CABINET

TUESDAY, 25 JANUARY 2022

10.00 AM COUNTY HALL, LEWES

MEMBERSHIP - Councillor Keith Glazier (Chair)
Councillors Nick Bennett (Vice Chair), Bob Bowdler, Claire Dowling, Carl Maynard, Rupert Simmons and Bob Standley

A G E N D A

1. Minutes of the meeting held on 14 December 2021 *(Pages 3 - 4)*

2. Apologies for absence

3. Disclosures of interests

   Disclosures by all members present of personal interests in matters on the agenda, the nature of any interest and whether the member regards the interest as prejudicial under the terms of the Code of Conduct.

4. Urgent items

   Notification of items which the Chair considers to be urgent and proposes to take at the appropriate part of the agenda. Any members who wish to raise urgent items are asked, wherever possible, to notify the Chair before the start of the meeting. In so doing, they must state the special circumstances which they consider justify the matter being considered urgent.

5. Reconciling Policy, Performance and Resources *(Pages 5 - 184)*
   Report by Chief Executive

6. Treasury Management Strategy 2022/23 *(Pages 185 - 216)*
   Report by Chief Operating Officer

7. Any other items considered urgent by the Chair

8. To agree which items are to be reported to the County Council

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

17 January 2022

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

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

This page is intentionally left blank

CABINET

MINUTES of a meeting of the Cabinet held on 14 December 2021 at County Hall, Lewes

PRESENT Councillors Keith Glazier (Chair)
Councillors Nick Bennett (Vice Chair), Bob Bowdler, Claire Dowling, Carl Maynard, Rupert Simmons and Bob Standley

Members spoke on the items indicated

Councillor Belsey	- item 6 (minute 32)
Councillor Bennett	- item 5 (minute 31)
Councillor Bowdler	- item 6 (minute 32)
Councillor Daniel	- item 5 (minute 31)
Councillor Field	- items 5 and 6 (minute 31 and 32)
Councillor Maples	- items 5 and 8 (minutes 31 and 34)
Councillor Shuttleworth	- item 6 (minute 32)
Councillor Swansborough	- item 5 (minute 31)
Councillor Georgia Taylor	- item 5 (minute 31)
Councillor Tutt	- items 5 and 6 (minutes 31 and 32)

29. MINUTES OF THE MEETING HELD ON 9 NOVEMBER 2021

29.1 The minutes of the Cabinet meeting held on 9 November 2021 were agreed as a correct record.

30. REPORTS

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

31. COUNCIL MONITORING: QUARTER 2 2021/22

31.1 The Cabinet considered a report by the Chief Executive.

31.2 It was RESOLVED to:

1) note the latest monitoring position for the Council;

2) recommend the County Council approve the proposed amendment to the performance measure set out in paragraph 2.2 of the report; and

3) note the addition of the new Safeguarding risk and new Data Breach risk to the Strategic Risk register

Reason

31.3 The report sets out the Council's position and year end projections for the Council Plan targets, Revenue Budget, Capital Programme, Savings Plan together with Risks for 2021/22 quarter 2.

32. ANNUAL PROGRESS REPORT OF THE LOOKED AFTER CHILDREN'S SERVICE 2020/21

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

32.2 It was RESOLVED to note the annual progress report of Looked After Children's Services in 2020/21.

Reason

32.3 The report summarises the performance of Looked After Children's Services in 2020/21.

33. TREASURY MANAGEMENT STEWARDSHIP REPORT 2020/21 AND MID-YEAR REPORT 2021/22

33.1 The Cabinet considered a report by the Chief Operating Officer.

33.2 It was RESOLVED to note the Treasury Management performance in 2020/21 incorporating the mid year review for the first half of 2021/22.

Reason

33.3 The report fulfils the requirement to submit an annual/half yearly report in the form prescribed in the Treasury Management Code of Practice. The report has been considered by the Audit Committee. Short term lending throughout the 18 month period covered achieved returns between 0.37% and 1.01%. The key principles of security, liquidity and yield are still relevant. Officers are currently investigating further opportunities within the strategy to increase investment income whilst minimising costs and maintaining security, in a period of significant uncertainty.

34. ANNUAL ACCOUNTS FOR LEWES PUBLIC LIBRARY AND MUSEUM CHARITABLE TRUST

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

34.2 It was RESOLVED to:

1) note the final accounts for 2020/21 for the Lewes Public Library and Museum Charitable Trust; and

2) note that there are no issues that require any further action by the County Council as the Corporate Trustee.

Reason

34.3 The report fulfils the requirement for the annual accounts for the Lewes Public Library and Museum Charitable Trust to be submitted to the Cabinet.

35. ITEMS TO BE REPORTED TO THE COUNTY COUNCIL

35.1 It was agreed that items 5 and 6 be reported to the County Council.

[Note: The items being reported to the County Council refer to minute numbers 31 and 32]

Committee: **Cabinet**

Date: **25 January 2022**

Title of Report: **Reconciling Policy, Performance and Resources (RPPR)**

By: **Chief Executive**

Purpose of Report: **To ask Cabinet to approve the draft Council Plan, Council Tax levels, Revenue Budget and Capital Programme for recommendation to the County Council.**

RECOMMENDATIONS:
Cabinet is recommended to:

1. recommend the County Council to:

- **i) Approve in principle the draft Council Plan 2022/23 at Appendix 1 and authorise the Chief Executive to finalise the Plan in consultation with the relevant Lead Members;**
- **ii) Increase Council Tax by 1.99%;**
- **iii) Increase the Adult Social Care precept by 2.5% in 2022/23;**
- **iv) Issue precepts to be paid by Borough and District Councils in accordance with the agreed schedule of instalments at Appendix 5 (Draft);**
- **v) Approve the net Revenue Budget estimate of £453.2m for 2022/23 set out in Appendix 2 (Medium Term Financial Plan) and Appendix 3 (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 final budget decisions;**
- **vi) Agree the Reserves Policy set out in Appendix 6;**
- **vii) Approve the transfer of:**
  - **£5.175m one-off Service Grant funding to the Priority Outcomes and Transformation reserve for one-off investment in programmes that meet the Council's priority outcomes;**
  - **£1.745m Market Sustainability and Fair Cost of Care Fund and £3.1m Adult Social Care precept to Adult Social Care to support costs arising from national social care reforms, with any unused funding in year to be transferred to a new Adult Social Care Reform reserve.**
- **viii) Approve the Capital Strategy and Programme at Appendix 8;**
- **ix) Note progress with the Council Plan and Budget 2021/22 since quarter 2 set out in section 4;**
- **x) Note the Medium Term Financial Plan forecast for 2022/23 to 2024/25, set out in Appendix 2;**
- **xi) Note the comments of the Chief Finance Officer on budget risks and robustness, as set out in Appendix 6;**
- **xii) Note the comments from engagement exercises set out in Appendix 7; and**
- **xiii) Note the schedule of fees and charges that have increased above inflation at Appendix 9.**

---

1. Introduction

1.1 The importance of the services provided by this Council has once again been evident over the past year of ongoing challenge and change, particularly the crucial support we provide for those in our county who are most vulnerable. Covid-19 has continued to have significant impacts for local people, places and the local economy which we have responded to, as well as increasingly shifting our sights towards supporting recovery and the longer-term consequences of the pandemic which we must reflect in our planning for the future. Alongside this, we are influencing and responding to a range of significant national policy developments which will have implications for the Council's services that must be taken into account in our local plans. Our ambitions are captured each year in a detailed Council Plan which covers what we will do and the specific targets we will use to judge our performance during the year. The Council Plan, revenue budget and capital programme are fully integrated through our business planning process.

