Conservators' draft budget for 2019/20 and to consider the County Council's grant and the contribution from the Trust Fund

RECOMMENDATIONS

Cabinet is recommended to:

1. approve the Conservators' budget for 2019/20;
2. recommend to the County Council the annual contribution for 2019/20 from Communities, Economy and Transport (CET) budget; and
3. approve the annual grant for 2019/20 from the Trust Fund.

1 Background

1.1 This report sets out the Conservators' draft budget for 2019/20 as presented by the Conservators. This enables consideration to be given to both the overall position and the balance of funding which may be made available to the Conservators from the Trust and the Council's own resources. It must be emphasised for completeness, that the 'Trust Fund' is legally distinct from the County Council's general resources. It is appropriate however, for the County Council to consider both its decision as Trustee as well as its disposition of general resources when considering the overall financial position of the Conservators.

2 Supporting information

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

2.2 The Conservators' budget is formed of the Countryside Stewardship (CS) budget and the Core Budget (General Fund). Natural England provide the funding for the CS budget £522,676 for 2019/20 and although this represents more than half the total budget, it is ring-fenced for Heathland Conservation projects. As such, all CS budget must be spent under the conditions for receipt of the money and may not be used to offset General Fund expenditure. However, there is a multiplier applied to CS staff costs and contracted-out in house staff to enable the Conservator's to recoup some staff on-costs and Forest Centre overheads. For 2019/20 this is £115,000 and is shown under income as 'Countryside Stewardship Staff Recharge'. The CS budget has been separated from the General Fund and is shown as Appendix C.

2.3 The Conservators General Fund receive grants from both the Ashdown Forest Trust, for which ESCC is the trustee, and directly from the Council's budgets, as part of the CET contribution. The balance of the Trust fund is estimated to be £158,799 at 1 April 2019; shown in Appendix B.

2.4 As presented, the Conservators' draft budget assumes the level of grant from the Trust Fund will continue at £65,100 and the contribution from ESCC, held in CET budgets, will reduce to £30,000 for 2019/20. The ESCC contribution will be completely removed from 2020/21. This is due to ESCC's move to deliver services within the Core Offer. The Conservators have an ongoing challenge to maintain balanced budgets in the context of opportunities and limitations to reduce expenditure and increase income, whilst maintaining required services and legal obligations.

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

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

2.7 The Conservators have presented a balanced budget for 2019/20. The budget includes an additional £25,000 of income which is planned to be generated from a new car parking donation and membership scheme and an increase in charitable donations. The car parking scheme is being developed and there is a risk of under-achieving that income should the implementation be delayed. Any resulting deficit would be funded from a draw from reserves at the end of the year (see 2.8)

2.8 The Conservators agreed to maintain reserves sufficient to cover 6 months of staffing and administration costs. The Conservators are not planning any draws from reserves during 2019/20. The resulting budgeted reserve balance for the year ending 2019/20 is £312,242, which exceeds the minimum balance of £196,000. The 2018/19 budget includes an approved draw from reserves of £29,137 of which it seems likely that only £5,000 will be required. This will leave sufficient approved reserve draw to fund any under-achieved income in 2019/20.

2.9 The Conservators are acutely aware of the need to increase their income and control their costs in order to maintain the level of care provided to the Ashdown Forest and to help bridge the gap to sustainability. Income generation work has identified a number of income streams in addition to the car parking scheme (see 2.7) including the sale of deer carcasses and increasing sales from the centre shop. Detailed plans are being worked up.

Recommended Funding

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

2.11 Annual income to the Trust Fund, from a long term lease with the Royal Ashdown Forest Golf Club, amounts to £70,000 with the addition of bank interest. The contribution to the Conservators from the Trust Fund can be maintained at £65,100 in 2019/20.

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

3. Conclusion and recommendations

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

3.2 Cabinet is recommended to:

- Approve the Conservators' budget for 2019/20;
- Agree a recommendation to the Council regarding the Council's annual contribution for 2019/20 from CET budgets, and
- Approve the annual grant for 2019/20 from the Trust Fund.

KEVIN FOSTER
Chief Operating Officer

Contact Officer: Andy Fowler
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Email: andy.fowler@eastsussex.gov.uk

LOCAL MEMBERS

Councillors Galley, Stogdon, Tidy & Whetstone

ESCC MEMBERS ON THE BOARD OF CONSERVATORS

Councillors Barnes, Stephen Shing, Tidy, Whetstone, Pragnell and Stogdon

INCOME SUMMARY	2018/19 Budget £	2018/19 Forecast £	2019/20 Budget £
Licences & Forest Rate	192,378	187,078	190,952
Countryside Stewardship Staff Uplift	104,840	102,000	115,000
Grants	79,648	80,648	45,000
Charitable Receipts and Donations	70,900	69,900	92,600
Sundry Receipts (meat sales and memorials)	12,150	27,202	24,600
Visitors	14,800	12,645	13,860
Financial	10	255	200
TOTAL UNRESTRICTED CORE INCOME	474,726	479,728	482,212

