

Meeting of  
East Sussex County Council  
on Tuesday, 9 February 2021  
at 10.00 am

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





# EAST SUSSEX COUNTY COUNCIL

---

## To the Members of the County Council

You are summoned to attend a meeting of the East Sussex County Council to be held at County Hall, Lewes, **on Tuesday, 9 February 2021 at 10.00 am** to transact the following business

Note: County Councillors will be joining the meeting remotely

**1 Minutes of the meeting held on 1 December 2020** (Pages 5 - 28)

**2 Apologies for absence**

**3 Chairman's business**

**4 Questions from members of the public**

**5 Report of the Cabinet** (Pages 29 - 52)

**6 Report of the Place Scrutiny Committee** (Pages 53 - 56)

**7 Report of the Governance Committee** (Pages 57 - 58)

**8 Questions from County Councillors**

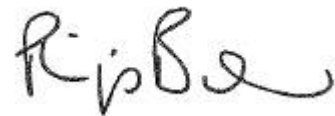
(a) Oral questions to Cabinet Members

(b) Written Questions of which notice has been given pursuant to Standing Order

44

*Note: There will be a period for collective prayers and quiet reflection 9.30 am to 9.45 am. The prayers will be led by the Reverend Annette Hawkins, Vicar at St Mary's Church, Salehurst. The Chairman would be delighted to be joined by any members of staff and Councillors who wish to attend this session which will take place via Teams.*

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



PHILIP BAKER  
Assistant Chief Executive

1 February 2021

This page is intentionally left blank

## MINUTES

### EAST SUSSEX COUNTY COUNCIL

**MINUTES of a MEETING of the COUNTY COUNCIL held at County Hall, Lewes on 1 DECEMBER 2020 at 10.00 am**

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

#### **30 Minutes of the meeting held on 13 October 2020**

30.1 RESOLVED to confirm as a correct record the minutes of the County Council meeting held on 13 October 2020.

#### **31 Apologies for absence**

31.1 An apology for absence was received on behalf of Councillor Tidy.

#### **32 Chairman's business**

FIONA WRIGHT

32.1 The Chairman informed the Council that Fiona Wright was leaving the County Council after 40 years of public service. Her whole career has been in Education. Fiona joined East Sussex as Headteacher at Eastbourne Technology College in 1994 before becoming the first Head of Peacehaven Community School and Executive Head of Seaford Community College. She joined the Children's Services Department in 2006 and progressed to her current role in 2013. She has had a massive impact on the lives of children in this County and in working to ensure that we provide the best service possible. Her integrity and determination shine through and she will be greatly missed. On behalf of the Council the Chairman wished Fiona all the very best in the future.

#### **PETITIONS**

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

Councillor Standley

- calling on the County Council to reduce the speed limit on the B2100 between Milk Lodge Farm, Rotherfield and Palesgate Lane, Jarvis Brook and to undertake further road safety improvements.

**PRAYERS**

32.3 The Chairman thanked Reverend Peter Clark for leading the prayers before the meeting.

**33 Questions from members of the public**

33.1 Copies of the questions received from members of the public and the answers from Councillor Fox (Chair of the Pension Committee) and Councillor Claire Dowling (Lead Member for Transport and Environment) are attached to these minutes.

**34 Declarations of Interest**

34.1 There were no declarations of interest.

**35 Reports**

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

Cabinet report – paragraph 1 (Scrutiny review of road markings) and paragraph 2 (Coronavirus update)

Place Scrutiny Committee report – paragraph 1 ((Scrutiny review of road markings)

Lead Member for Adult Social Care and Health – paragraph 1 (Notice of Motion – Adult Social Care White Paper)

Urgent decisions – paragraph 1 (delegations to officers – Adult Social Care)

**NON-RESERVED PARAGRAPHS**

35.2 On the motion of the Chairman of the County Council, the Council ADOPTED those paragraphs in the reports that had not been reserved for discussion as follows:

Governance Committee report – paragraph 1 (Local Government Pension Scheme), paragraph 2 (Amendment to Constitution – Scheme of delegations to officers) and paragraph 3 (Amendment to Constitution – officer delegations –Adult Social Care)

**36 Report of the Cabinet**

Paragraph 1 (Scrutiny review of road markings)

36.1 The Chairman reminded the Council that he was taking paragraph 1 of the Cabinet report with the report of the Place Scrutiny Committee.

Paragraph 2 (Coronavirus update)

36.2 Councillor Glazier moved the reserved paragraph.

36.3 The motion was CARRIED after debate.

**37 Report of the Place Scrutiny Committee**

Paragraph 1 (Scrutiny review of road markings)

37.1 The Chairman reminded the Council that he was taking paragraph 1 of this report with paragraph 1 of the Cabinet report.

37.2 Councillor Bowdler moved the adoption of paragraph 1 of the Scrutiny Committee's report.

37.3 Councillor Glazier moved the adoption of paragraph 1 of the Cabinet's report. The motion, including the recommendations, was CARRIED after debate.

37.4 The motion to adopt paragraph 1 of the Scrutiny Committee's report, including the recommendations, was CARRIED after debate on the basis that implementation would be in accordance with the recommendations of the Cabinet.

### **38 Report of the Lead Member for Adult Social Care and Health**

38.1 Councillor Maynard moved the reserved paragraph of the Lead Member's report.

38.2 The following amendment was moved by Councillor Ungar and seconded:

To delete the motion of the Lead Member for Adult Social Care and Health and insert:

*East Sussex County Council calls on Her Majesty's Government to publish its White Paper on the reform and future of Adult Social Care.*

*In drawing together its White Paper the government must take into account the already close working between this council and the NHS.*

*We welcome an opportunity of closer working with the NHS but future plans should not only ensure world class services for the people of East Sussex but also those services should continue to be under the control of democratically elected local councillors. This is to ensure local accountability and control by the community. This is the best way of delivering services as local people know what they need and what they want.*

38.3 The following alteration to the amendment was proposed by Councillor Godfrey Daniel, accepted and formed the proposed amendment:

*East Sussex County Council calls on Her Majesty's Government to publish ~~its~~ a White Paper on the reform and future of Adult Social Care as soon as possible.*

*In drawing together its White Paper the government must take into account the already close working between ~~this council~~s and the NHS.*

*We welcome an opportunity of closer working with the NHS but future plans should not only ensure world class services for the people of East Sussex but also those services should continue to be under the control of democratically elected local councillors. This is to ensure local accountability and control by the community. This is the best way of delivering services as local people know what they need and what they want.*

38.4 A recorded vote on the amendment was requested and taken. The amendment was LOST, the votes being cast as follows:

#### **FOR THE AMENDMENT**

Councillors Charman, Charles Clark, Godfrey Daniel, Philip Daniel, Earl-Williams, Field, Grover, Lambert, O'Keeffe, Osborne, Rodohan, Scott, Daniel Shing, Stephen Shing, Shuttleworth, Swansborough, Tutt, Ungar, Wallis and Webb.

#### **AGAINST THE AMENDMENT**

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

## MINUTES

---

### ABSTENTIONS

None

38.5 A recorded vote was taken on the motion moved by Councillor Maynard as follows:

- 1) To note the consideration given to the call for the Government to publish its White Paper on the reform and future of Adult Social Care and reject the Motion for the reasons set out in the report; and*
- 2) to support the ongoing lobbying and engagement with central government about financial, and other support, for social care throughout the Covid-19 crisis*

38.6 The motion was CARRIED with the votes being cast as follows:

### FOR THE MOTION

Councillors Barnes, Beaver, Belsey, Bennett, Bentley, Bowdler, Charman, Charles Clark, Martin Clarke, Davies, Chris Dowling, Claire Dowling, Earl-Williams, Elford, Elkin, Enever, Ensor, Fox, Galley, Glazier, Liddiard, Loe, Maynard, Pragnell, Simmons, Smith, Standley, Stogdon and Taylor.

### AGAINST THE MOTION

Councillors Philip Daniel, Field, Grover, Lambert, Osborne, Rodohan, Stephen Shing, Shuttleworth, Swansborough, Tutt, Ungar and Wallis

### ABSTENTIONS

Councillor Godfrey Daniel, O'Keeffe, Scott, Daniel Shing and Webb

## 39 Questions from County Councillors

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

Questioner	Respondent	Subject
Councillor Grover	Councillor Claire Dowling	Potential of a lorry park being situated in East Sussex
Councillor Lambert	Councillor Glazier	Recent survey circulated by the MP for Lewes
Councillor Lambert	Councillor Claire Dowling	Criteria used to determine the provision and installation of cycle racks under the Active Travel Fund
Councillor Charman	Councillor Bentley	Consultation and use of the funding allocated under Project Adder in Hastings
Councillor Godfrey Daniel	Councillor Glazier	Future pay award/pay freeze for staff
Councillor Stephen Shing	Councillor Glazier	Explanation regarding the delay/lack of response to enquiries raised by councillors



## MINUTES

---

39.2 One written question was received from Councillor Philip Daniel for the Lead Member for Resources. The question and answer are attached to these minutes. The Lead Member responded to a supplementary question.

### **40 Urgent Decisions**

40.1 The Chairman and Leader of the Council responded to points raised by Councillor Field.

THE CHAIRMAN DECLARED THE MEETING CLOSED AT 12.27 pm

The reports referred to are included in the minute book

**QUESTIONS FROM MEMBERS OF THE PUBLIC**

Note: Questions 1 to 11 relate to the East Sussex Pension Fund exposure to fossil fuel investments, the response to climate emergency and related issues. The answer to these questions is set out after question 11 below

**1. The same or similar questions were asked by:**

**Polly Charlton, Brighton**  
**Sophie Larsen, Lewes, East Sussex**  
**Jessica Denison, Newhaven, East Sussex**  
**Jane Wilde, St Leonards on Sea, East Sussex**  
**Philippa Smith, Brighton**  
**Adam Rose, Eastbourne, East Sussex**  
**Ed Baker, Brighton**  
**Anne-Megan Griffiths, Lewes, East Sussex**  
**Rachel Goldhill, Brighton**  
**Jason Evans, Saltdean**  
**Susan Churchill, Hastings, East Sussex**  
**Carol Jefferson, St Leonards on Sea, East Sussex**  
**Carl Jackson, Hastings, East Sussex**  
**Ting Plaskett, Eastbourne, East Sussex**  
**Sue Fasquelle, Lewes, East Sussex**  
**Andrea Corso, St Leonards on Sea, East Sussex**  
**Les Gunbie, Brighton**  
**Katherine Beaven, Forest Row, East Sussex**  
**Annabel Faraday, Fairlight, East Sussex**  
**Iain Sheard, Battle, East Sussex**  
**Oliver Darlington, Lewes, East Sussex**  
**Michael Barnard, Bexhill on Sea, East Sussex**  
**Ian Cairns, Seaford, East Sussex**  
**Richard Pike, Forest Row, East Sussex**  
**Andrea Needham, Hastings, East Sussex**  
**Anne Massey, Hove**  
**Cherry Lavell, Polegate, East Sussex**  
**Sally Atwood, Lewes, East Sussex**  
**Eveline Tijs, Hastings, East Sussex**  
**Richard Moore, Lewes, East Sussex**  
**Rebecca Francomb, Seaford, East Sussex**  
**Andy Moore, Hastings, East Sussex**  
**Anne Tyndale, Brighton**  
**Melissa McClements, Brighton**  
**Venetia Carter, Brighton**  
**Marion Reynolds, Alfriston, East Sussex**  
**Frances Witt, Lewes, East Sussex**  
**Sarah Macbeth, Hastings, East Sussex**  
**Mary-Jane Wilkins, Lewes, East Sussex**  
**Anna Cole, Brighton**  
**Marylin Thomas, Arlington, East Sussex**  
**Michael Gilbert, Brighton**  
**Gail Greaves, Brighton**  
**Susan Murray, Lewes, East Sussex**

Annette Unsworth, Brighton  
Ali Ghanimi, Brighton  
Naphia Reggiani, Forest Row, East Sussex  
Georgia Taylor, Forest Row, East Sussex  
Tim Beecher, Brighton  
Richard Pike, Forest Row, East Sussex  
Claire Duc, Lewes, East Sussex  
Carol Turner, Eastbourne, East Sussex  
Adrian Briggs, Lewes, East Sussex  
Mike Clemens, Brighton  
Gary French, St Leonards on Sea, East Sussex  
Sally Cranfield, Brighton  
Max Glaskin, Brighton  
Dan Lake, Brighton  
Svenja Czubayko, Brighton  
Sarah Hazlehurst, Brighton  
Karen Shaw, Crowborough, East Sussex  
Ginny Smith, Taring Neville, East Sussex  
Karl Horton, Hastings, East Sussex  
Sara Birch, Lewes, East Sussex  
Arnold Simanowitz, Lewes, East Sussex  
Sonia Blakeley, Heathfield, East Sussex  
Gus Garside, Brighton  
Andrew Durling, Pevensey, East Sussex  
Nina Thair, Brighton  
Jane Clare, Crowborough, East Sussex  
Anna Taylor, North Chailey, East Sussex  
Patricia Rigg, Lewes, East Sussex  
Jane McIntosh, Lewes, East Sussex  
Julia Hilton, Hastings, East Sussex  
Hugh Dunkerley, Brighton  
Ursula Pethick, Robertsbridge, East Sussex  
Jane Loftin, Fairlight, East Sussex  
Jean Gould, Lewes, East Sussex  
Margaret Fletcher, Seaford, East Sussex  
Polly Gray, Bexhill on Sea, East Sussex  
Janet Sharples, Groombridge, East Sussex  
Esme Needham, Hastings, East Sussex  
Caroline Garton, Brighton  
Fran Seballos, Seaford, East Sussex  
Elizabeth Ottosson, Eastbourne, East Sussex  
Norman Wright, Hove  
John Doherty, Bexhill on Sea, East Sussex  
Rosalind Clayton, Bexhill, East Sussex  
Paul Taylor, Brighton  
Denzil Jones, Lewes, East Sussex  
David Allen, Brighton  
Caroline Donegan, Ticehurst, East Sussex  
John Enefer, Hastings, East Sussex  
Jacqueline Currie, Brighton  
Emma Dennett, Brighton  
Gabriel Carlyle, St Leonards on Sea, East Sussex

**Nicholas Davies, St Leonards on Sea, East Sussex**  
**Ian Bunch, Hastings, East Sussex**  
**Mathew McDonnell, St Leonards on Sea, East Sussex**  
**Jules McBride, St Leonards on Sea, East Sussex**  
**Sarah Cuming, St Leonards on Sea, East Sussex**  
**Jemima Dury, Hastings, East Sussex**  
**Ann Link, Lewes, East Sussex**  
**Vanessa Fulkes, St Leonards on Sea, East Sussex**  
**Erica Smith, St Leonards on Sea, East Sussex**  
**Chloe Mathews, St Leonards on Sea, East Sussex**  
**Karen Beal, St Leonards on Sea, East Sussex**  
**Abigail Nicol, St Leonards on Sea, East Sussex**  
**Jane Wigan, St Leonards on Sea, East Sussex**  
**Hattie Embleton, Brighton**  
**Lesley Restorick, Hastings, East Sussex**  
**Jennifer Allan, Seaford, East Sussex**  
**Lesley Ann Dawes and Alistair Dawes, St Leonards on Sea, East Sussex**

Does the East Sussex Pension Committee accept that, because burning fossil fuels is the key driver of global warming, the goals of the Paris Climate Agreement (to keep global warming to 'well below 2 °C', pursuing 1.5°C) cannot be achieved without the rapid alignment of the big fossil fuel companies with a 1.5°C pathway\*?

Can the chair of the East Sussex Pension Committee give a single example of an oil or gas major that is currently aligned with a 1.5°C pathway\*?

And – given the rapidly shrinking window for action – when will the Fund divest from those oil and gas companies that fail to align themselves with a 1.5°C pathway\*?

\* By a 1.5°C pathway we mean one that: (a) yields a 50% or better chance of keeping global warming below 1.5°C; and (b) does so without assuming the future creation of global scale 'negative emissions technologies' (ie. ones that remove carbon dioxide from the atmosphere) that don't currently exist.