1.2 Our business planning continues to be underpinned by a relentless focus on our priority outcomes and their supporting delivery outcomes. In July, Cabinet agreed to amend our 'making best use of resources in the short and long term' priority outcome to 'making best use of resources now and for the future' to better reflect the greater emphasis that is being placed on addressing and adapting to climate change. This will ensure that the future impact of the choices we make about using resources is actively considered across all that we do, as well as the here and now.

1.3 The Reconciling Policy, Performance and Resources (RPPR) process matches available resources with our delivery plans for our priority outcomes so that we focus 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 2022/23 and beyond has taken into consideration our full analysis of key trends and pressures and translates this into service and financial plans which reflect ongoing Covid recovery alongside developments in 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 3), Medium Term Financial Plan (MTFP) (Appendix 2) and Capital Programme (Appendix 8) set out in this report.

1.4 The past decade has seen the Council innovate, work as One Council and work proactively in partnership to transform services and manage the resources we have as effectively as possible for local people. We also took difficult decisions to reduce or step back from services when we had to, in order to live within our means and protect core services for the most vulnerable. Overall, this meant delivering savings of £137m between 2010 and 2021 to balance our books. Our strong track record of robust and prudent management, coupled with additional short term financial support from Government, allowed us to offer relative stability to our residents during the social and economic shocks brought about by the Covid pandemic, and support that drew upon well-established local networks. Our strong foundation, coupled with temporary Covid impacts on service demand, also enabled us to make one-off investments to support delivery of our commitment to carbon neutrality and improvements to the roads and pavements which support our county's economy and communities.

1.5 However, despite achieving short term stability, we know that in the years ahead demand and costs will continue to grow, and there will be additional expectations arising from national reforms, bringing new and sustained financial and service pressures which will impact on our MTFP and ability to meet needs. The details of key reforms in major, demand-led, service areas such as adults' and children's social care and special educational needs and disability (SEND) are yet to solidify, creating significant risk and uncertainty for the future. The longer-term impact of Covid is also unclear and is likely to generate increased demand for our services. We need to continue to do all we can now to prepare for these future challenges and ensure we will be in the strongest possible position to manage their impacts whilst protecting services, particularly support for the most vulnerable children and adults.

1.6 Our lobbying of Government, individually and through our networks and partnerships, has been robust in signalling the challenges we face and this sustained message has had an impact. The Spending Review and Provisional Local Government Finance Settlement saw some recognition of the pressures on local government in the form of an increase in grant funding and funds to deliver reforms to Adult Social Care. However, the additional grant provided by Government will have to stretch thinly across a range of new or increased costs; social care reform funding is unlikely to cover all expectations, creating significant risk; and, critically, the settlement represents a holding position for a single year, with plans for significant reform to the way local government funding is allocated from 2023/24 onwards, leaving much uncertainty about our future financial position.

1.7 In addition, there continues to be a reliance on Council Tax to fund ongoing core pressures from rising demand, particularly for social care. Government has extended 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. Government funding calculations for 2022/23 assume Councils will take the new 1% precept, with this factored into the allocation of funding to local authorities. Given the very significant risks we face in the medium term we do need to apply this precept, in addition to the 1.5% we were able to defer from 2021/22 in recognition of the pressures faced by residents at the peak of Covid restrictions. We will continue to make the case to Government that individual authorities' ability to raise Council Tax is unrelated to need for services and is particularly problematic for areas such as East Sussex with high need for social care services, but where capacity for local people to pay more to support these services is limited.

1.8 The additional funding announced, together with our prudent planning, means that, for now, our financial position remains secure, and for a third year we do not need to seek any further savings beyond those already planned. We will continue to use this window of stability to support recovery from Covid, prepare and protect services for the changes ahead and invest in key priorities for local people such as maintaining our roads and working to reduce our carbon emissions. This includes being in a position to remove planned savings in children's early help services in response to increased demand for support to families experiencing challenges, and while we await the outcomes of national reviews in children's social care which will inform our future service model. However, the position beyond 2022/23 is much less clear. As well as the risks arising from service reforms, Government will be consulting on updating the national assessment of needs and resources on which funding allocations for Councils are based. Although we will work hard to articulate the specific needs of East Sussex, the impact of any changes on our future funding is far from clear, particularly in the context of the Government's Levelling Up agenda. The updated financial outlook presented in this report therefore signals that we are likely to face a much more challenging position from 2023/24 onwards.

1.9 The Capital Programme has been extended to maintain a 10 year outlook. The programme continues to provide for targeted basic need, including essential budgets for school places, SEND provision and highways infrastructure. Highways capital investment has been increased to reflect the importance we place on our road network and its role in providing connectivity for our businesses and communities. The additional investment will enable us to maintain our current road condition performance, which exceeds current targets, over the 10 year period. The Council's commitment to work towards carbon neutrality from its operations has been reflected in the addition of climate change to basic need criteria which will enable us to put in place a programme for the extensive works necessary to progress the decarbonisation of ESCC's operations towards net zero.

1.10 This report sets out:

- Key changes to the national and local context since the report to Cabinet on 30 September 2021;
- the draft Council Plan 2022/23 and updated MTFP;
- key updates on performance since quarter 2;
- proposals for the 2022/23 revenue budget, taking account of changes in the financial picture since September and based on an increase in Council Tax of 1.99% and an Adult Social Care precept of 2.5%;
- the savings planned for the next two years;
- the Capital Programme update and the rationale on which it has been developed; and
- feedback from engagement exercises and equalities impacts.

2. National and Local Context

2.1 Since the last report to Cabinet in September the national policy environment has continued to evolve rapidly, with significant announcements which will impact on us locally. Key developments are set out below along with detail of how we are responding:

2.2 **Spending Review, Government Funds and National Economic Outlook:** The Chancellor announced a three year Spending Review on 27 October. The headline presented by the Treasury for local government was an average 3% real terms increase in Core Spending Power each year over the Spending Review period. This includes additional grant funding of £4.8bn for local government over the period, plus £3.6bn to support implementation of Adult Social Care funding reforms announced in September raised from the new health and social care levy on national insurance contributions (the remaining £1.7bn of the £5.4bn allocated to social care from the new levy is to be deployed nationally – see paragraph 2.11 below). However, a significant proportion of the Core Spending Power increase comes in the form of powers to raise additional Council Tax from local residents, particularly through a further 1% Adult Social Care precept across all upper tier local authorities, unrelated to need, which is expected to be in place for the next three years. Further business rates retention now appears unlikely. Michael Gove, the Secretary of State for Levelling Up, Housing and Communities, has indicated that progressing with greater business rates retention would be 'against the broader principle of Levelling Up' as it would benefit areas that already have greater and more secure income from business rates. The Spending Review did however confirm the continuation of Business Rate Pools for 2022/23.