Restricted Funds (designated for specific purpose)	-	24,067	5,200
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TOTAL CORE INCOME	504,336	503,795	487,412
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EXPENDITURE SUMMARY	2018/19 Budget £	2018/19 Forecast £	2019/20 Budget £
Core Forest Staff Costs	344,616	345,512	366,500
Expenditure from Ringfenced Funding	-	12,073	-
Operational expenses (see paragraph 2.6)	69,850	81,817	51,078
Administration Overheads	62,220	60,354	43,154
Financial	21,750	21,502	23,280
Visitors	5,100	6,150	3,400
TOTAL NON CAPITAL CORE EXPENDITURE	503,536	527,408	487,412

Total Core Capital Expenditure	800	5,523	-
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TOTAL CORE EXPENDITURE	504,336	532,931	487,412
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SURPLUS/DEFICIT PROJECTION	Budget 2018/19 £	Forecast 2018/19 £	Budget 2019/20 £
Total Income	474,726	503,795	487,412
Total Expenditure	504,336	532,931	487,412
Surplus/Deficit	(29,610)	(29,137)	-
Planned allocation from reserves	29,610	29,137	-

Ashdown Forest Finances
Core Budget 2019/20

INCOME	2018/19 Budget	2018/19 Forecast	2019/20 Budget Proposal
	£	£	£
Licences and Forest Rate	192,378	187,078	190,952
Other Rents/Licences and Wayleaves	93,770	92,570	94,052
Riding Permits	34,000	30,000	32,000
Acknowledgement Rent for Access Tracks	23,100	23,100	24,000
Forest Rate	23,940	23,940	24,000
Temporary licences (incl. Filming, Wood, Events, Fitness)	5,600	5,500	5,900
Licence preparation/deed of covenant/consideration fees	11,968	11,968	11,000
Countryside Stewardship Staff Recharge	104,840	102,000	115,000
Core staff: 1.8 multiplier difference above employee cost	54,840	52,000	50,000
Contracted-out in-house staff	50,000	50,000	65,000
Grants	79,648	80,648	45,000
ESCC	61,398	61,398	30,000
WDC	13,000	10,000	10,000
Parish Councils	5,250	9,250	5,000
Charitable Receipts and Donations	70,900	69,900	92,600
Ashdown Forest Trust	65,100	65,100	65,100
Donations	5,800	4,800	7,500
Car park donations and parking membership	-	-	20,000
Restricted Funds (designated for a specific purpose)	-	24,067	5,200
Education programme income (from schools)	-	11,817	-
CS Income for school visits (education programme)	-	7,250	-
Ashdown Forest Riding Association	-	4,000	4,000
Feed in Tariff (solar panels)	-	1,000	1,200
Sundry Receipts	12,150	27,202	24,600
Grazing project income	8,650	8,302	7,600
Sale of deer carcasses	-	6,000	10,000
Miscellaneous Other (deposits, memorials)	2,500	11,400	6,000
Renewable Heat Incentive (RHI)	1,000	1,500	1,000
Visitors	14,800	12,645	13,860
Barn sales	8,000	7,000	7,000
AF Centre Events (Pop-up café, Sheep Proof Your Dog)	4,500	4,000	4,500
Hire of premises/equipment/staff time	2,000	500	1,760
Talks by staff	100	100	100
Exhibition sales	200	1,045	500
Financial	10	255	200
Bank Interest	10	255	200
TOTAL INCOME	474,726	503,795	487,412

EXPENDITURE	2018/19 Budget	2018/19 Forecast	2019/20 Budget Proposal
	£	£	£
Staff Costs (Core team only)	344,616	345,512	366,500
Gross salaries	329,616	330,512	351,500
Employer's additional monetary pension contribution	15,000	15,000	15,000
Expenditure from Ringfenced Funding	-	12,073	-
Education Programme	-	12,073	-
Operational expenses	69,850	81,817	51,079
Transport, machinery, equipment (incl. vehicle insurance)	46,050	49,988	38,859
Staff expenses	3,950	4,750	2,400
Staff and volunteer training	2,500	2,500	1,000
Volunteer expenses	2,550	2,550	2,200
Bye laws and signage	500	1,237	-
Non-CS conservation(dangerous trees, exotics)	5,000	4,000	4,000
General Operations (car parks, bridges, litter, rides)	7,750	9,742	1,200
Other (memorials, subs, misc. amenity costs)	1,550	7,050	1,420
Administration Overheads	62,220	60,354	43,153
Forest Centre Running costs (rates, utilities, maintenance)	21,705	25,200	14,481
Post, phone, printing, stationery	5,825	6,330	6,000
Professional fees (audit, accountancy, legal)	10,850	3,600	6,000
Insurances	16,840	16,840	9,772
IT	6,500	7,884	6,600
Miscellaneous	500	500	300
Financial	21,750	21,502	23,280
Irrecoverable rents and rates and bad debts	100	50	-
Credit card terminal	850	850	1,300
Bank charges	800	602	980
Input VAT irrecoverable	20,000	20,000	21,000
Visitors	5,100	6,150	3,400
Information Centre (Shop stock)	3,000	3,000	2,500
Forest Centre Events	2,100	3,150	900
Total non-capital Expenditure	503,536	527,408	487,412
Capital expenditure	800	5,523	-
TOTAL EXPENDITURE	504,336	532,931	487,412