## **2. Question from Dirk Campbell, Lewes East Sussex**

As ESCC declared a climate emergency in October 2019, and it is not disputed that the burning of fossil fuels is the main driver of global warming, why is the ESCC Pension Fund still investing in oil and gas when there are better alternatives both in terms of financial returns and climate change mitigation?

## **3. The same or similar questions were asked by:**

**Alison Cooper, St Leonards on Sea, East Sussex**  
**Jane Munro, Winchelsea Beach, East Sussex**  
**Philippa Hislop, Lewes, East Sussex**  
**Jane Carpenter, Lewes, East Sussex**  
**Carol Mills, Eastbourne, East Sussex**  
**Duncan Armstrong, Lewes, East Sussex**  
**Amy Pedder, Hove**  
**Anthony Bradnum, St Leonards on Sea**

Does the East Sussex Pension Committee accept that, because burning fossil fuels is the key driver of global warming, the goals of the Paris Climate Agreement (to keep global warming to 'well below 2 °C', pursuing 1.5°C) cannot be achieved without the rapid alignment of the big fossil fuel companies with a 1.5°C pathway?

Does the council also accept that current investments in fossil fuels are not in line with your fiduciary duty to protect your pensioners as those investments are failing?

**4. The same or similar questions were asked by:**

**Jane Wright, Lewes, East Sussex**  
**Judy Scott, Hastings, East Sussex**

Can the Chair of the East Sussex Pensions Committee give a single example of an oil and gas company that is currently aligned with a 1.5 degree pathway?

**5. The same or similar questions were asked by:**

**Carol Mills, Eastbourne, East Sussex**  
**Michael Wyatt, Bexhill on Sea, East Sussex**  
**Sylvia Goddard, Lewes, East Sussex**  
**David Sudbery, Uckfield, East Sussex**  
**Roy Francomb, Seaford, East Sussex**

Given the rapidly shrinking window for action – when will the Fund divest from those oil and gas companies that fail to align themselves with a 1.5°C pathway? (i.e. one that yields a 50% or better chance of keeping global warming below 1.5°C; and does so without assuming the future creation of global scale 'negative emissions technologies' that don't currently exist)?

**6. Question from Liz Prince-Harding, Brighton**

When will the council recognise the grave danger that our levels of fossil fuel use are posing to our climate and so our health and survival, and divest from fossil fuel industries?

**7. Question from Natasha Padbury, Lewes, East Sussex**

What evidence does ESCC have that it is treating the declared climate emergency as an emergency and is on track to help meet the Paris Agreement and UK climate targets when it is still investing in the fossil fuel industry such as with the East Sussex Pension Scheme?

**8. Question from Ben Clench, Hove**

You declared a Climate Emergency in October 2019. As such it is your responsibility to protect our climate as much as possible. You have done nothing to follow your responsibility to do this by investing in fossil fuel activities in your pension scheme.

I urge you to divest from supporting these activities by changing the investment you have made with the pensions of your staff. Climate breakdown is something we are starting to experience and I really feel that the council would not want to support this. As such please make sure pension contributions are not supporting the fossil fuel industry.

**9. Question from James Meek, Seaford, East Sussex**

Why is East Sussex County Council doing nothing to divest its pension investments from fossil fuel companies? Why has Cllr Gerard Fox singularly failed to answer any of the questions put to him at the last Full Council meeting in respect of the pension fund investments?

When will ESCC divest its pension fund investments from fossil fuel industries?

**10. Question from Fiona MacGregor, St Leonards on Sea, East Sussex**

Why is the East Sussex Pension Committee continuing to invest in fossil fuels when it is an accepted scientific fact that emissions from the burning of oil and gas are driving climate change? When will it be switching to invest in renewable energy?

**11. Question from Richard Boyle, Eastbourne, East Sussex**

Why not just move your carbon portfolio to renewable energy generating (wind and Solar) and battery companies?

There are dozens of safe harbour green companies with huge growth potential and you won't be left with stranded assets. Also, you won't be part of the Global Heating problem but part of the solution.

**Response by the Chair of the Pension Committee to questions 1 to 11 above**

A large number of the questions ask whether as Chair of the Pension Committee I can give a single example of an oil and gas major that is currently aligned with a 1.5<sup>0</sup>c pathway. The research shows that there are none, despite some bold moves by European companies. According to the Transition Pathway Initiative five oil and gas majors are on track to align with the Paris emissions pledges, three of which are getting closer to a 2<sup>0</sup>c climate pathway by 2050 but additional measures are required. Most economies, including the United Kingdom, are not yet on track to align with commitments made under the Paris Agreement and much policy detail has yet to follow. It goes without saying therefore that a very substantial proportion of major companies and sectors are also not operationally aligned with Paris ambitions because policy does not fully support that outcome. It is not the role of the Fund to police the Paris Agreement and the fund seeks to monitor and manage energy transition risks at an overall portfolio level. Whether an individual company or sector is currently on track for 1.5 or 2 degrees is not a direct determining factor for investment by the Fund. That decision lies with the Fund's Investment Managers who must weigh up all risks of the underlying holdings. The Fund monitors the performance, philosophy and actions of those managers as they make investments on behalf of the fund in line with the mandate of the investment.

The Fund's principal fiduciary responsibility is to provide pensions to the fund beneficiaries. To this end, it must have attention to adequate diversification of risk, limiting of fund volatility and provision of sufficient income from its holdings through

dividends to pay the pensions. As a responsible investor it must reconcile the unfolding energy transition with its need for income to pay those pensions and it has an overriding interest in maximising the investable set of companies in its portfolio. As a consequence it pursues a policy of active engagement around the Energy Transition primarily via its membership of the Institutional Investor Group on Climate Change (IIGCC) & Climate Action 100+ which seeks to pressure and assist companies and sectors, no matter what position they start from, in aligning their long run operations with net zero ambitions and decarbonisation pathways.

The Fund acknowledges very clearly in its Statement of Responsible Investment Principles approved in September 2020 that an energy transition is underway over the next 30-40 years and that there are risks and opportunities associated with that which it has sought to identify. East Sussex Pension Fund has outperformed its investment benchmark over the last 5 years and ranks among the top LGPS Funds in terms of solvency. As a Responsible Investor it continues to evolve its approach.

The Fund does not directly invest in any specific company; instead it invests through a combination of holdings in passive index funds and active fund managers. An investment to a passive index means exposure to all companies within the index, there is no ability to divest from any specific company within it; to divest from a single company within the index would require the fund to divest from the whole strategic allocation. Up to 75% of the Fund's fossil fuel exposure has historically come via exposure to these passive index funds.

The Fund has taken substantial measures this year to better align itself with challenges associated with the *Energy Transition*. These measures include moving 2/3 of the Fund's index equity exposure into Climate & Sustainability Active Impact Equity and into an index fund provider which excludes fossil fuel companies, investing instead in climate solutions, while weighting other holdings in favour of green revenues. Additionally, it has committed to regularly carbon foot print its portfolio, become a UNPRI reporting signatory, joined the Institutional Investor Group on Climate Change (IIGCC) in pursuit of company engagement, and committed to report annually under the updated 2020 UK Stewardship code and to the Taskforce for Climate related Financial Disclosures (TCFD). It also requires that its fund managers join IIGCC and are PRI signatories.

As a consequence of these and a number of other measures, the Fund's direct exposure to Fossil Fuel assets will fall significantly below 2% by year end. Fossil fuel exposure published by [gofossilfree.org](http://gofossilfree.org) in 2015 was reported to be 6.6% of the fund value; changes made by the Pension Committee since then has dropped exposure to 3.4% in September 2020 and will further drop below 2% after the current investment implementation is complete. This is a reduction of over 60% exposure in the past 5 years. They may fall further once it addresses regional index equity holdings in upcoming Committee meetings.

The Committee regularly debates the merits of Engagement vs. Divestment in relation to fossil fuels. It does not currently recognise blanket divestment from entire sectors as an effective or fiduciary approach. Blanket divestment from fossil fuels would have meaningful operational implications for the fund reducing its ability to invest in a diverse range of assets and significantly reduce the scope of fund managers in which it could invest, further increasing financial risk to the fund beneficiaries. None of the investor

## **MINUTES**

---

action groups for climate action that the fund is a member suggest blanket divestment of a sector at this time

Note: Questions 12 to 21 relate to a similar issue. The answer to these questions is set out after question 21 below

### **12. The same of similar questions were asked by:**

**Helen Stollar, Brighton**  
**Duncan Taylor, Lewes, East Sussex**  
**Adrian Briggs, Lewes, East Sussex**  
**Patricia Shobaki, Hove**  
**Kathleen McMullen, Hove**  
**Alison Brownlie Bojang**  
**Helen Stollar, Brighton**  
**Karen Vincent Jones, Hove**

I was one of many residents who submitted questions to the October meeting of the County Council, expressing my grave concerns about the East Sussex Pension Fund's investments in companies complicit in human rights abuses and violations of international law by the Israeli state.

The response to these questions from Councillor Fox, in his capacity as Chair of the Pension Committee, was helpful in many respects. I was particularly pleased to see that he acknowledged that the companies I cited in my question 'operate and profit from stolen land'. I was also pleased to note that the Pension Fund is now planning to divest from these companies, despite the fact that the investments are 'passive'. Especially welcome was Councillor Fox's statement that Responsible Investment is 'at the heart of all investment decisions and provides increased transparency and monitoring of these investments'.

His response was, however, unclear and noncommittal on a number of crucial points. Accordingly, I am seeking unambiguous answers to the following questions:

In his response, Councillor Fox refers to 'these investments'. Could he specify which investments the Fund is planning to divest from, and in particular whether the plans include Elbit Systems and the 11 companies in the Pension Fund portfolio that are named on the UN Human Rights Office list and which I cited in my question?

Could Cllr Fox provide a timetable for the Fund's planned divestment from these complicit companies?

Could Councillor Fox confirm that the Fund's investments in Elbit Systems and the 11 companies named on the UN Human Rights Office list run counter to the Fund's Responsible Investment policy?

### **13. The same or similar questions have been asked by:**

**Guy Harris, Udimore, East Sussex**  
**Katy Colley, Brede, East Sussex**  
**David Wilson, Hastings, East Sussex**  
**Chris Sanderson, Hastings, East Sussex**  
**Anne Wells, Robertsbridge, East Sussex**



**Jon Griffith, Hastings, East Sussex**  
**Paul Rainey, Brighton**  
**Edward Cuzner, Brighton**  
**John Fowler, Bexhill, East Sussex**

Since June this year, there has been a growing number of emails sent to the County Council objecting to the East Sussex Pension Fund's investments in companies complicit in abuses of human rights and violations of international law. These violations relate to Israel's settlements on occupied land which are illegal under international law; the International Criminal Court prosecutor is investigating their construction as a war crime.

The chair of the Pension Committee has made some helpful comments, stating that Responsible Investment Principles are 'at the heart of all investment decisions and provides increased transparency and monitoring of these investments.' Also, he acknowledged that companies mentioned in the questions 'operate and profit from stolen land.' Any pension fund operating with ethical and responsible principles would surely be divesting from such companies.

A commitment by the Pension Committee chair indicated that the fund will divest from some of the complicit companies in due course. These companies are included in the United Nations list of companies involved in Israel's illegal settlement economy. The United Nations High Commissioner for Human Rights (OHCHR) has undertaken a lengthy and extensive process of engagement with these companies. The pension fund has investments in 13 of these companies. They are: Bank Hapoalim, Bezeq, booking.com, Delek Group, Expedia Group, First International Bank, General Mills, Israel Discount Bank, Mercantile Discount Bank, Mizrahi Tefahot Bank, Motorola, Paz Oil Company and TripAdvisor. This is far more than any other local government pension fund. The vast majority have no investments in these companies at all.

Please will you specify which of the above 13 companies you plan to divest from and provide a timetable for divestment?

Elbit Systems produces a range of banned weapons including cluster munitions, weaponised white phosphorus and flechette projectiles. It produces the weaponised Hermes 450 and 900 drones. All these weapons have been used repeatedly to target the civilian population in Gaza. The Norwegian state pension fund has divested from Elbit. So have numerous other funds such as Dutch pension giant ABP, Sweden's largest pension fund Första AP-Fonden, Danish bank Danske Bank, AXA, Folksam (Sweden), ABN AMRO and Europe's largest bank HSBC. Norges Bank, the central bank of Norway, excludes Elbit Systems due to 'particularly serious violations of fundamental ethical norms.' There are only 3 local government pension funds with investments in Elbit. This company is clearly regarded as toxic, a company that any pension fund with ethical and 'responsible' policies would keep clear of.

Will the Pension Committee confirm that the fund intends to divest from Elbit Systems, and if so, please state when?

Could the Pension Committee chair confirm that the Fund's investments in Elbit Systems and the 13 companies named on the UN Human Rights Office list run counter to the Fund's 'Responsible Investment Principles?'

Do you accept that, regardless of whether these assets are pooled or held in segregated portfolios, it is the pension fund's obligation, in line with its own 'Responsible Investment Principles,' to ensure that it does not invest in companies operating from stolen land?

Do you intend to implement screening and due diligence procedures to ensure that scheme members' money is not used to support the violation of international law relating to other companies not mentioned here?

**14. Richard and Janet Cox, Litlington, East Sussex**

Will the Pension Committee chair confirm that the fund intends to divest from Elbit Systems, which provides Israel with weapons which it uses to perpetrate war crimes against the Palestinians?

**15. Question from Philip Colley, Rye, East Sussex**

We cannot ignore the oppression of the Palestinian people. They need the help of the outside world. Relentlessly bullied and humiliated, they remain defenseless and are being treated like animals in their own land. That treatment, at the hands of what would appear to be systemically racist oppressors, and the collective, safety-in-numbers, blind eye of the world, is a terrible stain on humanity. It is apartheid. It is cruel, inhuman and utterly unjust. What was meant to be "a homeland for the Jews in Palestine" is becoming the wholesale takeover of an entire country and the ejection, imprisonment, ghettoization or plain murder of its original inhabitants. Why? Because other people want to take Palestinian property for themselves. It is theft, pure and simple. Refugees from all over Palestine now remain imprisoned, festering, in Gaza, the West Bank and elsewhere with only their property deeds and rusting iron house keys to remind them of the homes they were driven out of by death squads in the Naqba catastrophe. Those homes are now lived in, without any payment or compensation whatsoever, by settlers invited in from all over the world. All automatically granted, on the basis of their 'race', the full political and legal rights denied to those whose houses and land is being stolen. Why do the universal concepts of equality, human rights and democracy seemingly have no bearing when it comes to the experience of the Palestinians? It seems such universal concepts, trumpeted loudly when it suits them, can be ignored by our political leaders when it is expedient to do so. It is politically and morally obscene. Despite all the efforts by the perpetrators of this crime, and their supporters, to smear and suppress the truth of what is happening, through whatever nefarious means at their disposal, there remains a growing number of people, of all faiths and none, in East Sussex and elsewhere, who, from good conscience, refuse to turn a blind eye. And refuse to be silenced. In the light of the above, my question is why are you, my local political leaders, when it comes to the East Sussex Pension Fund, prepared to be clearly seen by those you represent to justify compromising the rule of law by investing in companies complicit in the abuse of human rights and violations of international law?

**16. Question from Sally Philips, Hastings, East Sussex**

Would you not agree that by holding East Sussex Pension Funds in companies that are functioning in violation of International Law and in firms such as Elbit that produce weapons that have been repeatedly used to target civilian populations that the Trustees of these funds are currently behaving in an immoral and indiscriminate manner?

Would you explain when you will divest from these companies and banks that are supporting them so that you can show discrimination and a moral investment plan.

**17. Question from David Rodger, Brighton**

I wrote on this matter at the time of the October meeting concerning our investing in companies complicit in humans rights abuses and violations of international law as listed by the United Nations and NGO s such as Amnesty International and War on Want .The Chair indicated that that divestment would proceed.