2.3 The one year provisional Local Government Finance Settlement received in December provided further detail on the headline announcements for local government in the Spending Review, particularly the allocation of new grant funding. This has largely been split into funding for social care (children's and adults) and a 'services grant' allocation for one year only, intended to support local authority financial stability whilst a National Funding Review is undertaken and proposals consulted on during 2022. This Funding Review will focus on updating the assessment of needs and resources, on which local authority funding allocations are based, with indications that it will include consideration of how the allocation of funding will support Levelling Up. Implementation of any changes to funding formulas as a result of the Review would take effect from 2023/24. Therefore from 2023/24 this funding will be used as transitional support and new allocations will be applied. We still await further information on some announcements made at the Spending Review including funding for SEND provision, highways, Supporting Families and disadvantaged children. The implications of the Spending Review and provisional finance settlement announcements for the Council's MTFP are set out in section 5.

2.4 The first round of successful bids to the Government's Levelling Up Fund, designed to support local areas with regeneration and infrastructure projects up to £20m in value, were announced alongside the Spending Review with East Sussex receiving £7.9m for our bid to replace the Exceat bridge. Projects in the county also secured £2.5m from the Community Renewal Fund, including schemes which will support skills and innovation. We were also one of 13 Councils successful in our 'Partnerships for People and Place' grant application. This programme will trial new ways of working between local and central government to deliver solutions to local challenges. The East Sussex pilot will focus on integrating action on health and climate change inequalities in Hastings.

2.5 Alongside the Spending Review in October, the Office for Budget Responsibility (OBR) published updated national economic forecasts which delivered good news on the economic and borrowing outlook after stronger than expected recovery from the Covid pandemic. The OBR indicated growth will be stronger than expected in 2021 and 2022, reducing the amount that Government will need to borrow. Updated forecast inflation rates for 2022/23 showed movements from September as follows: The Consumer Price Index (CPI) has increased from 1.89% to 3.88% and Retail Price Index (RPI) from 2.03% to 4.82%. Gross Domestic Product (GDP) was expected to rise 6.5% in 2021 (up from the predicted 4% in March), returning to pre-Covid levels by the end of the year, and to climb 6% in 2022. Labour shortages and stretched supply chains are likely to impact, particularly for the market sustainability of social care and possible impact on care fee levels.

2.6 Unemployment is expected to peak at 5.2% in 2022, lower than the 11.9% previously predicted. However, 'scarring' due to the pandemic will mean that the economy will remain 3% behind the pre-pandemic projected position and the OBR forecasts were prepared before the emergence of the Omicron variant in November. In September, Government announced that vulnerable households across the country would be able to access a £500m Household Support Fund to help them with essentials over the coming months as the country continues its recovery from the pandemic. We received £3.9m from the Fund to support local residents most in need this winter and worked with our borough and district and voluntary and community sector partners to rapidly develop and implement a collaborative approach to deploying the funding for maximum effectiveness.

2.7 **Levelling up and devolution**: Through the autumn further indications were given by the new Secretary of State for Levelling Up, Housing and Communities about the focus of the Government's flagship Levelling Up agenda, including four key aims: strengthening local leadership to drive real change; raising living standards especially where they are lower; improving public services especially where they are weaker; and giving people the resources necessary to enhance the pride they feel in the place they live. The Government's White Paper on Levelling Up is expected to be published early in 2022; it is anticipated this will provide further detail on how the above aims will be implemented and measured and arrangements for leading economic development, including the future role of Local Enterprise Partnerships. Further information on plans for progressing devolution in England, including County Deals, is also likely to be included.

2.8 **COVID-19 response**: rising rates of Covid infection through the autumn and into winter placed consequent pressures on health and social care services nationally and locally, although rates of serious illness and hospitalisation have to date been lower than last winter following the successful vaccination programme during 2021. In response to rising case rates and the emergence of the Omicron variant, the Government announced in December the introduction of 'Plan B' Covid measures, including the reintroduction of compulsory mask wearing and working from home where possible; these were subsequently extended into January. It was also confirmed that the booster vaccine programme would be accelerated with a target of offering all over 18s a booster by the end of December and extension of the booster programme to 16 and 17 year olds. Vaccinations were also extended to clinically vulnerable 5-11 years olds from January. The NHS vaccination programme was scaled up significantly during December, both nationally and locally, to support this. Locally, since September, the Council has worked with partners to respond to the increasing incidence of COVID-19 in line with our Local Outbreak Management Plan. We continue to work closely with the local care sector and with health partners in relation to the pressures on the health and care system which has experienced significant strain due to the number of Covid cases, coupled with staff shortages as a result of sickness or self-isolation. We are providing ongoing support to schools, particularly in light of staff shortages due to Covid and the ongoing roll-out of vaccination to the over 12s.

2.9 We have maintained our flexible approach to ensure services continued to operate safely and effectively as Covid cases increased through the autumn and winter. This included asking our staff to continue to work from home where possible to help minimise the impact of Covid on our workforce and workplaces, and redeploying staff where needed to support essential services. Face to face provision remained in place throughout where needed, with appropriate risk mitigation measures in place. Digital working has continued to underpin the provision of services with many staff continuing to work remotely throughout 2021/22 as well as the preceding year. Our Workstyles programme is preparing for the wider return of staff to offices when this is feasible and will begin implementing the resources necessary to support a hybrid working model across the organisation. This model will continue to capture the benefits realised from new ways of working through the pandemic, whilst ensuring our core service needs are at the heart of how we operate.

2.10 **Adult Social Care and Health**: Following the announcement of significant reforms to the funding of Adult Social Care in September, further detail was provided in a policy paper published in November. This included information on the workings of the new charging reform framework and confirmed some key outstanding policy details. Details included the standard level at which 'daily living costs' will initially be set and that government would introduce an amendment to the Care Act 2014 in relation to the way that people progress towards the £86,000 cap on care costs. This amendment, which was subsequently approved in the House of Commons, means that only the amount that an individual contributes towards their eligible care costs (at the local authority rate) will count towards the cap. The publication of the policy document also marked the start of a period of co-production of statutory guidance with the sector, building on draft Care Act regulations and guidance published in 2015, to be followed by a public consultation in early 2022. It is intended that the regulations and final guidance will be published in spring 2022, ahead of implementation of the new arrangements in October 2023.

2.11 This was followed in December by the publication of the Government's Adult Social Care White Paper: 'People at the Heart of Care'. The White Paper sets out a 10 year vision for reform, including how this will be supported over the next three years by the £1.7bn of funding raised through the health and care levy which has been reserved nationally to make improvements across the adult social care system. The paper sets out how some of this money will be spent to begin to transform the adult social care system in England, such as new investments in:

- housing and home adaptations, including a £300m commitment to better integrate housing into local health and care strategies, as well as £220m towards driving growth in housing with care;
- technology and digitisation, including £150m towards improving assistive technology and measures to improve how data is collected and used within adult social care;
- workforce training and wellbeing support, including a new Knowledge and Skills Framework, Care Certificates to provide sector-wide delivery standards, and investment in social worker training routes to support recruitment into the sector;
- support for unpaid carers, and improved information and advice; and
- innovation and improvement, including further detail on the planned new duty for the Care Quality Commission to independently review and assess the performance of local authorities in delivering their adult social care functions. The White Paper lists some of the criteria which assessments may look at, which include factors such as leadership; prevention strategies; transitions between services (e.g. children's to adult social care); and commissioning.