The Conservators of Ashdown Forest – Reserves**£**

Reserves 1 April 2018	341,379
Forecast deficit 2018/19	(29,137)
Forecast reserves at 31 March 2019	312,242
Forecast Movement 2019/20	-
Forecast reserves at 31 March 2020	312,242
Minimum restricted reserve	196,000
Discretionary restricted reserves	79,816
Unallocated reserves	36,426
	312,242

Ashdown Forest Trust Fund 2019/20 Projected Income and Expenditure

ASHDOWN FOREST TRUST FUND	Budget 2018/19	Budget 2019/20
Income	£	£
Royal Ashdown Forest Golf Club- Rent	70,000	70,000
Bank Interest	15	250
	<u>70,015</u>	<u>70,250</u>
Expenditure		
Conservators of Ashdown Forest- Annual Grant	65,100	65,100
Professional & Audit Fees	6,740	6,500
	<u>71,840</u>	<u>71,600</u>
Surplus/Deficit	<u>(1,825)</u>	<u>(1,350)</u>
Balance Brought Forward	<u>160,624</u>	<u>158,799</u>
Balance Carried Forward	<u>158,799</u>	<u>156,949</u>

Countryside Stewardship Budget 2019/20

DRAFT

RESERVE FORECAST TO YEAR END 2019

£

Reserve brought forward at 31 March 2018

201,118

Income/Expenditure Surplus/(Deficit) forecast for year end

41,397

Reserve carried over to 2018/19

(70,000)

Forecast Reserve/Project Carry Over at 31 March 2019**172,515**

INCOME/EXPENDITURE SUMMARY

Budget Summary

INCOME

EXPENDITURE

INCOME

EXPENDITURE

2018/19

2018/19

2019/20

2019/20

£

£

£

£

Heathland Area Payment

431,775

375,583

431,775

441,386

Bracken Supplement

33,651

39,496

33,651

37,500

Educational Visits

7,250

7,250

7,250

7,250

Woodland CS: Deer project

45,000

45,000

45,000

45,000

Woodland CS: Woodland Management

5,000

13,950

5,000

16,199

TOTALS

522,676

481,279

522,676

547,335

EXPENDITURE BY PROJECT

CORE STAFF COSTS (excl. deer co-ordinator)

Budget

Budget

2018/19

2019/20

£

£

Core staff Totals

190,778

154,118

Total cost to employer (to include NI, pension)

124,820

109,023

1.8 multiplier difference to be attributed to Forest Core Budget

52,458

45,095

Contract Staff

13,500

-

PROJECTS SUMMARY

Budget

Budget

2018/19

2019/20

£

£

Heathland Area Projects

137,517

172,568

Manage Scrub (Gorse)

10,714

28,900

Wild Fire Risk and Plan

-

200

Birch, Oak, Willow and Scots Pine Control

15,000

30,000

Remove Rhododendron and Gaultheria (Heathland)

1,700

500

Provide/Maintain Livestock Control Structures (Invisible)

2,000

-

Provide/Maintain Livestock Control Structures (Visible)

35,000

32,668

Conservators Grazing - Cattle

10,000

11,594

Commoners Headage Payments

27,045

31,600

Conservators Grazing - Sheep

9,325

9,325

Conservators Grazing - Ponies	2,140	4,690
Livestock Welfare Facility - Barn	-	2,000
Manage Heather	3,500	350
Manage Grassland (Mowing)	1,000	173
Removal of Invasive Woodland	-	5,250
Control of non-native species (spraying)	6,380	2,850
Manage Habitat (open waters, etc) by excavation	2,000	500
Manage Habitat (open waters, etc)	320	500
Inform Stakeholders	1,000	-
Ashdown Forest Life	6,000	7,100
Volunteer Management and Expenses	4,193	4,268
Stakeholder Liaison (Biomass, Meat, Retail, Neighbours)	200	100
Bracken Supplement	39,496	37,500
Bracken Control	39,496	37,500
Educational Visits	7,250	7,250
School Visits - Teacher time & support costs	7,250	7,250
Woodland CS: Woodland Management	13,950	16,199
Rhododendron Removal Cutting/Spraying (Woodland)	4,167	5,000
Remove Turkey Oak	783	1,199
Create Glades	9,000	10,000
Woodland CS: Deer Management (See supporting budget)	45,000	45,000
Deer Project additional costs (excl.staff cost)	16,442	14,746
Staff cost: Total cost to employer (to include NI, pension)	20,299	18,024
1.8 multiplier on gross staff cost - recharge to Forest Core Budget	8,259	12,230
Fencing Public Consultation and Application	-	90,670
Project costs from Project Budget v1		43,257
Staff cost: Total cost to employer (to include NI, pension)	-	33,455
1.8 multiplier on gross staff cost - recharge to Forest Core Budget		13,958
TOTAL CS EXPENDITURE	481,279	547,335

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