I would just seek clarity on

- 1}Which companies will be divested from and do they encompass Elbit Systems and the 11 companies in the Pension Fund Portfolio named on the UN Human Rights list?
- 2} What is the timetable for disinvesting ?
- 3} Can Cllr Fox confirm that investment in Elbit and the 11UN identified companies runs counter to the Councils ethical investments policy

**18. Question from Hilda Kean, Hastings, East Sussex**

As you may recall I wrote to the recent October council meeting in which some aspects of the Pension Fund were considered and responded to. However, I was not clear that any action would immediately be taken to change funding of matters under the aegis of the United Nation as High Commissioner for Human Rights. The UNHCHR noted here lists companies involved in Israeli's illegal settlement economy. I understand that the East Sussex County Council pension fund seems to have investments in many of the companies included in the UN information.

While I was pleased to note that the Chair of the Pensions Committee had acknowledged the role of certain companies who 'operate and profit from stolen land.' it is not clear when such positive action against them will take place. I trust that any pension fund operating with ethical and responsible principles would surely be divesting from such companies?

Although the chair has indicated that the pension fund will divest from some of the complicit companies this seems to only be referred to in a somewhat unspecified time.

Please specify from which of the many companies will the council be divesting? When will this take place?

I realise that there are indeed many companies with which East Sussex places investments but would like to know against which companies, such as the Elbit Systems, will action be taken quickly.

**19. Question from Ann Hallam, Hove**

I welcome the commitment by the Pension Committee chair that the fund will divest from some of the companies profiting from illegal Israeli settlements. The United Nations has listed companies involved in Israel's illegal settlement economy. The pension fund has investments in 13 of these companies. They are: Bank Hapoalim, Bezeq, Booking.com, Delek Group, Expedia Group, First International Bank, General Mills, Israel Discount Bank, Mercantile Discount Bank, Mizrahi Tefahot Bank, Motorola,

Paz Oil Company and TripAdvisor. The vast majority of local government pension funds have no investments in these companies.

Elbit Systems produces a range of banned weapons including cluster munitions, weaponised white phosphorus and flechette projectiles. It produces the weaponised Hermes 450 and 900 drones. All these weapons have been used repeatedly to target the civilian population in Gaza. The Norwegian state pension fund has divested from Elbit. So have numerous other funds such as Dutch pension giant ABP, Sweden's largest pension fund Första AP-Fonden, Danish bank Danske Bank, AXA, Folksam (Sweden), ABN AMRO and Europe's largest bank HSBC. Norges Bank, the central bank of Norway, excludes Elbit Systems due to 'particularly serious violations of fundamental ethical norms.' There are only 3 local government pension funds with investments in Elbit. This company is clearly regarded as toxic, a company that any pension fund with ethical and 'responsible' policies would avoid.

Can the Pension Committee chair confirm that the Fund's investments in Elbit Systems and the 13 companies named on the UN Human Rights Office list run counter to the Fund's 'Responsible Investment Principles'?

Will the Pension Committee confirm that the fund intends to divest from Elbit Systems and specify which of the above UN named 13 companies you plan to divest from

Please provide a timetable for divestment.

Do you intend to implement screening and due diligence procedures to ensure that scheme members' money is not used to support the violation of international law relating to other companies not mentioned here?

### **20. Question from Aidan Pettitt, Brighton**

I was one of many pension scheme members who submitted questions to the October meeting of the County Council, expressing my grave concerns about the East Sussex Pension Fund's investments in in such companies.

I was interested to read an acknowledgement that the companies mentioned in my letter 'operate and profit from stolen land' and pleased to see that the Pension Fund is now planning to divest from these companies. I believe that this statement applies to 'passive' as well as 'active' investments. The response from the meeting, however, failed to respond, adequately and fully to a number of important questions. Consequently, I am now asking for unambiguous answers to the following questions:

1. Could the Chair of the Pensions Committee specify which investments the Fund is planning to divest from, and in particular whether the plans include Elbit Systems and the 11 companies in the Pension Fund portfolio that are named on the UN Human Rights Office list? Could the Chair provide a timetable for the Fund's planned divestment from these complicit companies?

2. Could the Pension Committee Chair confirm that the Fund's investments in Elbit Systems and the 11 companies named on the UN Human Rights Office list run counter to the Fund's Responsible Investment policy?

3. Could the Pension Committee Chair explain how the Pension Fund's investment strategy takes account of ESG issues in relation to both 'passive' and 'active' funds? Pension Funds are clearly able to restructure investments in response to concerns over funds that contribute to climate change and can also restructure funds in relation to concerns over investments in arms companies such as Elbit Systems. Earlier this year, the Universities Superannuation Scheme, the UK's largest pension scheme, announced that over the next two years it will be divesting from companies involved in tobacco manufacturing, coal mining and weapons manufacturers. This amounts to a reported £1.6bn in assets and is perhaps the largest recent example of the changing approach to sustainable investing in pensions.

4. Could the Pension Committee Chair tell me if the Pension Fund is acting on research from Bloomberg that shows that the average ESG fund fell in value by just half the decrease registered of other funds in the S&P 500 index over the same period? Similarly, BlackRock analysis indicates that funds tracking the performance of companies with stronger ESG credentials lost less money than those including worse performers in 94% of cases since the start of the current pandemic. Why would the East Sussex Pension Fund not shift its investments to better performing ESG funds?

The administration of a Pension Scheme needs to be open and transparent and to take into account the views of those who have contributed to and benefit from the Scheme. I welcome the Pension Fund's Committee's Chair's statement that Responsible Investment is 'at the heart of all investment decisions and provides increased transparency and monitoring of these investments'. Accordingly, I believe it is essential that the Pension Committee provides clear and unambiguous answers to my questions.

## **21. Question from Laurie Holden, Burwash, East Sussex**

It is clear that there is a growing disquiet concerning a number of investments that the East Sussex Pension Fund (ESPF) holds. I'm sure that you can imagine that when someone who has paid into the ESPF all his or her life finds that this money has been invested in companies such as the armaments company Elbit Systems, this can lead to a certain amount of unease, even anger.

Out of 88 government pension funds, only 3 have investments in Elbit. This company provides the Israeli airforce with the Hermes 450 weaponised drone – each one equipped with 2 Hellfire missiles. As you know, the IDF is known for targetting civilians. During operation 'Protective Edge,' approximately 85% of fatalities were civilians. Elbit boasts that its weapons are 'battle tested.' Battle tested on Palestinian men, women and children. So when a Palestinian child gets incinerated by a hellfire rocket, or when a woman gets crushed to death under the rubble caused by a hellfire rocket, I think we have a right to question any investment in Elbit.

ESPF's Statement of Responsible Investment Principles states: "RI (Responsible Investment) is an approach to investing that aims to incorporate environmental, social and governance (ESG) factors into investment decisions...."

- Can you explain how investing in a company such as Elbit adheres to the principles of "environmental, social and governance" factors?

A growing number of pension funds and investment funds in the UK and throughout Europe are divesting from Elbit.

- Isn't it time that the ESPF also divests?

Out of 88 government pension funds, just 13 have companies that are listed by the United Nations High Commissioner for Human Rights (OHCHR) as involved in Israel's illegal settlement economy. In fact no government pension fund has investments in as many of these companies as the ESPF has. The eleven companies are: Bank Hapoalim, Bezeq, Booking.com, Delek Group, Expedia Group, First International Bank, General Mills, Israel Discount Bank, Mercantile Discount Bank, Mizrahi Tefahot Bank, Motorola, Paz Oil Company and TripAdvisor. The OHCHR has undertaken a lengthy and extensive process of engagement with these companies. This shows that these companies have no intention of ending their operations in this illegal activity.

- Can you explain how investing in companies that the UN has shown to be in breach of international law adheres to the ESPF's Statement of Responsible Investment Principles, specifically "environmental, social and governance" factors?

If ESG factors are not a priority, then it seems that these 11 companies are not even giving members of the fund "sustainable, long-term returns" as ESPF's Statement of Responsible Investment Principles claims. It's not known when these investments were taken, but a portfolio of these 11 companies (weighted as per the PSC research) shows that over a 5 year period, this would have given a 7.2% return. The S&P 500 return has been 71%. Most international MSCI ETFs show returns of between 25% to 40%. Over a 10 year period, the difference in returns are even more noticeable.

Therefore it would seem that the ESPF is losing its members money by investing in these companies.

ESPF's Statement of Responsible Investment Principles states: "RI (Responsible Investment) is an approach to investing that aims to incorporate environmental, social and governance (ESG) factors into investment decisions, to better manage risk and to generate sustainable, long-term returns (according to Principles for Responsible Investment)."

- So, would you agree that the ESPF is not living up to its stated 'Responsible Investment Principles' policy?

Whether you have invested in these companies directly, through tracker funds or through pooled funds, don't you think it's time to make decisions to divest from these toxic companies? Other government pension funds have done so.

- Finally, do you intend to implement screening and due diligence procedures to ensure that scheme members' money is not used to support the violation of international law relating to other companies not mentioned here?

### **Response by the Chair of the Pension Committee to questions 12 to 21 above**

The response to these questions draws upon much of what was explained in the response to the questions on divestment of fossil fuels, however, is included again for completeness of answering these specific questions.

The East Sussex Pension Fund (the Fund) does not directly invest in any specific company; instead it invests through a combination of holdings in passive index funds and active fund managers. As the owner of an index fund, we are passive recipients of the index and we can't pick and choose the constituents of the global or regional indices and there is no way in which the fund can influence the holdings in that index or divest from an asset without divesting from the whole strategic asset allocation. Many Pension Funds typically follow an investment model which includes a proportion of their equity exposure in passive index funds. Ordinarily, passive funds are viewed as a cheap and efficient way to gain global equity market exposure with reduced volatility. MHCLG guidance encourages the use of index funds as an intrinsic part of investment strategy at an LGPS Fund pool level due to the lower costs associated with investing in these funds compared to active mandates. None of the Pension Funds active managers have any exposure to Elbit Systems or the 11 named companies in question 13, the only exposure the fund has is within the passive index tracker. To divest fully from the passive index to remove these companies from the portfolio is a major strategy decision and will result in significant final cost to the fund which needs to be taken into account when acting in the interests of the funds beneficiaries. In mid September, the fund had exposure to 8 of the named companies valued at just under £1.8m and had a further £16k with Elbit Systems, less than 0.05% of the portfolio invested. To enact divestment of these companies the fund would have to sell approximately £400m of assets across nearly 5,000 companies to remove these 9 companies. The allocation to passive equities has been reduced in the past 6 months from 33% to 10% of the fund. The figures quoted above on exposure to these companies is before this reduction in passive equity allocation; until the transition of these assets has been completed, we are unable to confirm which of the companies we will continue to hold. The passive equities have also been restructured into regional allocation, so some companies could have dropped out entirely but this information is not yet available as we have no control of the underlying companies in the passive index allocation. The remaining 10% allocation to passive equities held by the fund will be considered at the next Pensions Committee on 1 March 2021 as to its continued place in the portfolio.

In making any investment decision the Fund will seek to follow its published Investment Strategy Statement and its Statement of Responsible Investment Principles, to balance the duties they have to all scheme stakeholders, weigh up the potential financial impact and take into consideration the views of beneficiaries where any non-financial factor is taken into account. Responsible investment is a substantial factor in driving returns alongside other investment considerations and the fund has outperformed its benchmark in all its reporting periods. The fund is not an "Ethical" or "unethical" investor, it is a responsible steward of capital where we identify and mitigate financial risks and we are guided by the legal principle of fiduciary duty where our primary function is to pay pensions to the fund beneficiaries when they become due. The objectives of the pension fund RI policy are to reduce the likelihood that ESG issues and Climate Risk will negatively impact asset values and returns and inform stakeholders on the action the Fund is taking to address and manage ESG and Climate Risk issues. The choice of passive index is an important deliberation. Where possible, the Fund seeks to acquire exposure to indices that are tilted in favour of companies that benefit from greener revenues, are less carbon intensive, and are better positioned than their peers to adapt to the Energy Transition which is a new position in the fund. In some markets this option is not possible such as Emerging Markets and in these cases the market cap indices are not currently adjusted to reflect ESG or responsible investment criteria, however as previously stated this strategic allocation is to be reviewed at the next Pension Committee. In addition to taking into account ESG risks

into decision making the fund is a signatory to a number of engagement groups with the intention on making companies that we invest more responsible and deliver to ESG expectations.

One of the engagement groups the fund is a member, LAPFF (Local Authority Pension Fund Forum), have been liaising with Palestinian and Jewish interest groups in respect 16 companies operating in the region where member funds have investment. The LAPFF Research and Engagement partner has written to and arranged several engagement meetings with those companies.

All of the fund's active managers screen companies in which they invest on the funds behalf and the fund itself carried out significant due diligence in appointing the manager where it appoints direct. Where investments are made through the investment pools, due to the change in manager selection responsibilities as a result of the changes through the 2016 regulation, the fund reviews due diligence approaches taken by the pool to ensure managers have appropriate screening in place and take into account ESG factors when investing the funds money.

### **22. Question from Sean MacLeod, Newhaven, East Sussex**

I was pleasantly surprised to see Maria Caulfield MP post on social media that the A259 Bishopstone Junction will be undergoing a number of traffic works in the new year following a meeting with ESCC. The reason I ask this question is I can find no documented minutes of such a meeting on ESCC website and given these planned changes will be at the expense of local tax payers money it's only right that a proper scrutiny of such expenditure is done in the public realm.

Maria says that the likely traffic changes that are coming are traffic lights so I assume a traffic impact assessment has been done and an environmental impact also.

Could you make it public record on what steps are being taken to the Bishopstone junction following Maria post, and can you explain how much this will cost and also is it now ESCC policy to announce expenditure through our MP rather than more appropriate channels.

### **Response by the Lead Member for Transport and Environment**

I would like to allay Mr MacLeod's concerns and that we are not proposing any traffic works in the new year at the A259 Bishopstone Road junction despite contrary reports.

The County Council is aware that this section of the A259 and, in particular, the turning movements at the A259 Bishopstone junction is an ongoing concern to the local community.

A feasibility study has been undertaken to identify potential junction and accessibility improvements on the A259 between the Bishopstone Road and Hill Rise junctions. These included the introduction of traffic signals and standard roundabouts at the Bishopstone Road, Marine Parade and Hill Rise junctions as well as a gyratory incorporating the Marine Parade and Hill Rise junctions.

The improvement scheme would be prohibitively expensive to implement using the County Council's capital allocation for local transport improvements and therefore a



scheme of this magnitude would require a business case to be developed for specific Government funding.

The County Council is also planning to undertake a study of the A259 South Coast Road between Eastbourne and Brighton. This will seek to identify a package of enhancements for public transport, improvements to enable people to cycle or walk for all or part of their journeys, alongside localised road and junction capacity improvements and the potential use of smart technology on this corridor. This study will, in turn, inform the development of a Strategic Outline Business Case to Government to make the case for Major Road Network funding, which the A259 South Coast Road is part of.

In developing the Strategic Outline Business Case, we will consider the inclusion of the improvements to the Bishopstone junction as part of the package of improvements on the A259 corridor. Work on the A259 corridor study will start next year and is expected, alongside the Strategic Outline Business Case, to take between 8 and 12 months to complete.

In the process of seeking Government funding for such a scheme at the A259 Bishopstone Road junction, then we would undertake public consultation on any proposals. The outcomes of any consultation would then be reported back to a Lead Member for Transport and Environment decision making meeting with recommendations on next steps regarding progressing any scheme.

### **23. Question from Imogen Makepeace, Lewes East Sussex**

ESCC bid for 1,608,080 it received 1,820,200 this results in difference of £212,120

Can you explain how the additional funds are to be used and where?

Given that Lewes District council received very little of what it requested can you tell us whether you have considered allocating this additional funding to Lewes DC, if not, why not?

<https://www.eastsussex.gov.uk/roadsandtransport/planning/emergency-active-travel-fund/tranche-2-emergency-active-travel-fund/>

### **Response by the Lead Member for Transport and Environment**

The County Council received official notification from the Department for Transport of its £1.820m tranche 2 Emergency Active Travel Fund allocation on 20 November 2020, and the split between capital (£1.456m) and revenue (£0.364m). The grant letter also included the associated conditions for the funding and set out the Government's expectations in relation to scheme consultation and monitoring arrangements for tranche 2 schemes, as well as the delivery of the majority of the programme by March 2021, or if not feasible, demonstrating that there is a commitment to deliver in early 2021/22.