2.12 Later in December Government published information on the Market Sustainability and Fair Cost of Care Fund 2022 to 2023 which provided high level details, alongside funding details, for the introduction of a fair price for care and the implementation of duties to allow self-funders to ask their local authority to arrange residential care on their behalf from October 2023 (in addition to domiciliary care which is already in place). National funding of £162m will be provided in 2022/23 (£1.7m for East Sussex County Council) to support local authorities to prepare markets for reform through activities such as determining sustainable fee rates; engaging with providers to improve data on operational costs; engaging with self-funders to understand the impact of reform on the market; strengthening capacity for greater market oversight; and using the additional funding to increase fee rates. Further funding of £600m per annum nationally will be available in each of the subsequent two years subject to local authorities providing:

- a cost of care exercise (survey of local providers to determine a sustainable fee rate);
- a provisional market sustainability plan (covering 2022-25); and
- a spend report (detailing how the money has been spent).

The Government has indicated it will work closely with the sector to shape the implementation of fair rates for care, to help deliver sustainable services and prepare local care markets for implementing the other reforms outlined. ESCC expects to actively engage to help shape plans which will deliver positive and achievable outcomes, as well as to raise the potential implications if sufficient funding is not provided to local authorities to support the national commitments.

2.13 A further White Paper on Health and Social Care Integration is expected imminently. This is expected to set out further detail on measures to support integration, building on the Health and Care Bill currently progressing through Parliament, in areas such as shared outcomes, system leadership, financial incentives and frameworks, data and workforce.

2.14 Locally, considerable work has been undertaken by the local health and social care system to support service recovery from COVID. This includes refreshing our health and social care plan which was originally agreed in March 2020 after engagement and consultation across our local systems. The updated Plan for 2021/22 sets out our delivery priorities across health, social care and wellbeing, and our response to the impact of the pandemic and our population health needs. It brings together our shared priorities with a clear focus on improving population health and addressing health inequalities. Workforce has also remained a key challenge for care providers as Covid, mandatory vaccination, competition from other sectors and reduced ability to recruit from overseas combined to exacerbate existing shortages. In addition to our organisational response to this we are exploring where our collaboration can support the recruitment challenge across all of our sectors.

2.15 Alongside this ongoing work to support service provision, preparations have been made for the planned implementation of health reforms from which will see the Sussex Integrated Care System (ICS) placed on a statutory footing from July 2022. The ICS structures will incorporate arrangements for local authorities to participate in an NHS Integrated Care Board (ICB), which will take over responsibility from Clinical Commissioning Groups for commissioning healthcare services. and a wider Integrated Care Partnership (ICP). It has been agreed that 'Place' has a primary role in our ICS. There are three 'Places' within the Sussex ICS (East Sussex, Brighton and Hove and West Sussex), with the Council continuing to being a lead partner with our local NHS in the East Sussex Health and Care Partnership. Delivery of integrated health and social care services will continue to largely be led locally at place level, and we will continue to work together to join up services across community health and social care, primary care, mental health and urgent and emergency care and the full range of local government and voluntary, community and social enterprise (VCSE) services and support that impact on the wider determinants of health. 2022/23 will see a continued focus on delivering more coordinated care to our frail population through increasingly integrated service provision and working with primary care to develop our model for closer working in our communities to do this as well as tackle health inequalities. The ICS also covers children's services and a new ICS Children's Board is being created through which it will be possible to promote Sussex-wide developments as well as ensure oversight over work in East Sussex.

2.16 **Climate and environment**: In October, the Government announced its national Net Zero Strategy: 'Build Back Greener', ahead of the COP26 climate summit which took place in November. Building on the 10 Point Plan for a Green Industrial Revolution published in 2020, the strategy sets out key actions the Government intends to take to progress against its commitment to reduce UK carbon emissions to net zero by 2050 encompassing:

- decarbonisation pathways to net zero by 2050, including illustrative scenarios;
- policies and proposals to reduce emissions for each sector; and
- cross-cutting action to support the transition.

The strategy includes a section on local action, including the establishment of a Local Net Zero Forum through which Government intends to work with local government to discuss policy and delivery options on net zero and continuation of the Local Net Zero Programme to support all local areas with their capability and capacity to meet net zero. In November, the Government published its Heat and Buildings Strategy which set out the need for virtually all heat in buildings to be decarbonised to meet net zero. It includes a range of measures to reduce dependence on oil, Liquified Petroleum Gas (LPG) and gas heating including banning the sale of new gas boilers by 2035, accelerating the use of heat pumps, large scale trials of hydrogen for heating and potential adjustments to environmental levies to make electric heating more cost effective. Both the Net Zero Strategy and the Heat and Buildings Strategy set out a large number of commitments. Detail about how delivery will take place in many areas is yet to be defined and there are concerns that the national funding committed to date will not be enough to meet the commitments made.

2.17 Locally, we have continued to deliver our corporate Climate Emergency Action Plan 2020-2022 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. In November Cabinet agreed further one-off investment of £3.055m for 2022-23 to 2023-24 to assist in meeting this target. The investment will enable us to build on existing capacity and projects to assist the Council to mainstream our action on climate change. As part of this work, our Climate Emergency Action Plan will be refreshed and extended during 2022.

2.18 The Environment Bill gained royal assent in November, enshrining in law new requirements which aim to ensure the environment is at the centre of policy making and Governments are held accountable for making progress on environmental issues. The new Environment Act:

- Creates a duty on ministers to have due regard to five environmental principles when making Government policy in future;
- Introduces a framework for legally-binding environmental targets and establishes a new, independent Office for Environmental Protection;
- Introduces measures to revolutionise how we recycle; and
- Enhances local powers to tackle sources of air pollution; secure long-term, resilient water supplies and wastewater services; and protect nature and improve biodiversity.

The key implications for ESCC are in the areas of recycling (in our role as waste disposal authority), tree planting (as a landowner), and biodiversity, including new Local Nature Recovery Strategies and the legal requirement for Biodiversity Net Gain to be incorporated into land development and planning.

2.19 **Children's Services**: The outcomes of national reviews of Children's Social Care and SEND are still awaited, with latest indications that these are likely to be published in the first half of 2022. Both are likely to be significant for the future direction of these services and therefore have impacts for the County Council. The reviews by the national children's safeguarding panel into two cases involving the murder of children may also lead to further practice requirements and/or guidance in respect of children's social care. In November Government announced that local authority participation in the national transfer scheme for unaccompanied asylum seeking children (UASC) would be temporarily mandated (rather than voluntary) to further facilitate the provision of placements for children. The move aims to end the use of hotels for UASC, and address responsibility falling disproportionately on certain local authorities, following the unprecedented recent pressure on the asylum system. This will increase the number of UASC looked after by ESCC.

2.20 **Looking ahead**, the Government's main priorities for the next year are expected to be led by the further development of the domestic 'Levelling Up' policy and strategies in relation to economic growth and skills, the ongoing response to and recovery from COVID-19 and the related economic and health consequences, and delivery of major reforms announced or signalled in areas including health and social care, net zero, planning and environment and children's services. All of these are likely to have significant implications for the Council.