The tranche 2 programme already includes a package of over £420,000 of improvements in Lewes District focused on:

## MINUTES

---

- a £90,000 contribution towards the resurfacing the Falmer to Woodingdean Cycle Route with Brighton & Hove City Council and South Downs National Park also each contributing £100,000;
- £152,179 capital expenditure on provision of dropped kerbs and tactile paving, footway resurfacing/tactile replacement, and footway widening in Lewes from Elm Grove to Brighton Road;
- £153,503 capital expenditure on new dropped kerbs, resurfacing footways, installing or repairing tactile paving, and increasing footway width in Newhaven from Drove Road to Denton Road.

In addition, one of the pilot schools in the School Streets revenue funded initiative within the programme will be focussed on Southover Primary school following requests locally.

We are currently reviewing the programme elements included in the original bid submission against the grant conditions. Due to the tight timescales related to bid submission in August, the costs included were estimates, and these need to be updated. Once this review exercise has been undertaken, we will allocate any additional capital and / or revenue funding to extend the existing programme to measures which meet with the requirements of Emergency Active Travel Fund Tranche 2 programme, and which are deliverable in the funding timescales, but we have yet to determine where any additional funding would be allocated.

An updated programme will be published on the County Council website in December.

## WRITTEN QUESTIONS PURSUANT TO STANDING ORDER 44

### 1. Question by Councillor Philip Daniel to the Lead Member for Resources

Recent comment in the media has highlighted concerns about transparency and accountability of procurement processes in the public sector. This has arisen particularly in the context of the Covid-19 response – but not only there.

Will the Lead Member please:

1. Advise on steps taken to assure transparency and accountability in the Council's contracting processes for Covid 19 PPE and other related supplies;
2. Advise on the steps taken to implement the recommended, as well as the obligatory, portions of the Local Government Transparency Code with respect to procurement contract transparency and accountability; and
3. Indicate that the Council will be prepared to sign onto the Open Contracting Principles (as the Scottish Government has done, and as the UK Government did in 2016) and advise Members what steps that the Council must take to adhere to these principles?

### Answer by the Lead Member for Resources

1. PPE has naturally been a major focus for Procurement this year. In terms of transparency and accountability, all companies that have offered PPE to the Council have been thoroughly vetted in terms of their ability to deliver safe and effective PPE for the Council to use and the methods of payment employed.

Decisions to source from specific suppliers were based on their ability to supply the necessary evidence that their stock adhered to the required standards (as advised by Central Government).

In addition, as we learned more about the pricing and quality standards involved, we have used this information to employ active benchmarking so that the Council receives good value for money for the PPE stocks that it has held. An advantage of having this information across the three Orbis partners (Surrey and Brighton and Hove) was that we have actively sought information to ensure we were better placed to obtain suitable levels of PPE stock.

Further information on specific orders and quantities is available in report form as required.

2. The Procurement Team have produced the [Procurement Transparency Reporting Review](#) to compare the obligatory and the recommended portions of the Local Government Transparency Code. This examines the current procedures against the recommended ones and details where the levels are exceeded and what, if any, action is required to bring our transparency reporting up to recommended levels.

The new ERP (Enterprise Resource Planning) Project in East Sussex known as MBOS (management of back office systems) will provide updated technology that will allow many of these recommendations to be implemented.

Some of the recommendations would have costs associated with them due to the manual nature of the work involved and as such the review seeks to outline these costs. As always, we seek to balance the commercial nature of each project against the value for money responsibility that sits with us as a Council.

3. The response to question 2 identifies the transparency principles that the Council is working to and the balance that needs to be achieved between providing detailed transparent data and the resources and systems required to achieve this. The Council uses guidance from UK Government to Local Authorities and the Local Government Association to guide our practice around the publication of contracting information as well as benchmarking with other Local Authorities around best practice approaches.

### REPORT OF THE CABINET

The Cabinet met on 8 December 2020 and 26 January 2021. Attendances:-

Councillor Glazier (Chair) (2)  
Councillors Bennett (2), Bentley (2), Claire Dowling (2), Maynard (2), Simmons (2),  
Standley (2) and Tidy (2)

#### 1. Reconciling Policy, Performance and Resources

1.1. The services this Council provides are crucial to the residents of our county, particularly those who are most vulnerable. The importance of our services and support has been heightened further by the ongoing and far-reaching effects of COVID-19 across East Sussex. The pandemic continues to have significant consequences for local people, places and the local economy which we must reflect in our planning. Our local plans must also take account of other key national developments, such as the end of the Brexit transition period, and the broader fiscal and policy context, including announcements made in the Spending Review and the continuing delay to planned reforms to Adult Social Care.

1.2. The profound impact of COVID-19 on our communities and services created both a need and opportunity for the Council to review its priority and delivery outcomes and the Core Offer, to ensure they remain relevant in the new context we are working in. In October, Cabinet agreed updated priority and delivery outcomes as the basis for ongoing planning, and agreed the updated core set of services and infrastructure which residents and businesses most require from the Council to ensure their needs are met. This review of our priorities and Core Offer has underpinned our planning for next financial year.

1.3 The Reconciling Policy, Performance and Resources (RPPR) process matches available resources with our delivery plans for our priority outcomes so that we direct and protect our spending where it will deliver our priority objectives most effectively, and ensures we have the demographic trends and performance information to monitor progress. The process of planning, through RPPR, for 2021/22 and beyond has taken into consideration the immediate and future impact of the COVID-19 pandemic, alongside other key trends and pressures, to form an integrated forward view and to translate this into service and financial plans which reflect future recovery alongside ongoing response and service delivery. The RPPR process has been applied across all services in the development of the Council Plan (Appendix 1) supported by the Budget (Appendix 4), Medium Term Financial Plan (MTFP) (Appendix 3) and Capital Programme (Appendix 9) set out in this report.

1.4 Against a background of diminishing resources and increased demand over the last 10 years we have transformed the way the Council works through robust and innovative management and strong partnerships and made savings of £138m between 2010 and 2020. We have taken difficult decisions about reducing or stepping back from providing services to ensure we live within our means and protect the most vulnerable in our county. We have worked as one Council and with partners to make the most of the money available and use resources as effectively as possible for local people. We are developing seamless health and social care services with the local NHS and have formed a partnership with our neighbouring authority in West Sussex which enables both Councils to share learning, develop services and leverage our joint influence. We have worked closely with our local business and education partners through Team East Sussex and the wider South East Local Enterprise Partnership to maximise economic development and growth in our county. Our well developed local and regional partnerships have been invaluable in marshalling a collective response to COVID-19 over the past year.

1.5 Our lobbying of Government, individually and through our networks and partnerships, has had an impact. The Spending Review and Provisional Local Government Finance Settlement saw some acknowledgement of the current issues that local government faces, particularly in relation

the costs of responding to COVID-19 and the impact of the pandemic on the income of local authorities, together with ongoing pressures from rising demand for social care. The additional funding announced, together with our prudent planning, has put us in a position of not having to seek further savings in 2021/22 beyond those already planned, providing much needed stability to local communities in uncertain times. As national proposals for providing long-term sustainable funding for Adult Social Care continue to be awaited, Government has again taken the approach of expecting local authorities to apply an Adult Social Care precept on local Council Tax bills to provide essential funding in response to rising demand for care services year on year. Although we do need to apply this precept to protect care services whilst we await proposals for reform, we are able to propose spreading the precept over two years. This balances the need to maintain our essential support to the most vulnerable, whilst also recognising the additional pressures currently faced by our residents as a consequence of COVID-19. However, the longer term position is less clear. The 2020 Spending Review was once again for one year only and there remains considerable uncertainty and a much more challenging financial outlook from 2022/23 onwards.

1.6 The Capital Programme provides only minimum basic need provision, including essential budgets for school places and highways infrastructure.

1.7 This report sets out:

- Key changes to the national and local context since the report to Cabinet on 2 October 2020;
- the draft Council Plan 2021/22 and updated MTFP;
- updated quarter 2 performance;
- proposals for the 2021/22 revenue budget, taking account of changes in the financial picture since October and based on an increase in Council Tax of 1.99% and an Adult Social Care precept of 1.5%;
- the savings planned for the next three years;
- the Capital Programme update and the rationale on which it has been developed; and
- feedback from engagement exercises and equalities impacts.

#### National and Local Context

1.8 Since the last report to Cabinet in October the national policy environment has continued to evolve rapidly, with linked impacts on our local context. Key developments include:

1.9 Spending Review/National Economic Outlook: The Chancellor announced the one-year Spending Review on 25 November, having reduced this from the planned three-year Review in order to prioritise the response to COVID-19 and focus on supporting jobs. The headline presented by the Treasury for local government was an increase in Core Spending Power of 4.5%. However, the majority of this increase comes in the form of powers to raise additional Council Tax from local residents, particularly through a further 3% Adult Social Care precept across all upper-tier local authorities, unrelated to need, rather than additional core funding.

1.10 Outside of Core Spending Power, the Spending Review included over £3 billion in additional short-term support for local authorities in relation to COVID-19 pressures through further grant funding and compensation for lost income. The provisional Local Government Finance Settlement received in December provided further detail on the headline announcements for local government in the Spending Review. The implications of the Spending Review and provisional finance settlement announcements for the Council's MTFP are set out in paragraphs 1.30 to 1.34.

1.11 Alongside the Spending Review in November, the Office for Budget Responsibility (OBR) published updated national economic forecasts. The OBR is forecasting unemployment to rise to a peak of 7.5% in the second quarter of 2021/22 (2.6 million people). Unemployment is then forecast to fall in every year, reaching 4.4% by the end of 2024. The economy will contract by 11.3% in 2020/21 and it will be Q4 2022 before returning to pre-COVID levels. Debt will be 91.9%

of Gross Domestic Product (GDP) this year and will continue to increase. These forecasts were prepared before the further evolution of the pandemic and associated new national restrictions.

1.12 COVID-19 response: In response to rising rates of COVID-19 infection, the Government introduced more stringent national restrictions in November, followed by an updated system of tiered local restrictions in early December. The emergence of a new, more transmissible, variant of the virus and a resulting increase in cases led to further areas, including East Sussex, entering tier 4 restrictions during December. Steeply rising rates of infection, and consequent pressures on health and social care services, subsequently led to a further national lockdown early in January. As well as restrictions on business and social activity, the lockdown includes the closure of schools to all but the children of critical workers and those considered vulnerable, with an expectation that remote learning provision is offered by schools until at least February half term. Government has confirmed that this summer's GCSE and A Level exams will be cancelled due to the disruption to children's education as a result of the pandemic. An alternative teacher-led assessment process will be put in place with details to be confirmed. Clinically extremely vulnerable people have also been asked to shield once again. The national lockdown is expected to be in place until at least mid-February, whilst the vaccination programme, which aims to reach everyone in the top four priority groups by that point, is rolled out across the country. Extended national support for businesses affected by restrictions was put in place alongside the new measures. The vaccine roll out is expected to continue throughout 2021 with the aim that restrictions on business and social activity will gradually ease alongside this. Government has committed to re-opening schools as an initial priority.

1.13 Brexit: Ahead of the end of the Brexit transition period on 31 December 2020, the UK agreed a trade deal with the European Union (EU) which forms the basis of the future trading relationship. The economic impact of Brexit and the trade agreement will need to be assessed as the new relationship with the EU takes effect, particularly in light of the wider economic uncertainty as a result of COVID-19. Preparations for the end of the transition period focused around transport, particularly the impact on channel ports and freight traffic. Locally, the effect on Newhaven port continues to be monitored, with no significant issues experienced to date. Separate COVID-related delays were experienced before Christmas as a result of the introduction by France of the requirement for a negative test in order for drivers to enter the country. Delays abated quickly once testing arrangements were put in place; these arrangements continue to support the flow of traffic through Newhaven port.

1.14 Green Industrial Revolution: In November, the Prime Minister announced a ten point plan for a 'Green Industrial Revolution'. The plan sets out key actions the Government intends to take to progress against its commitment to reduce UK carbon emissions to net zero by 2050, ahead of the COP26 climate summit in Glasgow later in 2021 which will focus attention on national and international action in response to climate change. The plan covers clean energy, transport, nature and innovative technologies with key commitments including:

- ending the sale of new petrol and diesel cars and vans by 2030;
- significant expansion of offshore wind power;
- encouraging cycling, walking and use of public transport; and
- making homes and public buildings more energy efficient.

It is linked to £12 billion of Government investment and aims to generate over three times as much private sector investment by 2030. The plan presents the industrial areas of the UK, including in the North, Midlands, Scotland and Wales, as the focus for growth in green jobs and industry.

1.15 Government has also undertaken a review of the Treasury's 'Green Book' guidance that informs public spending and investment decisions. The new guidance increased emphasis on the environmental impacts of decisions in light of the national net zero commitment. The updated Green Book also requires Government project appraisals to analyse how proposals deliver the Government's key priorities, including 'levelling up', and how they will impact different places. This will have an impact on how bids for funding are assessed in future.

1.16 In the Spending Review the Chancellor announced a £4billion Levelling Up Fund designed to support local areas with regeneration and infrastructure projects up to £20m in value. Funding will be allocated via a competitive bidding process, with projects required to have the support of local stakeholders, such as MPs, and to be deliverable by the end of the current parliament in 2024. The Levelling Up Fund will replace the Local Growth Fund and potentially other funding streams that have previously been accessed by East Sussex, including the Towns Fund. The Spending Review also referenced the UK Shared Prosperity Fund which is intended to replace funding that previously came from the EU. Further details of both funds are expected in prospectuses to be launched in early 2021.

1.17 Looking ahead, the Government's main priorities for the next year are likely to be led by the ongoing response and recovery from COVID-19 and addressing the related economic and health challenges and consequences. Following the end of the Brexit transition period there is also likely to be a period of adjustment, renewed focus on pursuing trade deals internationally and further development of the domestic 'levelling up' policy. The Government is expected to publish its anticipated white paper on English Devolution in the second half of this year, although proposals for widespread reorganisation of local government now appear unlikely.

1.18 There remains a lack of progress nationally on long-awaited reform of Adult Social Care funding and proposals for a sustainable long-term solution. The Spending Review confirmed that the Government remains committed to sustainable improvement of the Adult Social Care system and will bring forward proposals in 2021. Whilst the additional one-off grant funding which has been made available to local authorities is very welcome and will help the Council respond to increased demand in the short term, it is imperative that a long term solution is agreed before this funding runs out. The Council will continue, with its partners, to press the case for urgent action on sustainable funding for local services including social care. This will include emphasising that it is fundamentally unsustainable for Councils to continue funding systemic pressures on social care through local Council Tax increases.

1.19 Locally, since October, the Council has responded to increasing incidence of COVID-19 in line with our Local Outbreak Management Plan developed with partners, with a significant increase in activity in response to the rapidly escalating local case rates in December and January and tightened restrictions nationally. A major incident was declared by the Sussex Resilience Forum on 6 January, putting all agencies in Sussex in the best possible position to come together to tackle the virus at a time of exceptional need. We continue to offer support to the most vulnerable and those shielding where it is needed, in conjunction with Community Hubs and through the COVID-19 Winter Grant Scheme introduced by Government, as well as through our ongoing core services. We are providing significant support to the local care sector and working closely with health partners in relation to the pressures on the health and care system. We are providing ongoing support to schools in relation to remote learning, critical worker provision and supporting vulnerable children, including in relation to free school meals. A full update on the Council's ongoing response to the pandemic was considered by Cabinet in November and Council in early December. Since December, co-ordination has been underway with health partners to support the NHS roll out of the national vaccination programme, particularly in relation to front line care staff.

1.20 We are continuing to flex and adapt our services according to national restrictions and have built on experience from earlier in the pandemic to ensure services continue to operate safely and effectively, including with face to face provision where essential. Digital working has continued to underpin the provision of services with many staff working remotely throughout 2020/21. We are harnessing and developing the learning in areas such as the use of automation technology, which has the potential to provide both greater efficiency and customer empowerment. Our Workstyles programme is preparing for the return of staff to offices when this is feasible, ensuring we maximise potential gains in terms of flexibility and sustainable use of resources, whilst also meeting our core service needs.

1.21 Considerable work has been undertaken by the local health and social care system to maintain access to services as far as possible during the initial impact of COVID and this is



ongoing during the current wave of the pandemic. Alongside this, work has been undertaken to reset the health and social care integration programme in East Sussex. The Council's partnership work with the NHS takes place in the wider context of the Sussex Integrated Care System (ICS). East Sussex is one of three place-based partnerships within the Sussex ICS, (alongside Brighton and Hove and West Sussex), with the Council being a lead partner with our local NHS in the East Sussex Integrated Care Partnership. Together we have agreed our East Sussex Health and Social Care Plan which sets out our shared Council priorities and commitments in the NHS Long Term Plan, and our ambitions to deliver greater levels of integrated care, early intervention and prevention to improve health and wellbeing outcomes and reduce health inequalities in our population. The Plan incorporates five areas of work: Planned Care; Integrated A&E Delivery and Urgent Care; Community; Mental Health; and Children and Young People

1.22 In November 2020 NHS England and NHS Improvement (NHSEI) published '*Integrating Care: Next steps to building strong and effective integrated care systems across England*'. This sets out proposals to support greater collaboration in 2021/22 across health and social care partners, and options for giving ICSs a firmer footing in legislation from April 2022. It describes how providers of primary care, community health and mental health services, social care and support, community diagnostics and urgent and emergency care should work together, with meaningful and delegated budgets, to join up services through partnerships at place level. In 2021/22 we will continue to strengthen our integrated approaches to planning, commissioning, delivering and transforming services across health and social care, and our work with our District and Borough Council and Voluntary and Community Sector (VCS) partners, to further develop all the elements of this offer for our population. As a result of our work in 2021/22, by April 2022 we aim to have in place a way of coordinating our work in communities across East Sussex, driven by the data and insight all of our organisations hold, that enables our Integrated Care Partnership to deliver the shared priorities and outcomes that are important for our population. In 2021/22 we will also jointly explore how we can best organise ourselves with our NHS provider partners to deliver the next phase of health and social care integration for our residents.

1.23 We have continued to develop our Climate Emergency Action Plan which sets out how we will make progress towards the Council's target of achieving carbon neutrality from its activities as soon as possible, and in any event by 2050. We have employed a Climate Emergency Officer, submitted bids for over £500,000 of grant funding from the Government's £1bn public sector decarbonisation fund and supported a scrutiny review of the Council's climate emergency commitment.

#### Council Plan

1.24 The draft Council Plan is attached at Appendix 1. 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 in the short and long term. Cabinet has previously supported an expansion of the cross-cutting priority outcome 'making best use of resources' to 'making best use of resources in the short and long term' to reflect the Council's ambitions for carbon neutrality and that decisions should be guided by a test priority that we ensure sustainability of our resources, both in terms of money and environmental assets. Making best use of resources in the short and long term is the priority test through which any activity must pass. The remaining three priority outcomes guide our activities, direct our resources and are reflected in our Council Plan activities and targets.

1.25 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. New and continuing measures highlight the Council's work to implement the East Sussex Economy Recovery Plan through our own actions and work with partners. The Council Plan takes account of the resources available, so in some areas this means maintaining performance at current levels rather than seeking improvement. Defining clearly the outcomes we wish to achieve and monitoring our success in delivering these outcomes for the county's residents, communities and businesses is critical. We also keep track of a wide range of key data about East Sussex and related to our priority outcomes. These help

us to assess our impact more fully and respond appropriately when we need to do so. Key data will be monitored annually as part of the State of the County report.

1.26 In October Cabinet agreed for planning purposes a number of changes and additions to the delivery outcomes which support the four priorities, reflecting the changed context as a result of the impact of COVID-19. These amendments have been incorporated into the draft Council Plan and further measures and targets are included in the Portfolio Plans highlighting where they help to achieve the revised delivery outcomes.

1.27 Due to the impact of COVID-19 we are unable to set some targets for some measures at this time; targets for these measures will be set early in 2021/22. Monitoring of the attainment measures in the Council Plan will be suspended for 2021/22 following the cancellation of examinations by the Department for Education. We will look to restore monitoring of these measures for 2022/23. We will continue to work with schools to understand the implications of the loss of education and school closures as a result of the pandemic including:

- Increased support for vulnerable pupils, including safeguarding, addressing learning loss and ensuring attendance;
- Ongoing co-ordination of services for schools including monitoring the progress of vulnerable schools and supporting them to make rapid improvement;
- Managing the impact of COVID-19 on early years providers and ensuring that we maintain sufficient places for the future; and
- Supporting young people into education, employment and training during a period of rising unemployment and economic downturn that will disproportionately impact 18-24 year olds.

1.28 The Council Plan is still a work in progress until final budget allocations are made and firm targets can be set. It will be published in April 2021 and refreshed in July when final performance outturn figures for 2020/21 are available. Authorisation is sought for the Chief Executive to make final changes pre and post publication in consultation with Lead Members, as appropriate.

#### Progress with Council Plan & Budget 2020/21 since Quarter 2

1.29 Appendix 2 provides an update on key areas of performance and developments in the in-year budget position since the quarter 2 report considered by Cabinet in December, providing Members with the most current picture of our position to inform consideration of our future plans.

#### Revenue Budget 2021/22

1.30 The Medium Term Financial Plan (MTFP) reported to Cabinet in October has been updated as set out below and the full updated MTFP is attached at Appendix 3.

**Table 1 – MTFP Update**

	Ref	Estimate (£m)			
		2021/22	2022/23	2023/24	Total
<b>Cabinet 2 October 2020 DEFICIT/(SURPLUS)</b>		<b>11.548</b>	<b>5.158</b>	<b>7.154</b>	<b>23.860</b>
<b>NORMAL UPDATES</b>					
Business Rates Retention	A	0.543	0.434	0.410	1.387
Business Rates Growth	A	0.705	0.052	0.058	0.815
Business Rates Collection Fund	A	(0.246)	0.236	0.003	(0.007)
Revenue Support Grant	B	(0.598)	(0.410)	(0.454)	(1.462)
Council Tax Base	C	1.721	(0.358)	0.220	1.583
Council Tax Inflation	C		(0.114)	(0.233)	(0.347)
Council Tax Collection Fund	D	(0.908)	2.211	0.033	1.336

# CABINET

Remove transfer of New Homes Bonus to Capital Programme	R	(0.252)	0.138	0.114	0.000
Savings	E	1.647	(1.747)		(0.100)
General Contingency	F	0.150	(0.060)	0.010	0.100
Pensions Final Revaluation	G	(0.257)			(0.257)
Levies Increase	H	0.001			0.001
Pay Award	I	(0.352)	(0.037)	(0.038)	(0.427)
Contractual inflation (contract specific)	J	(0.566)	(0.043)	0.006	(0.603)
Normal inflation for contracts	K	(1.380)	(0.829)	(0.182)	(2.391)
CSD*: Foster Carers	L	0.264	0.197	0.201	0.662
CSD*: Dedicated Schools Grant	M	(0.422)	0.422		0.000
CSD*: Home to School Transport	N	0.523			0.523
GS*: Additional resource to support Equalities and Diversity	O	0.060			0.060
GS*: Additional capacity in Legal Services to support Children's Social Care	P	0.143			0.143
<b>DEFICIT/(SURPLUS) AFTER NORMAL UPDATES</b>		<b>12.324</b>	<b>5.250</b>	<b>7.302</b>	<b>24.876</b>
<b>Spending Review 2020 (SR20)</b>					
Social Care Grant	Q	(2.452)	2.452		0.000
Revenue Support Grant	B	(0.315)		0.075	(0.240)
New Homes Bonus	R	(0.253)	0.253		0.000
Local tax income guarantee 2020/21 split over 3 years	S	(1.047)			(1.047)
Local Council Tax Support Grant 2021/22	T	(2.621)	2.621		0.000
Business Rates Pool	U	(1.150)	1.150		0.000
Adult Social Care Precept	V	(4.486)	(4.655)		(9.141)
<b>Council 9 February 2021 DEFICIT/(SURPLUS)</b>		<b>0.000</b>	<b>7.071</b>	<b>7.377</b>	<b>14.448</b>

\*Children's Services Department (CSD); Governance Services (GS)

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

## A Business Rates Retention and Growth

The current planning assumptions on business rates have been updated to reflect actual inflation reported at September 2020 and to include 2023/24. Due to the pandemic, growth on base is estimated at a reduction of -5% for 2021/22 and 0% for 2022/23 and 2023/24; this compares to normal growth of +0.7%. It is based on a reduced collection being reported by Districts and Boroughs to Government and the deficit has been split equally over three years. This methodology follows that published by Government on 5 November 2020; final figures relating to the actual impact will be provided when they complete their Business Rate Returns due the 31 January 2021. Any adjustment will be managed through a collection fund adjustment via reserve.

## B Revenue Support Grant (RSG)

A normal update to RSG has been made for actual inflation at September 2020 as reported at the end of October 2020. Additionally, an increase in RSG in line with inflation was announced at the Spending Review on 25 November 2020.

## C Council Tax Base Growth & Inflation

Growth for baseline purposes is being estimated at -0.32% for 2021/22, 0.54% for 2022/23 and 0.51% for 2023/24. For 2021/22 this is based on figures provided by the Districts and Boroughs in January 2021. For future years, estimates are based on a model provided by LGFutures (slightly adjusted for local considerations e.g. the local impact of the last recession on the Council Tax Reduction Scheme). This compares to 0.9% normal growth.

**D Council Tax Collection Fund**

Updated estimates on Council Tax for prior year surpluses and collection fund deficits as a result of the pandemic have been taken from District and Borough Councils' data returns to Government. The deficit has been split equally over three years, the detail of which is shown in the table below. This methodology follows that published by Government on 5 November 2020; final figures relating to the actual impact is required by legislation to be provided by the Districts and Boroughs using the latest information available to them by 15 January 2021. Any adjustment will be managed through a collection fund adjustment via reserve.

**Table 2 – Collection Fund Assumption Overview**

	Estimate (£m)			
	2021/22	2022/23	2023/24	Total
<b>Council Tax Collection Fund at Cabinet 2 October 2020</b>	<b>0.863</b>	<b>(0.566)</b>	<b>(0.566)</b>	<b>(0.269)</b>
Council Tax Collection Fund - 2019/20 collection	(2.178)	2.178		0.000
Council Tax: Collection Fund deficit – 2020/21 collection	2.133	(0.533)	(0.533)	1.067
<b>Council Tax Collection Fund - Current Estimate</b>	<b>(0.045)</b>	<b>1.645</b>	<b>(0.533)</b>	<b>1.067</b>
<b>Update to MTFP</b>	<b>(0.908)</b>	<b>2.211</b>	<b>0.033</b>	<b>1.336</b>

**E Savings Profiling**

The remaining savings which will take the Council to the Core Offer have been re-profiled as shown in the table below and the savings schedule is attached at Appendix 5.

**Table 3 – Savings Re-Profile - Community, Economy and Transport (CET); Children's Services Department (CSD); Adult Social Care (ASC); Business Services Department (BSD)**

Dept	Targets £m					Revised Profiles £m				
	2020/21	2021/22	2022/23	2023/24	Total	2020/21	2021/22	2022/23	2023/24	Total
CET	1.362	0.629	0.388	0.100	2.479	0.323	0.594	1.462	0.100	2.479
CSD	0.770	1.835			2.605	0.724	0.134	1.747		2.605
ASC	0.248				0.248	0.248				0.248
BSD	1.161	0.787			1.948	0.570	0.136	0.000	1.242	1.948
<b>Total</b>	<b>3.541</b>	<b>3.251</b>	<b>0.388</b>	<b>0.100</b>	<b>7.280</b>	<b>1.865</b>	<b>0.864</b>	<b>3.209</b>	<b>1.342</b>	<b>7.280</b>

**F General Contingency**

This is calculated at an agreed formula of 1% of net budget less treasury management.

**G Pensions Final Revaluation**

The triannual pensions revaluation was finalised after the budget for 2020/21 was approved, and this further change has arisen as the pay award for 2020/21 has finally been agreed.

H Levies Increase

The figures are reflective of the latest estimates of the Flood & Coastal Protection Levy, Sussex Inshore Fisheries Levy and New Responsibilities Funding.

I Pay Award

This comprises the uplift for final agreed pay award in 2020/21 (from 2.5% which was provided for previously in the MTFP to 2.75%) and a 1.5% potential provision for pay award in 2021/22, reflective of inflation and uncertainty around future Government pay policy. For 2022/23 and 2023/24 a provision of 2% has been made.

J Contractual Inflation (contract specific)

The service inflation model has been updated for the Office for National Statistics (ONS) forecasts as at September 2020. The methodology provides inflation to services for large contracts as per the contract but does not provide for inflation on running costs or small contracts.

K Normal Inflation for Contracts

The service inflation model has been updated using the ONS forecasts as at September 2020. Outside normal inflation provided for in approved models there is additional provision for inflationary pressures in Adult Social Care and Children's Services, agreed under the Pressures Protocol.

L Children's Services Department: Foster Carers

Funding for uplifts to Foster Carer allowances.

M Children's Services Department: Dedicated Schools Grant (DSG)

The figures for DSG have been updated to reflect current risk, slipping the £0.422m pressure for 2021/22 into 2022/23.

N Children's Services Department: Home to School Transport

Funding for increased single occupancy transport costs and for disabled access regulations.

O Governance Services: Additional resource to support Equalities and Diversity

As both a large employer and an organisation providing services to vulnerable communities across East Sussex it is essential that the Council has in place the necessary tools and arrangements to support both its Black, Asian and Minority Ethnic (BAME) workforce and service users/residents. At the same time, it is also important to ensure that our workforce and service strategies respond to the full range of diversity issues including gender, disability, age etc.

P Governance Services: Additional capacity in Legal Services to support Children's Social Care

This will ensure a level of staffing able to meet the challenges of increased caseloads and complexity and which will ensure the provision of high quality and responsive legal advice in order to manage this area of high risk.

Q Social Care Grant

£300m additional grant for adult and children's social care, for 2021/22, was announced at the Spending Review and figures provided at provisional settlement (with confirmation that the £1bn social care grant in 2020/21 will be rolled forward; this is £14.6m included in our base budget for the life of the current parliament).

R New Homes Bonus

The grant for 2021/22 was confirmed at provisional settlement; an increase of £0.253m on previous estimates. The full grant will be retained in revenue rather than being transferred to capital.

S Local Tax Income Guarantee for 2020/21

Additional COVID-19 support of £762m nationally announced at the Spending Review as compensation for 75% irrecoverable loss of Council Tax and business rates revenues. The estimated compensation for our assumed loss in 2020/21 at 75% is shown in the table below:-

Table 4 - Local tax income guarantee 2020/21	2021/22	2022/23	2023/24	Total
	£m	£m	£m	£m
75% refunded loss split over 3 years (the methodology adjusts the outcome for the Council to circa 50% of the overall loss. This will be received in 2021/22 but it will be spread across 3 years in line with loss on collection).	(1.047)			(1.047)

#### T Local Council Tax Support Grant

The estimated element of the grant as a result of 2020/21 collection and the reduction to the Council Tax base due to increased local Council Tax support caseload.

#### U Business Rates Pool

The Spending Review announced the continuation of pooling arrangements, allowing local authorities to pool business rates for another year. The local decision to continue the East Sussex business rates pool for 2021/22 was finalised in January.

#### V Adult Social Care Precept

Further flexibility for Adult Social Care precept of 3% was announced at Spending Review 2020, with the ability to defer some or all of the increase until 2022/23. It is proposed that the precept is applied in both 2021/22 and 2022/23 at 1.5%. This will provide the ability to generate further Council Tax receipts of £9.1m.

1.33 Following the provisional settlement there remain a number of other unresolved elements of the November 2020 Spending Review that could have a further financial impact. The MTFP has been prepared on the basis of business as usual from 2021/22. The Spending Review provided for £3 billion additional COVID-19 support for local authorities nationally. Although the provisional settlement provided some certainty of figures (as noted below), there continues to be significant uncertainty regarding the ongoing financial impact of COVID-19. Elements that relate to 2020/21 that impact on 2021/22 have been included in the MTFP. Ahead of more certainty regarding distribution and methodologies, the remaining one-off funding relating to 2021/22 will be managed centrally through reserves. This is: -

- £1.55bn funding for additional expenditure. The provisional settlement confirmed an amount of £11.1m for the Council.
- COVID-19 loss of sales, fees and charges reimbursement to continue to June 2021.
- £670m Council Tax Support for 2021/22 losses (the element of this relating to 2020/21 losses is included in the MTFP – see note U). An indicative allocation of £4.7m was announced at provisional settlement although the methodology still needs to be consulted on.