3. Council Plan

3.1 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 now and for the future. Making best use of resources now and for the future 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. There are no changes to the delivery outcomes.

3.2 The Council Plan contains the targets and milestones used to judge our performance. The Cabinet and County Council actively consider performance during the year and may decide to adjust targets to reflect any changed circumstances. New and continuing measures highlight the Council's work to support health and social care integration and our ambition to achieve carbon neutrality. We have reviewed and updated our targets where necessary to ensure these continue to reflect our ambitions. As part of this we have updated our future targets for emissions arising from Council operations, based on the Tyndall Carbon Budget Reports which draw on the latest science to calculate targets which enable local authorities to make a representative contribution to keep to the 'well below 2°C and pursuing 1.5°C' global temperature target. 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.

3.3 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 2022 and refreshed in July when final performance outturn figures for 2021/22 are available. Authorisation is sought for the Chief Executive to make final changes pre and post publication in consultation with Lead Members, as appropriate.

4. Progress with Council Plan & Budget 2021/22 since Quarter 2

4.1 Overall, our services are continuing to perform well. However, there are a few significant developments that have emerged since the quarter 2 monitoring report that we need to consider as part of our business planning for future years, in advance of the quarter 3 monitoring report which will go to Cabinet on 1 March 2022.

4.2 Performance in some services continues to be affected by the pandemic. It is unlikely that we will meet our target of 7,000 new service user interventions started through One You East Sussex as part of the Integrated Lifestyle Service, as we are receiving fewer referrals than expected from primary care. Our colleagues in primary care are continuing to focus on the vaccination programmes and delayed work. This may also have an impact on our work to improve the targeting of NHS Health Checks.

4.3 At quarter 2 we reported progress to enhance the delivery of Technology Enabled Care Services (TECS) more rapidly and more widely across areas including falls, frailty, crisis response and medication management, to avoid hospital admissions or re-admissions as amber. Despite an average of 193 new clients per month between April and October 2021, the total number of connections continues to decrease. At the end of October 8,283 people were receiving TECS, below the target of 8,500. This reduction is due to clients leaving the services, for reasons such as moving out of the county, clients' needs increasing resulting in them moving into supported living or care home settings, and people passing away.

4.4 There is currently no significant change to the projected quarter 2 revenue budget forecast business as usual service overspend of £3.3m. The general contingency of £4.0m will offset the deficit and the remaining £0.8m will be transferred to the Financial Management reserves in line with the Council's Reserves Policy and Robustness Statement. There is currently an estimated break even position, subject to further Government announcements and final service review; any minor surplus or deficit will be managed through reserves.

5. Revenue Budget 2022/23

5.1 This report has set out a number of significant challenges the Council will face in the coming years. The Medium Term Financial Plan (MTFP) as set out in Appendix 2, and detailed in the table below, sets a balanced budget for 2022/23 by providing funding to meet assessed financial pressures and sets aside funding to meet unquantifiable service risks in future years, with particular concerns regarding children's and adult social care and funding reform driven by the Levelling Up agenda. The provision of the one year Services Grant of £5.175m was not specifically planned for, and is included within the MTFP as an opportunity for one off investment. Whilst balanced for 2022/23, the MTFP by 2024/25 projects a deficit of £9.6m.

Movement since Cabinet 30 September 2021	**Ref**	**Estimate (£m)**			
		2022/23	**2023/24**	**2024/25**	**Total**
Cabinet 30 September 2021 DEFICIT/(SURPLUS)		**3.204**	***8.826***	***10.059***	***22.089***
NORMAL UPDATES					
Business Rates Retention	A	(2.009)	(1.735)	(0.501)	*(4.245)*
Revenue Support Grant - confirmed at SR21	A	(1.212)	1.473	0.384	*0.645*
Council Tax Base	B	(3.126)	*(1.390)*	*(1.458)*	*(5.974)*
Council Tax Collection Fund	C	(4.334)	*4.334*		*0.000*
General Contingency	D	0.090	*(0.020)*	*0.030*	*0.100*
Treasury Management (TM) budget provision for proposed programme	E			*1.300*	*1.300*
TM Budget - LINK interest rates uplift	E			*(1.700)*	*(1.700)*
Pressures added to / (removed from) the MTFP					
Contract inflation and collection fund risk	F	8.702	*0.251*	*0.597*	*9.550*
Contractual inflation - Waste Model	F	0.547	*0.433*	*0.137*	*1.117*
Pay award	G	1.109	*0.687*	*0.711*	*2.507*
Local Government Pension Scheme (LGPS) employers' contributions - triennial valuation	H		*1.800*	*0.020*	*1.820*
CET: Waste Housing Growth	I	(0.130)	*0.043*	*0.118*	*0.031*
CSD: Growth and Demography (G&D)	J	1.456	*0.502*	*0.569*	*2.527*
CSD: Looked After Children G&D (covid-related)	J	1.393	*1.316*	*1.758*	*4.467*
CSD: Looked After Children G&D (covid-related) - funded from Covid Reserve	J	(1.393)	(1.316)	(1.758)	*(4.467)*
ASC: Community Hubs	K	(0.440)	*0.440*		*0.000*
Pressures Protocol – bids approved by CMT	L	0.573	*(0.184)*	*(0.078)*	*0.311*
Council Tax Reduction Scheme Changes (Lewes DC only)	M	0.801	*0.023*	*0.023*	*0.847*
Remove Early Help Saving	N	0.893			*0.893*
DEFICIT/(SURPLUS) AFTER NORMAL UPDATES		**6.124**	**15.483**	**10.211**	**31.818**
FINANCE SETTLEMENT					
Local Decision					
Business Rates Proceeds of Pooling 2022/23	O	(1.630)	*1.630*		*0.000*
ASC Precept 1% (only confirmed for 2022/23)	P	(3.149)			*(3.149)*
DEFICIT/(SURPLUS) AFTER LOCAL DECISION		**1.345**	***17.113***	**10.211**	**28.669**
Spending Review (SR) 21 **£1.6bn New Local Government Grant**					
Social Care Grant (adults and children's)	Q	(6.612)			*(6.612)*
Improved Better Care Fund	R	(0.639)			*(0.639)*
Revenue Support Grant	R	(0.119)	*(0.001)*		*(0.120)*
Services Grant (1 year only)	S	(5.175)	*5.175*		*0.000*
Transfer Services Grant to Reserves for One off investment opportunities	S	5.175	*(5.175)*		*0.000*

Movement since Cabinet 30 September 2021	Ref	Estimate (£m)			
		2022/23	2023/24	2024/25	Total
Other Announcements & Updates					
Social Care Grant (Continuation)	T	(2.432)			*(2.432)*
Market Sustainability and Fair Cost of Care Fund (MSFCCF) – held in adults	U	(1.745)			*(1.745)*
MSFCCF - New Burdens	U	1.745			*1.745*
MSFCCF - Support for New Burdens	V	3.149	(3.149)		*0.000*
New Homes Bonus	W	(0.702)	*0.702*		*0.000*
New Homes Bonus (NHB) to Capital Programme	W	0.702	*(0.702)*		*0.000*
NHB in MTFP	W	0.114	*(0.114)*		*0.000*
General Contingency Update	X	0.220			*0.220*
DEFICIT/(SURPLUS) AFTER FINANCE SETTLEMENT		**(4.984)**	**13.769**	**10.201**	**18.986**
Update to assessment of Needs and Resources / Transitional Protection (Continuation of Service Grant at 50%)	Y		*(2.588)*		*(2.588)*
Adult Social Care Precept 1% 2023/24 and 2024/25	Z		*(3.305)*	*(3.485)*	*(6.790)*
Transfer to Financial Management Reserve for CSD/SEND/ASC and Funding Reform/COVID legacy	AA	4.984	*(4.984)*		*0.000*
BUDGET DEFICIT/(SURPLUS)		**0.000**	**2.892**	**6.716**	**9.608**

5.2 NORMAL UPDATES:

A Business Rates Retention / Revenue Support Grant (RSG)
The current planning assumptions on business rates and RSG have been adjusted to reflect actual inflation reported in September and SR21 announcements.