1.34 Until the final position on collection funds from Districts and Boroughs is confirmed, together with any other late updates, it is proposed that any financial risks are, as normal, managed through reserves.

#### 2022/23 and beyond

1.35 Whilst the Council has received some very welcome additional funding from the Government, it remains difficult to plan for 2022/23 and beyond. The level of Government funding that ESCC will receive between 2022/23 – 2023/24 is not confirmed; Spending Review 2020 was for a single year and therefore funding for this planning period will be announced at Spending Review 2021 which is likely to be next autumn. Additionally, the Fair Funding Review and Business Rate Retention reform have now been confirmed delayed until at least 2022/23.

1.36 This uncertainty in future local government funding beyond next year means that, whilst the budget is balanced in 2021/22, until the Comprehensive Spending Review 2021 provides confirmation of funding, there is the potential requirement for further savings of £14.4m by 2023/24. This would take the authority below its Core Offer.

1.37 The Council has a robust planning process and sufficient reserves, and will continue to work towards a balanced position in 2022/23. The Reserves and Robustness Statement is set out in Appendix 7.

#### Council Tax requirement

1.38 Cabinet agreed in October that budget planning should be on the basis that Council Tax is increased by 1.99%.

1.39 The Spending Review 2020 provided for an additional 3% Adult Social Care precept with the potential to spread it across two years. This 3% will be included in Government spending power calculations and therefore will impact on other funding allocations. Balancing the need to protect social care services whilst we await proposals for reform with recognition of the additional pressures currently faced by residents, it is proposed to spread the precept across two years. It is therefore proposed that the County Council be asked to consider increasing Council Tax in 2021/22 by 3.49% (1.99% Council Tax plus 1.5% Adult Social Care precept). If agreed, the proposed band D charge for 2021/22 would therefore be:

Changes in Council Tax	£ per house at Band D	
	Council Tax Annual	Council Tax Weekly
Band D 2020/21	£1,492.02	£28.69
Council Tax increase*	£29.70	£0.57
Adult Social Care precept*	£22.32	£0.43
Indicative Band D 2021/22*	£1,544.04	£29.69

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

1.40 The formal precept notice for issue to the Borough and District Councils is set out at Appendix 6.

#### Capital Programme

1.41 The current approved programme has now been updated to include the quarter 2 position and other approved variations and updates. Service Finance and Departmental Capital Teams have also completed a capital programme refresh, re-profiling their programmes and schemes as accurately as possible based on current knowledge over the planned programme to 2029/30.

1.42 The approved 10 year programme has not been extended for an additional year as it would be not be considered meaningful to add an additional year at present due to the current uncertainty around future Government funding. Work will be progressed next financial year to push the programme out a further two years to maintain the 10 year planning horizon and link into, and support, the organisation's other strategies.

1.43 The capital programme focuses on the delivery of basic need for the Council to continue to deliver our services as efficiency as possible. The areas of targeted core need include:

- 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 (schools and corporate);
- Information Technology & Digital (IT&D);
- Economic Intervention;
- Adults' and Children's House Adaptations Programme; and



- Libraries.

1.44 It is proposed that a capital programme of £289.2m be set over the MTFP period from 2020/21 to 2023/24 (current year plus three) and requiring £91.6m of borrowing, with the remaining years to 2029/30 being indicative to represent longer term planning. The update to the capital programme can be found at Appendix 9a.

1.45 The Council's current Capital Strategy covers the period 2020/21 to 2040/41 and was approved as part of RPPR 2020/21. The Capital Strategy has been updated to reflect emerging risks, principles and corporate priorities. The updated Capital Strategy can be found at Appendix 9c.

#### Robustness and Reserves

1.46 At Full Council in February 2020 there was estimated a total reserves balance of £77.8m by March 2024. Since then there have been some updates and, moving the estimates on a year, the balance at 31 March 2025 is estimated at £71.6m of which £21.7m relates to strategic reserves. The current reserves position is shown below.

**Table 8 – Reserves Analysis**

		Statement of Accounts 2019/20	Full Council February 2020 (£m)	Full Council February 2021 (£m)	
		01.04.20 Actual	Estimated Balance at 31.03.24	01.04.21 Estimate	Estimated Balance at 31.03.25
<b>Earmarked Reserves:</b>					
<b>Held on behalf of others or statutorily ringfenced</b>		<b>25.0</b>	<b>20.3</b>	<b>24.1</b>	<b>23.0</b>
<b>Named Service Reserves</b>					
Waste Reserve		14.6	9.7	16.1	5.0
Capital Programme Reserve		9.3	5.8	8.9	6.0
Insurance Reserve		6.5	5.4	5.9	5.9
<b>Subtotal named service reserves</b>		<b>30.4</b>	<b>20.9</b>	<b>30.9</b>	<b>16.9</b>
<b>Strategic Reserves</b>					
Financial Management		35.0	22.5	37.0	18.4
Priority Outcomes and Transformation		7.2	4.1	6.9	3.3
<b>Subtotal strategic reserves</b>		<b>42.2</b>	<b>26.6</b>	<b>43.9</b>	<b>21.7</b>
<b>Total Earmarked Reserves</b>		<b>97.6</b>	<b>67.8</b>	<b>98.9</b>	<b>61.6</b>
<b>General Fund Balance</b>		<b>10.0</b>	<b>10.0</b>	<b>10.0</b>	<b>10.0</b>
<b>TOTAL RESERVES</b>		<b>107.6</b>	<b>77.8</b>	<b>108.9</b>	<b>71.6</b>

1.47 The level of reserves held by the Council is considered appropriate. It is now considered essential to ensure that the Council holds sufficient reserves for the future given the continued financial uncertainty, the ongoing impact of the pandemic and EU Exit. Therefore, wherever possible, transfers of resources to the Financial Management Reserve will be made. Details of the reserves held and the Chief Finance Officer Statement on Reserves and Budget Robustness is set out in Appendix 7.



## Engagement Feedback and Future Consultation

1.48 The views of the Scrutiny Committees are set out in Appendix 8. The views of partners, trade unions, business ratepayers and young people are also included in the appendix.

## Equalities

1.49 A high level Equalities Impact Assessment (EqIA) of the revenue savings proposals has been undertaken and is set out in Appendix 5. Further EqIAs will be undertaken where appropriate when individual proposals are being considered. A high level EqIA of the proposed capital spending is set out in Appendix 9b. In considering the proposals in this report, 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 proposals for those with protected characteristics and to identify appropriate mitigations. The full version of relevant completed EqIAs for revenue savings and capital projects are available on the County Council pages of the Council's website. They can be inspected upon request at County Hall. Members must read the full version of the EqIAs and take their findings into consideration when determining these proposals.

1.50 Whilst the County Council is 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 or spent under the service proposals. The recommendations in the report do not commit the Council to implement any specific saving or spending proposal. When the Executive come to make specific decisions on budget reductions or expenditure, 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.

## Fees & Charges

1.51 The Chief Finance Officer is delegated to approve all fees and charges and to report to Cabinet and County Council those set at a level above inflation; a reasonable inflation level with regard to the Consumer Price Index (CPI), Retail Price Index (RPI) and pay inflation being 2.0%. Appendix 10 shows a schedule of the fees and charges approved at quarter 3 that have increased by more than 2.0%.

## Conclusion

1.52 Prudent planning by the Council, and short-term Government support for the COVID-19 response and social care, means the Council can offer some stability for our residents for the coming year. Whilst the additional funding from Government for social care is welcome, there is continued reliance on raising funding for Adult Social Care through local Council Tax which is unrelated to social care need and unsustainable, particularly given the significant ongoing pressures experienced by our residents as a result of the pandemic. It is essential that proposals for longer term reform of social care funding are brought forward as soon as possible. In the meantime, the proposals in this report will ensure the Council is able to protect services for the most vulnerable for the coming year and spread the contribution to this from Council Tax paid by our residents over two years. Support will continue to be available through local Council Tax Support Schemes for those residents eligible. The budget presented is for one year, with considerable unpredictability about what that year will hold.

1.53 The situation beyond 2021/22 remains highly uncertain and we face a significant gap between the funding we currently expect to have and the cost of providing our services. The short term support provided by Government does not make up for the amount of funding lost over the last 10 years and neither will it be sufficient to prevent the need to consider further savings in future to fund pressures from the rising demand for and cost of social care. Any further savings, beyond those already factored into our planning, would take the Council below its Core Offer.

1.54 Our lobbying endeavours therefore remain as important as ever and we will need to continue to work with our local, regional and national partners to press for fair and sustainable funding that enables us to continue to meet the needs of our residents. Core to this is a need for Government to bring forward reforms for sustainable funding and provision of social care at the earliest possible opportunity, as until this is delivered our medium term financial position will remain very challenging. We will also continue to press for a real terms increase in grant funding for the sector and for delivery of the Fair Funding Review to allocate funding in line with evidenced need.

1.55 Given the scale of the current recession and future economic uncertainty, we will also prioritise work with our partners, including in the South East 7 and County Councils Network, and local Borough and District Councils to ensure that plans for economic recovery factor in the specific skills, employment and infrastructure needs of East Sussex. Lobbying to ensure that our residents and businesses have what they need to be successful in the future will be fundamental to achieving a strong recovery from the economic disruption brought by the pandemic and reducing the need for county council support and services in future.

1.56 The Cabinet recommends the County Council to:

☆ (1) approve, in principle, the draft Council Plan 2021/22 at Appendix 1 and authorise the Chief Executive to finalise the Plan in consultation with the relevant Lead Members;

(2) approve the net Revenue Budget estimate of £416.7m for 2021/22 as set out in Appendix 3 (Medium Term Financial Plan) and 4 (Budget Summary) and authorise the Chief Executive, in consultation with the Chief Finance Officer, Leader and Deputy Leader, to make adjustments to the presentation of the Budget Summary to reflect the final settlement and budget decisions;

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

- (i) the net budget requirement is £416.7m and the amount calculated by East Sussex County Council as its council tax requirement (see Appendix 6) for the year 2021/22 is £310.4m;
- (ii) the amount calculated by East Sussex County Council as the basic amount of its council tax (i.e. for a band D property) for the year 2021/22 is £1,544.04 and represents a 3.49% (1.5% of which relates to the Adult Social Care precept) increase on the previous year;

(4) advise the District and Borough Councils of the relevant amounts payable and council tax in other bands in line with the regulations and to issue precepts accordingly in accordance with an agreed schedule of instalments as set out at Appendix 6

(5) note the fees and charges set out in Appendix 10 that have been increased above inflation;

(6) approve the Capital Strategy and Programme as set out at Appendix 9;

(7) note the progress with the Council Plan and Budget 2020/21 since quarter 2 at Appendix 2;

(8) note the Medium Term Financial Plan forecast for the period 2021/22 to 2023/24 as set out in Appendix 3;

(9) note the comments of the Chief Finance Officer on budget risks and robustness as set out in Appendix 7; and

(10) note the comments from the engagement exercises as set out in Appendix 8.

## **2. Council Monitoring - Quarter 2 2020/21**

2.1 The Cabinet has considered a report on performance against the Council Plan, Revenue Budget, Capital Programme, Savings Plan and risks for quarter 2 2020/21. Broad progress against the Council's four strategic priority outcomes is summarised below and an overview of finance and performance data is provided in the Corporate Summary at Appendix 11. Strategic risks are reported at Appendix 17.

### Council Plan 2020/21 amendments and variations

2.2 The Cabinet agreed the amendment of one performance measure:

- Road Safety, from:

The percentage of young drivers and their passengers who report positive attitudinal and behavioural change in response to the engagement campaign designed to reduce risk of collisions/KSIs immediately after intervention and over time;

to:

The campaign cannot be implemented in 2020/21 due to COVID-19 (see Appendix 15, ref ii).

2.3 The Corporate Summary (Appendix 11) contains a forecast of performance against targets. There are a several new performance target exceptions now rated amber or red due to the impact and uncertainty caused by COVID-19, these are highlighted in the relevant appendices.

2.4 Given current circumstances, and as per quarter 1 (Q1), finance reporting has been split into Planned Budgets/Business as Usual (non-COVID) and COVID related items.

2.5 Details of non-COVID related over and underspends in each department are set out in the relevant appendices. The total service forecast overspend is £2.2m; this compares to £1.1m at Q1. The main headlines are:

- Adult Social Care (ASC) is currently forecast to overspend by £0.3m. This comprises an overspend of £1.6m in the Independent Sector, offset by an underspend of £1.3m in Directly Provided Services. The Independent Sector overspend reflects ongoing demand-led pressure on ASC services and the likely future impact of the Hospital Discharge Programme (HDP) The underspends in the Directly Provided Services relate mainly to lower demand in Day Services, temporary reductions in social worker training and increased staffing vacancies while recruitment activity remains lower.
- The Business Services (BSD) overspend of £0.9m mainly consists of £0.4m of budgeted savings, originally planned to be delivered through Orbis efficiencies, but no longer attainable due to the disaggregation of some BSD services from the Orbis partnership. Furthermore, the impact of COVID-19 has limited the ability to mitigate these savings elsewhere in BSD due to the current circumstances. Additionally, there are some overspends within Property due to delays in implementing the proposed property restructure, as well as an increase in rent following a rent review.
- For Children's Services (CSD) there is net overspend of £0.6m; a small decrease from the Q1 forecast of £0.7m. Within this, £1.2m of the forecast overspend relates to Early Help and Social Care. Of this, Locality pressures (£0.6m) continue on the Social work staffing budgets. A range of strategies to reduce these pressures is being pursued; this includes the review of placements as Independent Fostering Agencies continue to increase their availability since the initial lockdown ended. Overall, any small increases in non COVID-19 overspends since Q1 have been mitigated by further efficiencies, increasing the forecast underspend in Central Resources to £0.9m.
- Communities, Economy and Transport (CET) is showing an overspend of £0.4m which is mainly due to a review of reserves; taking a One Council approach, CET has been able to

support activities and expenditure in a number of services that would normally have been funded through reserve drawdowns. This means that the Council's reserves will not be expended to the level previously scheduled and this makes funding available for future years. The occurrence of underspends that will support the expected reserves income are not aligned with the services that were to receive this funding, therefore some service areas may appear to be in an overspend position.

- Following a review of the impact of the pandemic on travel budgets, it is proposed that the estimated underspend in this area should be held to support the Future Workstyles Programme. This has amounted to £0.975m and is shown at the bottom of the Corporate Summary; if approved the budgets will be taken as a one-off transfer to reserve for Q3.

2.6 Within Treasury Management (TM) and other centrally held budgets including the general contingency there is an underspend of £6.3m before the impact of COVID:

- There is currently an estimated £1.2m underspend on TM, this is based on the position on the capital programme removing the need to borrow externally in 2020/21. No long term borrowing was undertaken in the quarter and no further cost effective opportunities have arisen during quarter 2 to restructure the existing Public Works Loan Board (PWLB) or wider debt portfolio.
- The pension estimates when the budget was set in February 2020 were based on preliminary figures for the outcome of the triannual actuarial review. Now that the outcome is known, there is an in-year forecast underspend of £1.1m due to a lower secondary pensions contribution required by the actuary. This is reflected in the Medium Term Financial Plan (MTFP) for future years.
- There are £0.2m other minor movements.
- The underspend on TM and other centrally held budgets will be used to offset service overspend in the first instance.
- The general contingency of £3.9m would, per normal practice, be transferred to reserves for use in future years. However, this will in the first instance be used to offset unfunded COVID-19 pressures in year, where they are not covered by the funding provided for by Government. The tables at 2.16 provide a summary.

2.7 Capital Programme expenditure for the year is projected to be £82.8m against a budget of £99.3m, a net variation of £16.5m (£12.9m at Q1). Of the variation position, net £3.7m relates to planned programme activity, and £12.8m are COVID related (£15.2m of slippage offset by an estimated £2.4m overspend). It should be noted that £11.7m of the COVID related slippage relates to Local Enterprise Partnership (LEP) schemes being delivered by, or in partnership with, others, where those organisations control the timetable.

2.8 Of the net £3.7m planned programme variation (non-COVID related); there is £0.2m net underspend, £8.1m of slippage to future years, partly offset by (£4.6m) of spend in advance. The main variances include:

- Community Match Fund – low take up from parish councils means slippage of £0.686m is anticipated.
- Exceat Bridge Replacement – anticipated slippage of £0.766m due to extended consultations with stakeholders.
- Newhaven Port Access Road – it is projected that the project risk contingency and after construction costs totalling £0.568m will not be spent in 2020/21 as this is dependent on when the Port complete their part of the works. The timing of expenditure is therefore largely outside of the Council's control.
- Queensway Depot Development – Slippage of £0.853m with planning application now to be assessed in November 2020 rather than July 2020, only site clearance works and preliminary works are expected to occur in 2020/21, with construction slipping to 2021/22.
- Highways Structural Maintenance – Spend in advance of £1.026m planned. Working conditions due to reduced road usage and effective project management have allowed £1.026m of planned works in 2021/22 to be brought forward to 20/21.
- Westfield Lane - Total slippage of £0.850m, of which £0.250m relates to delays to the tender award process and £0.600m relates to the contingency element of the budget to cover project risks that will potentially occur in 2020/21.

- Schools Basic Need Programme – total slippage of £3.445m is projected for Hailsham Secondary school to reflect an updated project start date and Hailsham (Burfield) project because work to repair the roof will now take place at the next summer break. There is also anticipated spend in advance of (£3.340m) largely at Reef Way due to the contractor being able to bring works forward to the current financial year.
- Capital Building Improvements (Schools) – slippage of £0.800m relates to additional schools condition funding of £1.850m announced by government in late June, where projects were not in place to proceed in the current financial year.
- Bexhill and Hastings Link Road – The first tranche of part 1 settlement claims is expected to be paid in Q3. The value and timing of further settlements is uncertain, so it is difficult to provide an estimate of the value to be paid this financial year. There will be an update at Q3 on the overall anticipated cost and timeline of settlement for the remaining part 1 claims.

2.9 The details of **COVID related** pressures in each department are set out in the relevant appendices, and show a total forecast overspend of £31.2m. The main headlines are:

- ASC is currently forecasting the net financial impact of COVID-19 to be £14.6m in 2020/21. The main areas of expenditure include relief payments to providers; spend on PPE and the support to shielded groups via the Community Hubs (the latter of which is funded in part by the Food and Emergency Supplies Grant).
- Within BSD, the total of £0.8m includes IT costs for remote working, loss of income streams due to closure of various premises and the likelihood that the savings target within the County Council's contribution to Orbis is now unlikely to be made in 2020/21.
- The COVID related pressures for CSD of £10.2m are primarily in Central Resources (£1.1m) comprising payments to early years providers and within Early Help and Social Care (£7.8m). Looked after Children (LAC) budgets have been directly and significantly impacted by COVID-19, with the financial pressures continuing to be reflected in the increase in new placements during the period to date. A mixture of new residential and foster provision and semi-independent accommodation provision have continued, where weekly fees have also increased. In addition, there have also been continued extra agency costs for staff employed at residential sites to support staff absences. The Care Leavers service has been impacted by placement changes and delayed moves, as well as the universal credit uplift. Lansdowne Secure Unit has also experienced build delays and a resulting loss of income.
- There is a CET pressure of £5.6m relating to additional costs and reduced income resulting from COVID-19. The most significant COVID-19 pressures are in Transport and Operations where car parking income is down £2.4m (this has reduced the planned Parking contribution to Concessionary Fares). Increased collection volumes and the cost of reopening household waste sites with social distancing, have resulted in an overspend of £0.8m in the Waste service. The overspend in Communities is mostly due to lost income from marriages and other ceremonies (£0.6m) along with reduced Road Safety training income. The Council's share of the pan Sussex cost of excess deaths as a result of COVID-19 is expected to be £0.6m. Income is also down across other services.

2.10 Within Centrally Held Budgets and Corporate Funding there are further COVID related pressures of £1.8m, the key areas being:

- Estimated risk of reduced investment income within TM (£0.7m);
- Levies, Grants & Other includes £0.3m Personal Protective Equipment (PPE) for Corporate Buildings and £0.5m increase in bad debt provision; and
- Estimated risk of reduced proceeds from the Business Rates pool with Districts and Boroughs of £0.3m. We are working to get further clarity with the Districts and Boroughs.

2.11 There have been three tranches to the end of September of general COVID-related funding allocated by the Ministry for Housing, Communities and Local Government (MHCLG) for use by the Council:

	£m
--	----

Tranche 1	16.297
Tranche 2	9.810
Tranche 3	3.553
<b>Total</b>	<b>29.660</b>

2.12 Against the current COVID revenue estimate of £33.0m this leaves a funding pressure of £3.3m for revenue. Since quarter 2, tranche 4 funding has been announced. In the first instance this will support the deficit, with any arising surplus being held to support any further in year pressures, that are as yet unknown (there being an increased risk as a result of the 2<sup>nd</sup> lockdown) and capital in-year COVID overspend that cannot be mitigated, outlined at 2.16 below.

2.13 The Council has submitted a bid to MHCLG for support for losses on sales, fees and charges. The bid covers the first four months of 2020/21 and totals £1.6m. The bid is subject to review by MHCLG, but if approved this could be extrapolated for the rest of the year. For prudence this is not currently included in the forecasts.

2.14 The COVID related pressures and slippage in the Capital programme total £12.8m; of which there is a £2.4m overspend (adding to the funding shortfall), £3.5m slippage relating to schemes within the Council's control, and £11.7m of slippage relating to schemes where delivery is outside of the Council's control. The main variances include:

- Business Services various – A combination of temporary site closures, difficulty of acquiring materials, the purchase of IT&D equipment to enable non-Agile teams to work remotely and other COVID-19 implications are estimated to increase costs across various schemes by £1.210m.
- Capital Building Improvements (Schools) – slippage of £1.700m is largely due to uncertainty within the corporate estate with possible changes in workstyles and occupation has meant several projects are on hold this financial year.
- IT & Digital Strategy Implementation – Slippage of £1.000m due to diverting from planned projects to support the COVID response in the first half of the financial year. None of the delayed projects or programmes affects the council's existing systems or security but does delay new capabilities being introduced.
- Highways Core Programme - A projected Covid-19 risk of £1.212m is mainly due to the anticipated full year impact of implementing and maintaining social distancing requirements including transportation to and from sites in smaller groups than normal; social distancing marshals and other on-site measures; and the increased costs of some materials as a result of the pandemic.
- Communities, Economy & Transport various – a total slippage of £0.626m for reasons including low take up of Economic Intervention Fund grants during lockdown and delays to schemes where public interaction would have ordinarily played a role in design development.

2.15 COVID-19 related slippage of £11.7m relates to Local Enterprise Partnership (LEP) schemes where delivery is outside of Council's control. The majority of these schemes rely on public involvement in terms of surveys and transport monitoring which have been delayed. The South East Local Economic Partnership (SELEP) have granted a six-month COVID-19 extension to their Local Growth Fund schemes

2.16 The tables below summarise the unfunded COVID costs and management of the revenue unfunded deficit.

<b>Unfunded COVID Costs</b>	<b>£m</b>
Capital	2.422
Revenue	32.969

Funding Tranches 1-3	(29.660)
<b>Total unfunded COVID costs</b>	<b>5.731</b>

Summary of Revenue Variances	£m	
	Non-Covid	Covid
Service Budgets	(2.190)	(31.171)
Central Budgets	6.330	(1.452)
Central Resources	-	(0.346)
Travel underspends to be transferred to reserve	(0.975)	-
<b>Subtotal Variances</b>	<b>3.165</b>	<b>(32.969)</b>
less Covid Grant - tranches 1 to 3		29.660
<b>Net Covid costs (revenue)</b>		<b>(3.309)</b>
less Non-Covid variance		3.165
<b>Deficit to be funded from reserves</b>		<b>(0.144)</b>

2.17 The Strategic Risk Register, Appendix 17, was reviewed and updated to reflect the Council's risk profile. Risk 5 (Reconciling Policy, Performance & Resources), Risk 7 (Schools) and Risk 16 (COVID-19) have updated risk definitions and controls. Risk 4 (Health), Risk 6 (Local Economic Growth), Risk 8 (Capital Programme), Risk 9 (Workforce), Risk 10 (Recruitment) and Risk 15 (Climate) have updated risk controls.

#### Progress against Council Priorities

##### Driving sustainable economic growth

2.18 Transport for the South East (TfSE) submitted the final transport strategy to Government in July 2020. This was accompanied by the proposal for statutory status, which sets out the powers and responsibilities required to deliver the thirty-year vision set out in the strategy. A response has now been received from the Department for Transport (DfT) which has rejected the proposal to grant TfSE statutory status. However, the Secretary of State did acknowledge the good working relationship between TfSE and Government and the desire for this to continue (Appendix 16).

2.19 Skills East Sussex (SES) met in quarter 2 to finalise the Economy Recovery Plan for the county. The subgroups of SES also met and agreed to collaborate on the Government's Plan for Jobs incentives, and the South East Local Enterprise Partnership's £2m funding pot for skills and employment (Appendix 15).

2.20 27 carriageway asset improvement schemes were completed in quarter 2, to maintain and improve the condition of the county's roads (Appendix 15).

2.21 During quarter 2 15 contracts which qualified for the Social Value Measurement Charter were awarded with a total value of almost £24m. Over £1.2m worth of social value commitments were secured as part of the contracts. The restrictions in place due to COVID-19 have made it difficult to deliver social value in traditional ways, however organisations are adapting, for example by using virtual environments for skills and employment initiatives (Appendix 13).

2.22 During the summer the Government announced a new Apprentice Incentive Scheme, which runs from August 2020 to January 2021 and offers payments to support new apprentices. A range of publicity materials promoting the scheme have been issued to managers across the Council, and we have subsequently seen an increase in new apprenticeship starts (Appendix 13).

### Keeping vulnerable people safe

2.23 Centralised support for the shielded group was paused at the start of August, however the Council has maintained a number of support streams. Community Hubs continue across the county; Health and Social Care Connect (HSCC) has taken on responsibility for advising previously shielded people, with additional capacity being recruited in HSCC to meet demand; and funding has been provided to 15 foodbanks across the county, with food partnerships created to provide additional funding to those accessing food banks (Appendix 12).

2.24 The Safer East Sussex Team hosted the Sussex Anti-Slavery network in October, and through the work of the network the Council has committed to seeing a slavery free East Sussex by adopting the United National Sustainable Development Goal to take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking, and secure the prohibition and elimination of the worst form of child labour by 2030. The pledge was signed by Council leaders including the Chief Executive and Leader (Appendix 12).

2.25 Children's Services worked closely with schools in quarter 2, to implement Government guidance on the full reopening of schools from September 2020. Guidance has been provided to schools to allow them to plan for future eventualities, including any potential move to different tiers of restrictions; model risk assessment and contingency plans have been shared; and there was increased support for vulnerable pupils (Appendix 14).

2.26 The East Sussex Youth Cabinet developed a social media campaign called Stay in quarter 2, to support young people to Stay informed, Stay well, Stay sunny and Stay safe. The Youth Cabinet also raised concerns about the anxiety young people were facing in returning to school, and organised a webinar which was attended by school leaders and Council representatives to discuss the concerns and how they could be addressed (Appendix 14).

2.27 The number of children subject to a Child Protection (CP) plan continued to increase in quarter 2; from a rate of 55.3 per 10,000 at the end of quarter 1, to a rate of 59.9 at the end of quarter 2. Reasons for the increase include plans not ceasing due to it being difficult to end plans safely if children aren't being seen regularly at school, and some contact by social work staff happening virtually. Targeted work has begun to safely reduce the number of plans now that children are back in school and more face to face social work is possible. The number of Looked After Children has remained relatively stable in quarter 2, 57.0 per 10,000, compared to the end of quarter 1, when the rate was 56.4 (Appendix 14).

### Helping people help themselves

2.28 A new service to support families and loved ones affected by drug and alcohol disorders was commissioned in quarter 2. The contract was awarded to Adfam, who are a national charity working to improve the lives of families affected by alcohol and drugs and started on 1 October. A project to support members of the street community housed in temporary accommodation also commenced in quarter 2, with a programme of harm reduction and basic diversionary activities delivered (Appendix 12).

2.29 Work on revising and updating the health and social care integration programme began in quarter 2. The objectives for this year have been updated to take account of learning from the new ways of working adopted in response to the pandemic; the impacts of COVID-19 and the ongoing need to manage the response; new responsibilities and restoration and recovery planning; and the need to manage capacity resources and risks appropriately across the system (Appendix 12).

### Making best use of resources

2.30 The Council has continued lobbying in quarter 2; alongside the other South East 7 (SE7) Leaders, the Leader wrote to Government to set out the vital role that SE7 councils had played in the COVID-19 response. The letter also made clear that in order for councils to continue this work in the autumn and support the long-term recovery of local communities, Government needed to address the financial cost of the pandemic to provide an adequate funding settlement for local government (Appendix 16).



2.31 The Council's Hailsham Primary Academy project won 'Building Project of the Year under £10m' at the SECBE 2020 Construction Excellences awards in quarter 2. The award recognised the completion of the project 11 weeks ahead of schedule, meaning pupils could start the new term in a brand-new school rather than in temporary accommodation as was originally planned. The project also saved 145 tonnes of CO2 and reduced waste by around 39% by using a number of site-specific schemes (Appendix 13).

### **3. Scrutiny Review of Becoming a Carbon Neutral Council**

3.1 The Cabinet has considered a report of the Place Scrutiny Committee on its Review of Becoming a Carbon Neutral Council. The report of the Scrutiny Committee is included elsewhere on the agenda (item 6).

3.2 In October 2019 the County Council declared a climate change emergency and committed to reporting annually at the May County Council meeting on its progress in addressing the emergency. The Place Scrutiny Committee at the meeting on 20 November 2019 agreed to establish a Review Board to undertake a Scrutiny Review of Becoming a Carbon Neutral Council. The scope of the review covered the actions the Council needs to take in order to become carbon neutral and examined the Council's Climate Emergency Plan, which was agreed in June 2020.

3.3 The Scrutiny Review of Becoming a Carbon Neutral Council is welcomed, in particular the opportunity to review the climate emergency plan that was agreed earlier in 2020. The response to the Review Board's recommendations is set out in the action plan attached at appendix 18.

3.4 The County Council has previously agreed that it will receive an annual report on progress towards meeting the target of achieving carbon neutrality from its activities as soon as possible and in any event by 2050. An annual greenhouse gas report is produced each year by the Council's Energy Team in Orbis and put on the corporate website. The process of collating energy data, cleansing it, analysing it and ensuring it is robust is time-consuming, as the data are from multiple Council teams, utility suppliers and third parties, and there is a significant volume of data. The process begins from April, once the final bills for the previous financial year have been received, and data analysis starts in May, once all outstanding bill queries have been addressed with sites and suppliers.

3.5 To ensure Members have the most up to date energy data from the preceding financial year it is proposed to change the date of the annual report to the County Council from May to October. This change will provide Members with the most up to date and useful picture of progress.

3.6 In welcoming the findings of the Scrutiny Committee, the Cabinet has considered a report by the Director of Communities, Economy and Transport and the Chief Operating Officer (as set out in Appendix 18 to this report) on the specific recommendations and endorsed it as its response to the recommendations

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

☆ (1) approve the response of the Director of Communities, Economy and Transport and the Chief Operating Officer on the implementation of the recommendations in the Scrutiny Committee's report; and

(2) agree to moving the annual report to the County Council on progress in delivering the climate emergency plan from May to October each year.

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

4.1 The Cabinet has considered the annual progress report for Looked After Children's Services which is attached as Appendix 19.

4.2 On 31 March 2020 there were 592 Looked After Children (LAC) in East Sussex; this represents a decrease of 8 children as compared to 2018/19 and a rate of 55.7 per 10,000 population compared to a rate of 56.6 per 10,000 in 2018/19 and the national England rate of 65%.