B Council Tax Base
Council Tax Base returns which give the most recent estimated base position as of January 2022, have now been made by District and Borough Councils. These show that for the County the large, estimated housing growth for this financial year has been achieved. In fact, the base position on property numbers is better than estimated in October returns meaning additional growth to the base.

Some District and Borough Councils estimated further increases in Local Council Reduction Scheme (LCTRS) support, following an increase this time last year due to the pandemic. The latest returns show that in most authority areas an increase has not occurred. Overall, as a County there has been a partial recovery to LCTRS levels. This recovery increases the Council Tax Base.

In total the Council's Base increase is now estimated at 1.26% net of LCTRS changes set out at M.

C Council Tax Collection Fund
With the increase in the Council Tax Base Districts and Boroughs, in their January 2022 returns, have identified a further £4.3m surplus that should be expected within the collection fund to bring this year collection for the Council up to the actual base position.

No future years' collection fund surplus / deficits are planned within the MTFP. This is difficult to estimate as it is clear the collection system needs to reset, and we wait to see if there is any long-term economic impact on collection.

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

E Treasury Management (TM)
As noted at Section 4 of Appendix 8a (Capital Programme Update), the overall impact on the TM budget for capital investment is dependent on a number of variables. These include timings, the level of internal balances and future interest rates. The capital programme update results in an increase in the cost of borrowing of £1.3m by 2024/25, with a need for further uplift to the TM budget outside the MTFP period.

Additionally, our treasury advisors Link Asset Services are now forecasting improved returns on investments as the market improves quicker than expected in the medium term. This improved position results in additional income estimated at £1.7m annually for the medium term.

F Inflation for Contracts and Collection Fund Risk
The Office for Budget Responsibility published its updated forecast inflation rates for 2022/23 on 27 October 2021. There have been material increases, reflecting supply chain and staffing pressures, which have now been reflected in our inflation and waste model as appropriate. The use of additional collection fund surpluses identified in January 2022 by District and Boroughs will help manage this risk.

G Pay Award
The estimated pay award has been increased to 2% for 2021/22 and 2.5% for 2022/23 onwards.

H Local Government Pension Scheme (LGPS) Employers' Contributions
The triennial actuarial valuation is due late in 2022/23 for the following three years. The impact of increasing inflation has the potential to increase the employer contributions, therefore an estimated 1.5% has been added to both primary and secondary contributions from 2023/24 onwards.

I Communities, Economy and Transport (CET): Waste Housing Growth
The Waste Model has been updated for the latest housing growth estimates.

J Children's Services (CSD) Growth & Demography
CSD have provided updates for growth and demography, both for Business as Usual and Covid-related Looked After Children Services. It is proposed that the Covid-related growth and demography be funded from the Covid Grants Reserve.

K Adult Social Care (ASC) Community Hubs
The £880k budget for Community Hubs was not required in 2021/22 due to delays in setting up the model due to Covid, plus any related costs arising during the year could be covered by COVID funding, so there was a one-off transfer to reserve. The model is now being developed and half of the budget is required for 2022/23 with the full amount being reinstated for 2024/25, although further work is needed to understand the post-Covid model.

L Pressures Protocol
As is normal practice a number of bids were approved by Corporate Management Team (CMT) as follows: -

Dept	Description	2022/23	2023/24	2024/25	Total
BSD*	Information Technology & Digital (IT&D): Microsoft licencing	0.250			**0.250**
BSD	IT&D: SAP system	0.157	(0.079)	(0.078)	**0.000**
CET	Deferral of Libraries savings	0.105	(0.105)		**0.000**
CET	Transport Development Control	0.070			**0.070**
CET	Funded from reserve	(0.070)			**(0.070)**
CET	Planning & Environment	0.061			**0.061**

Total Pressures Bids	**0.573**	**(0.184)**	**(0.078)**	**0.311**

* BSD – Business Services Department

M Council Tax Reduction Scheme Changes by District/Borough Councils

Council Tax billing authorities are required to review their Local Council Tax Reduction Schemes (LCTRS) annually and to consult publicly on any proposed changes. Both Lewes and Rother District Councils have consulted on changes to their LCTRS for 2022/23. The final decision to set or change the LCTRS rests solely with each billing authority, although as a major precepting authority, the greatest financial impact will fall on ESCC.

Lewes District Council's Cabinet approved proposals at its meeting in December 2021. The estimated loss of income is modelled to be £1.133m, of which the largest loss of income of £0.801m will fall on ESCC.

Rother District Council is also proposing to make changes to its LCTRS, although they are unable to accurately assess the number of potential claimants, but it is not expected to be significant, and the loss of income will be minor.

N Removal of CSD Early Help Saving

Proposed permanent deletion of 2022/23 target of £0.893m.

5.3 FINANCE SETTLEMENT:

The settlement is for a single year only (further details on proposed funding reform and consultations are due to follow in the new year) and includes an additional £3.5bn in Core Spending Power (CSP) over last year's settlement. However, this increase includes allowed ASC precept and Council Tax even if they are not taken. There remain a number of grants that have yet to be announced in detail, as set out below. We have assumed these are associated with new burdens and therefore have a net nil impact on the budget and they have been excluded from the MTFP at this point.

Budget Announcements to be confirmed	Total (£m)
Of the £4.8bn New Grant:	
Supporting Families Programme	200
Cyber Security	38
Transparency Requirements	35
Supporting Families	
Advice Centres	82
Expectant Parents Mental Health Support	100
Breastfeeding Support	50
To be confirmed	68
Disadvantaged Children	
Holiday Activities and Food Programme	600
Regulation and Safeguarding	104
Adoption Strategy	7
Residential Children's Homes	259
SEND School Places	
30,000 new places	2,600
Highways and Transport	
Local road maintenance	2,700
Buses	3,000
Cycling and Walking	2,000

O Continuation of Business Rates Pooling 2022/23
It was confirmed at the Provisional Settlement that the Business Rates pooling arrangements will be allowable in 2022/23. Proceeds of pooling have been updated using published information from District and Borough Councils.

P Additional 1% Adult Social Care Precept
The Spending Review 2021 (SR21) document confirms that the Council Tax referendum limit is expected to remain at 2% per annum for the Spending Review Period. Additionally, authorities with ASC responsibilities are expected to be able to raise an ASC precept by up to 1% in 2022/23. Future years are not confirmed at this time; see paragraph Z.

Q New Social Care Grant (adults and children's)
As part of the £1.6bn new Government Grant funding announced at SR21, the Council will receive £6.6m Social Care Grant, distributed using the Adult Social Care Relative Needs Formula, with equalisation for the impact of the 1% social care precept. This grant is assumed for the life of the MTFP.

R Improved Better Care Fund and Revenue Support Grant
As part of the £1.6bn new Government Grant funding announced at SR21, there is an inflationary increase to the Improved Better Care Fund and Revenue Support grant, providing an additional £0.639m and £0.120m respectively.

S Services Grant
As part of the £1.6bn new Government Grant funding announced at SR21, the Council will receive a Services Grant of £5.175m. The statement highlights that this is a one-off grant and will not be taken into consideration for transitional protection when future system changes are made (but will be used for transitional support). In future years the distribution formula may change with regard to transitional support. This grant will be held in the Financial Management Reserve for one-off investment opportunities.

T Social Care Grant (continuation)
It was announced at SR21 that the Social Care Grant will be no less than that received in 2021/22, and that funding levels would be maintained at least in the short term.

U Market Sustainability and Fair Cost of Care Fund / New Burdens
£162m has been allocated to local authorities from the funds raised in the National Insurance Health and Social Care levy. This Market Sustainability and Fair Cost of Care Fund is allocated to support authorities prepare for paying a fair rate of care and is therefore assumed as a net nil impact. The grant will provide £1.745m which will be allocated directly to ASC; any unused grant will be transferred to the proposed new ASC Reform Reserve.

V Market Sustainability and Fair Cost of Care / Further Support for New Burdens
It is proposed that the £3.1m raised from the additional 1% ASC Precept be set aside to cover any new burdens in excess of the funding available. The grant will be allocated directly to ASC; any unused grant will be transferred to the proposed new ASC Reform Reserve.

W New Homes Bonus
The New Homes Bonus has been 'rolled over' for another year, with allocations made and the final 2019/20 legacy payment honoured. The lower tier services grant has been 'rolled over' at £111m nationally, and with a new cash terms funding floor. Due to a significant number of new homes completing in the 12 months to October 2021 this is an additional £0.702m. Historically this has been used to support capital infrastructure and it is therefore proposed to move this to the Capital Programme alongside the additional £0.114m already in the MTFP.

X General Contingency Further Update
This is calculated at an agreed formula of 1% of net budget less treasury management and is a further update as a result of the settlement.

Y Continuation of Services Grant
As stated at paragraph S, the 2022/23 allocation is for one year only and in future years the distribution formula may change with regard to transitional support. A prudent estimate for future years is 50% of the current allocation.

Z ASC Precept 1% in 2023/24 and 2024/25
As stated at paragraph P, the power to raise an ASC precept by up to 1% beyond 2022/23 has not been confirmed.

AA Transfer to Reserve
The estimated balance of £4.984m after Finance Settlement will be transferred to the Financial Management Reserve to mitigate future risks around Children's Services, SEND, Adult Social Care, Funding Reform and Covid legacy.

5.4 Appendix 4 shows the detailed savings, with figures in the first section and equality impact assessments (EQIAs) in the second. The targets have been updated for proposed removal of Children's Services Early Help savings. For the period 2022/23 to 2023/24 there are savings targets of £2.604m. No new savings are being sought; normally the Council would be setting a three year programme of savings but with the uncertainty of future years' settlements it would be premature to seek new savings at this juncture.

5.5 The table below summarises the COVID grants available with expected usage. Clarity has been received that the Contain Outbreak Management Fund can now be carried forward beyond 31 March 2022. The carry forward of £19.9m of COVID funding provides the opportunity to continue to mitigate the impact of COVID, within grant conditions.

COVID-19 Grants 2021/22 (£m)	**Carried forward**	**Expected in-year**	**Forecast usage in-year**	**Specific set-aside for LAC in future yrs**	**Forecast balance remaining**
COVID-19 General Funding	15.132	11.979	(9.704)	(4.457)	12.950
COVID-19 Specific Funding	15.784	27.928	(36.804)		6.908
Total funding	**30.916**	**39.907**	**(46.508)**	**(4.457)**	**19.858**

6 2023/24 and beyond

6.1 Whilst the Council has received some very welcome additional funding from the Government, it remains challenging to plan for 2023/24 and beyond. The level of Government funding that ESCC will receive between 2023/24 – 2024/25 is not confirmed; Although the Spending Review 2021 was for three years, the provisional settlement was one year only with indicative levels for the subsequent two years, meaning there remains uncertainty over actual levels of funding ESCC will receive and how the Levelling Up agenda will be implemented in future years. The strongest indication of a change in policy is that 75% business rates retention is not now likely to be implemented.

6.2 This uncertainty in future local government funding beyond next year means that, whilst the budget is balanced in 2022/23, until the Local Government Financial Settlement 2022, or other announcements, provide confirmation of funding, there is the potential requirement for further savings of £9.6m by 2024/25.

6.3 The Council has a robust planning process and sufficient reserves and will continue to work towards a balanced position in 2023/24. The Reserves and Robustness Statement is set out in Appendix 6.

7. Council Tax requirement

7.1 Cabinet agreed in September that budget planning should be on the basis that Council Tax is increased by 1.99% and that the Adult Social Care Precept maintains at 1.5% in

2022/23 as part of the allowable 3% across two years as announced at Spending Review 2020.

7.2 The Provisional Local Government Settlement 2022/23 provided for an additional 1% Adult Social Care precept (in addition to the 1.5% provided for as part of the Spending Review 2020). Taking into account the significant risks and uncertainties related to the national reforms of Adult Social Care it is proposed that this is included. It was announced at Spending Review 2021 that an additional 1% ASC precept in 2023/24 and 2024/25 is expected, although this will be confirmed as part of future government announcements. It is therefore proposed that the County Council be asked to consider increasing Council Tax in 2022/23 by 4.49% (1.99% Council Tax plus 2.5% Adult Social Care precept). If agreed, the proposed band D charge for 2022/23 would therefore be:

Changes in Council Tax	£ per house at Band D	
	Council Tax Annual	Council Tax Weekly
Band D 2021/22	£1,544.04	£29.69
Council Tax increase*	£30.78	£0.59
Adult Social Care precept* 2.5%	£38.52	£0.74
Indicative Band D 2022/23*	£1,613.34	£31.02

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

7.3 The formal precept notices for issue to the Borough and District Councils will follow the formal recommendation by County Council. The current position is subject to change following final figures on Collection Fund and Business Rates provided by Borough and District Councils at the end of January 2022. The draft precept calculation is therefore set out at Appendix 5.

8. Capital Programme

8.1 The capital programme focuses on the delivery of basic need for the Council to continue to deliver our services as efficiently as possible. The areas of targeted basic 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).
- Climate Change.
- Information Technology & Digital (IT&D).
- Economic Intervention.
- Adults' and Children's House Adaptations Programme.
- Libraries.

8.2 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.