4.3 The LAC data only ever gives a snapshot of our children moving in and out of the system at a fixed date each month/year and considerable activity sits beneath it. The data below and set out in the annual report is referred to as 'churn'. This cohort of children will come in and out of the system within the year. When this is added to the number of LAC at the year end this gives a total of 760 children in care who were allocated a social worker and worked with during 2019/20. This is a reduction of 20 on 2018/19.

4.4 There was a decrease in children coming into care from 195 during 2018/19 to 179 during 2019/20. The number of 0-5 year olds admitted to care during 2019/20 decreased to 75 (from 87 in 2018/19). The number of 6-12 year olds admitted to care during 2019/20 remained at 38 (the same number as in 2018/19). The number of children aged 13+ decreased from 70 in 2018/19 to 66 in 2019/20.

4.5 At year end there was a decrease in the number of our LAC leaving care, from 197 in 2018/19 to 177 in 2019/20.

4.6 At 31 March 2020 ESCC was caring for 32 Unaccompanied Asylum Seeking Children aged under 18. These young people were mainly male and over 16, with an additional 48 having ongoing support needs as care leavers. In the last year, 2 children have come via The Vulnerable Children's Resettlement Scheme and the remainder have been spontaneous arrivals, found either by the Police or at Newhaven Port or transferred via the National Transfer Scheme mostly from arrivals at Dover.

4.7 The number of our LAC with disabilities remains similar to previous years. At 31 March 2020 there were 27 LAC with disabilities, 8 of whom, were aged between 16-19. This compares with 31 LAC, 9 of whom were aged between 16-19 in 2018/19. Of these 8 children were placed with ESCC foster carers, 2 were placed with independent agency foster carers, 6 were placed in ESCC children's homes, 5 were placed in independent children's homes, 4 were placed in residential schools to meet their medical needs (jointly funded with health) and 2 were placed in residential schools due to behavioural needs.

4.8 The services for LAC are supported via core funding from the Children's Services Authority budget, a small proportion of the Dedicated Schools Grant and the Pupil Premium for additional education support for children.

4.9 Further detail on the work undertaken by the Looked after Children's Services is set out in Appendix 19.

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

## **5. Treasury Management Policy and Strategy 2021/22**

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

5.2 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.

5.3 The Treasury Management Policy and Strategy Statement (TMSS) for 2021/22 is presented in Appendix 20 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.

5.4 The 2021/22 TMSS has been prepared within the context the financial challenge being faced by the County Council over the Medium Term Financial Plan (MTFP). The 2021/22 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 further use of alternative appropriate investment opportunities during 2021/22;
- 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.

#### Investment Strategy

5.5 The 2021/22 Investment Strategy has been set in the context of diminishing returns and opportunities in the current economic environment. The average rate of return for 2019/20 was 1.08% and for the first six months of 2020/21 was 0.84%.

5.6 The Investment Strategy provides the framework for officers to seek new opportunities to invest long-term cash in suitable longer term instruments in order to assist in delivering treasury efficiencies by securing a level of investment income. The pandemic, and resultant market uncertainty, is limiting the scope for new investments. Actions to explore the available options for Short Dated Bond Funds and Multi Asset Funds have been paused but will be explored in the future when appropriate.

5.7 In the current climate, investments to other Local Authorities could secure an enhanced fixed level of return over traditional bank deposits with an increased level of credit security.

5.8 In response to the Council declaring a Climate Emergency, the Annual Investment Strategy for 2020/21 included Environmental Social and Governance (ESG) as a factor when undertaking investment decisions to allow the Treasury Management Strategy to actively support the Council's aspirations to tackle climate change and other ESG factors. Officers have been exploring how the Council's current counterparties are contributing to this area and are being asked how investment solutions can compliment this strategy. In reality, the market for green and ESG investments is relatively immature, which reduces the ability to actively invest in products that support the Council's aspirations. However, research and the consideration of suitability of ESG investment products will continue into 2021/22.

#### Borrowing Strategy

5.9 The Borrowing Strategy and the Capital Programme identifies a borrowing need of £71m over the next 3 years (between 2021/22 and 2023/24). The Council currently has large cash balances, therefore officers will seek to use cash from the Council's own reserves to initially fund borrowing. This will decrease the Council's cash balances, reducing counterparty risk, and reduce borrowing costs. Modelling of the Council's capital plans and cashflows has identified an appropriate level of internal borrowing of around £50m. 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.

5.10 On the 25 November 2020 the Government announced the conclusion to the review of margins over gilt yields for Public Works Loan Board (PWLB) rates; the standard and certainty margins were reduced by 1% but a prohibition was introduced to deny access to PWLB borrowing for any local authority which intended to purchase of assets primarily for yield (i.e. commercial assets) in its three year capital programme. This reduction in future borrowing costs has been factored into the Treasury Management tool to support the development of Capital Strategy to 2040/41.

5.11 The budget within the MTFP is calculated using the Treasury Management Tool that reflects the costs of borrowing in support of the targeted basic need programme offset by returns on investment of the Council's balances. It is therefore reflective of a point in time. The treasury management tool, developed as part of the Capital Strategy, is reviewed regularly for reasonableness.

#### Revenue impact

5.12 The MTFP includes £0.7m increase in the Treasury Management budget over the next two years to reflect the increase in MRP due to a change in profiling methodology. This is a planned change which resulted from the approval of moving to an annuity method of calculation. In addition, £1.0m has been added in 2022/23 and a further £1m in 2023/24 to reflect the net revenue impact of the Capital Strategy and Programme in terms of the cost of borrowing and the setting aside of MRP.

#### Treasury Management Reporting

5.13 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.

5.14 This Council meets this requirement with the Treasury Management Annual Report 2019/20 and mid-year report 2020/21 presented to Cabinet on 8 December 2020. Additionally, a treasury management monitoring position is reported to Cabinet four times a year.

#### Economic Background

5.15 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 20 (Annex B) to this report.

5.16 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.

5.17 The Cabinet recommends the County Council to:

- ☆ 1) approve the Treasury Management Policy and Strategy Statement for 2021/22;
- 2) approve the Annual Investment Strategy for 2021/22;
- 3) approve the Prudential and Treasury Indicators 2021/22 to 2023/24; and
- 4) approve the Minimum Reserve Provision Policy Statement 2021/22 at Appendix 20 (section 3)

26 January 2021

KEITH GLAZIER  
(Chair)

### REPORT OF THE PLACE SCRUTINY COMMITTEE

The Place Scrutiny Committee met on 25 November 2020.

Present: Councillors Bob Bowdler (Chair), John Barnes, Martin Clarke, Godfrey Daniel (Vice Chair), Chris Dowling, Nigel Enever, Darren Grover, Pat Rodohan, Stephen Shing, Andy Smith and Barry Taylor

Also present: Councillors Nick Bennett (Lead Member for Resources), Bill Bentley (Lead Member for Communities and Safety), Claire Dowling (Lead Member for Transport and Environment), and Rupert Simmons (Lead Member for Economy).

#### 1. Scrutiny Review of Becoming a Carbon Neutral Council

1.1 The Place Scrutiny Committee has completed its Scrutiny Review of Becoming a Carbon Neutral Council. A copy of the Committee's full report is attached at Appendix 1.

1.2. A Review Board was established in November 2019 and was comprised of Councillors John Barnes, Bob Bowdler, Martin Clarke (Chair), Pat Rodohan and Stephen Shing. The review examined the actions the Council is taking to reduce its carbon dioxide (CO<sub>2</sub>) and other greenhouse gas emissions in order to achieve its ambition of becoming carbon neutral.

1.3 The scope of the review includes:

- Energy use in the Council's corporate buildings, maintained schools and street lighting;
- Staff business travel and commuting (including councillors), electric charging points at council offices and the Council's fleet vehicles;
- The scope for using renewable energy sources (solar, wind, etc.) and carbon off-setting;
- Use of emerging and alternative technologies; and
- Communications and leadership, including co-ordination of the work on the climate emergency.

1.4 The review has examined evidence from key officers, external expert witnesses and published documents on this topic. The challenge for the review has been to develop recommendations that will support the Council's ambitions in this area, whilst taking into account the Council's financial position. The Council's Climate Emergency Plan represents an important starting point in the Council's work to become carbon neutral and this review makes a number of recommendations in support of the actions contained in the Plan.

1.5 The intention of the review is to set a direction of travel for the Council in its ambition to become carbon neutral and to maintain the momentum created when the Council declared a climate emergency. The Place Scrutiny Committee is aware that in order to implement some of the recommendations, the Council will need to assess funding through the Reconciling Policy, Performance and Resources (RPPR) budget setting process, where it will be important to balance the short and long term social, economic and environmental implications of funding these proposals.

1.6 The Place Scrutiny Committee **recommends** to the County Council that –  
*Building Energy Use*

1.6.1 Priority consideration should be given to the implementation of low carbon heating systems, e.g. the use of ground source and air source heat pumps, in all newly commissioned buildings and when renewing systems in existing buildings. The most energy efficient type of heat pump currently available should be used where possible (e.g. ground source, then air source heat pumps).

1.6.2 The Council should keep the use of hydrogen gas heating technology under review and ensure all new or replacement boilers are capable of being 'hydrogen ready'.

1.6.3 The Council consider through the RPPR process opportunities for capital funding within the core capital programme to carry out carbon reduction projects in its corporate buildings, notably building fabric improvements, and lobbies Government for additional funding in this area.

1.6.4 In developing energy efficiency projects, the Council should take a whole building approach, which is based on whole life costings.

1.6.5 The Council should explore installing solar panels on its buildings and energy storage where this is possible. In particular, the Council should explore the feasibility of installing solar panel canopies over the car parks at County Hall and use the resultant energy in the building and to power Electric Vehicle/electric bike charge points in the car parks.

1.6.6 The Council, in conjunction with maintained schools, publishes comparative data on energy efficiency (e.g. league tables and energy performance), sets a carbon reduction target and encourages engagement with pupils in learning projects and activities to reduce carbon emissions.

1.6.7 The Council consider through the RPPR process providing capital funding for a pilot project to install heat pump technology in one of the County's maintained schools as a best practice case study.

1.6.8 The Council lobbies the Department for Education to provide sufficient funding for new schools to be built to a carbon neutral standard and provide funding for major improvements to retrofit energy efficiency and carbon reduction measures to all school buildings.

1.6.9 The Council reviews the payback periods used for major building refurbishment projects and adjusts the provision of capital funding for carbon reduction projects to enable more work in this area to be carried out based on whole life costings.

*Street Lighting Energy Use*

1.6.10 The Council explore the scope for further energy savings by reducing the amount of time street lights are on through ongoing maintenance and replacement programmes.

1.6.11 The Council explore the use of alternative technologies such as solar and wind turbines for less essential lit signs and other street furniture.

1.6.12 The Council keep the use of intelligent lighting systems for street lighting under review and install intelligent lighting in the car parks and campus at the County Hall campus as an example of best practice.

*Staff Travel & Commuting (including councillors) and Fleet Vehicles*

1.6.13 The Council explore more varied patterns of working to determine what is the best level of remote working from a staff perspective and for the Council to meet its business needs and reduce carbon emissions.

1.6.14 Work is undertaken to support cultural change to embed changes in working practices that reduce the need to travel, or encourages less travel, such as the use of technology to hold meetings remotely and provide training using remote meeting technology.

1.6.15 The Council explores the provision of more capacity for drop-in centres / hot desking and collaboration space in regional offices so staff do not always need to travel into the main office buildings, including County Hall, as part of the future workplace planning arrangements.

1.6.16 The Council investigate the introduction of hybrid committee meetings where councillors can either attend remotely or in person.

1.6.17 The Staff Travel Plan is revised to encourage, and where appropriate consideration is given to the potential for incentivising, the use of other travel modes (e.g. walking, cycling and public transport) and the uptake of Electric Vehicles to reduce carbon emissions.

1.6.18 The Council considers lobbying the Department for Transport to make changes to season tickets for train and bus travel so they can be used flexibly by staff commuting to work.

1.6.19 Electric Vehicle (EV) charging points are installed at the main office buildings, or at least County Hall, with a plan agreed by the end of March 2021.

1.6.20 Smaller own fleet vehicles should be replaced by EV's in the short term when the leases expire.

1.6.21 The car lease scheme is reviewed to encourage staff to select low emission or zero emission vehicles.

1.6.22 The Council considers specifying the early use of low emission vehicles in the procurement of major contracts (e.g. the Highways maintenance contract), where feasible.

1.6.23 The Council should keep the market for larger hydrogen powered vehicles under review, with a view to undertaking early pilot schemes and eventually phasing out the diesel-powered larger vehicles in its fleet in line with Government policy.

*Carbon Off-Setting and Renewables*

1.6.24 The Council keeps opportunities for investing in natural habitats under review for inclusion in a carbon off-setting plan at the appropriate time when the science has been developed.

1.6.25 The Council develops a carbon off-setting plan which includes investment in woodland creation, natural habitats and renewable energy generation.

1.6.26 The Property Asset Disposal and Investment Strategy is reviewed to identify land availability and opportunities for carbon off-setting habitats and investment in the development of solar farms.

*Communications and Leadership*

1.6.27 The Council develops an interactive communication/information platform, which includes details on what the Council itself is doing on climate change and to discuss opportunities where residents may take an active role in lowering community carbon emissions.

1.6.28 The Council uses its convening power to co-ordinate the actions it is taking on climate change with its partners, and in particular with the District and Borough Councils in East Sussex.

*Other Issues*

1.6.29 Business case evaluation and procurement decisions should include an assessment of the carbon impact of the proposal.

1.6.30 Reports that go to the Executive and Council should include an assessment or statement of the carbon emissions impact of the proposals/decision in the report where relevant and material.

1.6.31 The Council lobbies Government at a national level via the Association of Directors of Environment, Economy, Planning and Transport (ADEPT) and the South East 7 partnership, to amend the planning system and building regulations so that the carbon performance of new buildings, including school buildings, can be taken into account in planning decisions.

1.6.32 East Sussex County Council build on the existing Dutch Elm Disease Strategy to develop a Strategic Tree Policy and action plan to manage Ash Dieback, Dutch Elm Disease and other tree diseases/pests which includes a programme to replace lost trees where possible (subject to safety issues) to mitigate the impact on carbon absorption.

1.6.33 Both County and District/Borough Planning teams should be encouraged to attend the master class training provided by the Forestry Commission on the retention and protection of woodlands and trees.

[See also Report of the Cabinet – 26 January 2021]

25 November 2020

BOB BOWDLER  
Chair



### REPORT OF THE GOVERNANCE COMMITTEE

---

The Governance Committee met on 26 January 2021. Attendances:

Councillor Glazier (Chair)

Councillors Bennett, Godfrey Daniel, Simmons and Tutt

#### 1. Bylaws for Local Nature Reserve

1.1 On 18 January 2021, the Lead Member for Transport and Environment agreed to the delegation of the County Council's power to designate Local Nature Reserves (an executive function) to Ninfield Parish Council under Regulation 5 of the Local Authorities (Arrangement for the Discharge of Functions) (England) Regulations 2012. This delegation was made in respect of land at Church Wood, Ninfield.

1.2 The Lead Member for Transport and Environment also recommended that the Governance Committee consider the delegation of the Council's power under sections 20 and 21(4) of the National Parks and Access to the Countryside Act which set out the County Council's power to make bylaws for the protection of an Local Nature Reserve (a non-executive function).

1.3 Appendix 1 is the report presented to the Lead Member for Transport and Environment. This sets out why the delegation of the Council's power to designate a Local Nature Reserve (LNR) has been made to Ninfield Parish Council and why the delegation of the Council's power to make bylaws in respect to land designated as a LNR is being

1.4 The Committee recommends the County Council to:

☆ 1) agree the delegation to Ninfield Parish Council of the Council's power under sections 20 and 21(4) of the National Parks and Access to the Countryside Act 1949 to make bylaws in relation to land at Church Wood designated as a local nature reserve; and

2) delegate authority to the Director of Communities, Economy and Transport to enter into agreements and to take any necessary actions in respect of the above recommendation.

26 January 2021

KEITH GLAZIER  
(Chair)

This page is intentionally left blank