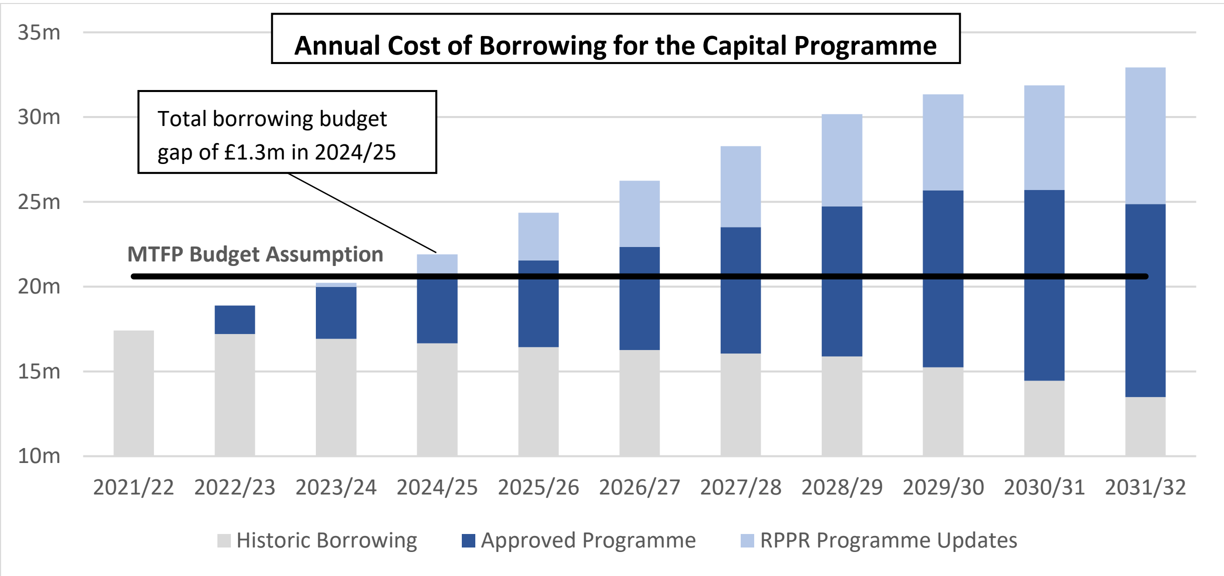
8.3 The planning horizon has been extended to 2031/32 to maintain the 10 year programme and to include a nominal level of investment for Climate Change as basic need as agreed at State of the County. Services have also presented areas of growth in basic need requirements and these have been included in the programme where these represent reasonable synergy with the basic need principles. These updates include:

- Additional investment of £3.1m per year to uplift the basic need target and maintain current road conditions of 4% (A Roads), 4% (B&C Roads), 14% (Unclassified roads) being "red" over the next 10 years.

- A total of £15.3m new and early investment to support essential works to highway structures and address a backlog of life-expired street lighting columns, enabling the annual capital budget requirement for streetlighting to be reduced by £4.5m in the later years of the programme.
- £6.0m of new investment to support the Council's commitment to carbon neutrality by 2050 at the latest, in addition to £3.6m capital approved by Cabinet in November 2021. The additional funding will enable the acceleration of a range of carbon reduction initiatives including transitioning away from gas or oil-fed heating systems, the installation of energy efficient lighting, and the future proofing of the estate through enabling works that will facilitate later delivery of decarbonisation.
- An update to the School Basic Need programme to provide additional early years provision in areas of planned housing development.
- £19.1m to provide important additional SEND provision in the north of the County.

8.4 It is proposed that a capital programme of £346.1m be set over the MTFP period from 2021/22 to 2024/25 (current year plus three) and requiring £157.5m of borrowing, with the remaining years to 2031/32 being indicative to represent longer term planning. The update to the capital programme can be found at Appendix 8a.

8.5 The revenue impact of additional borrowing to fund the updates to the capital programme have been made in the MTFP. The capital programme updates result in a significant increase in the cost of borrowing (£1.3m by 2024/25) and, as shown in the graph below, there will be a need for further uplift to the Treasury Management budget in the latter years of the programme. There are also a number of risks and uncertainties regarding the programme to 2024/25 and beyond, of which some are identified at Appendix 8a, necessitating holding a risk provision of Treasury Management capacity to allow for additional borrowing for emerging risks.



8.6 The Council's current Capital Strategy covers the period 2021/22 to 2041/42 and was approved as part of RPPR 2020/21. The 20-year Capital Strategy has been updated to reflect emerging risks, principles and corporate priorities. The updated Capital Strategy can be found at Appendix 8c.

9. Robustness and Reserves

9.1 At State of the County in July 2021 there was an estimated a total reserves balance of £89.6m by March 2025. Since then there have been some updates and, moving the estimates on a year, the balance at 31 March 2026 is estimated at £91.7m of which £25.0m relates to strategic reserves. The current reserves position is shown below.

		State of the County Report 20/21 (£m)			Full Council February 2022 (£m)	
		01.04.21 Actual	Estimated Balance at 31.03.25		01.04.22 Estimate	Estimated Balance at 31.03.26
Earmarked Reserves:						
Held on behalf of others or statutorily ringfenced		**32.3**	**31.7**		**33.7**	**34.2**
Named Service Reserves						
Waste Reserve		16.1	5.0		16.1	9.7
Capital Programme Reserve		12.4	8.9		19.7	7.5
Insurance Reserve		7.4	5.4		6.8	5.3
Adult Social Care Reform Reserve (NEW)		0.0	0.0		0.0	0.0
Subtotal named service reserves		**35.9**	**19.3**		**42.6**	**22.5**
Strategic Reserves						
Financial Management		50.1	25.2		52.7	21.8
Priority Outcomes and Transformation		8.0	3.4		17.0	3.2
Subtotal strategic reserves		**58.1**	**28.6**		**69.7**	**25.0**
Total Earmarked Reserves		**126.3**	**79.6**		**146.0**	**81.7**
General Fund Balance		***10.0***	***10.0***		***10.0***	***10.0***
TOTAL RESERVES		**136.3**	**89.6**		**156.0**	**91.7**

9.2 The level of reserves held by the Council is considered appropriate. In the recent uncertain financial, economic and political times councils have grappled with the challenge of delivering services within a difficult financial landscape. That uncertainty is brought into sharp focus given the lack of clarity about what funding will be provided for councils beyond next year as a result of the Levelling Up agenda and Adult Social Care reform. 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 6.

10. Engagement Feedback and Future Consultation

10.1 The views of the Scrutiny Committees are set out in Appendix 7. The views of partners are also included in the appendix.

10.2 The outcomes of engagement events with young people, Trades Unions and business ratepayers will be made available to Members once the meetings have been held and comments recorded.

11. Equalities

11.1 An initial Equalities Impact Assessment (EqIA) of the revenue savings proposals has been undertaken and is set out in Appendix 4. Where a detailed EqIA has been identified as required and completed it is available to Members. Further EqIAs will be undertaken where appropriate when individual proposals are being considered.

11.2 All proposed capital spending has been subject to an initial equalities assessment to identify potential impacts and identify whether a detailed EqIA is required (including if one has already been completed or is planned). Where the need for further equality assessment has been identified, this will be undertaken when individual proposals are being planned in more detail, to enable accurate analysis. A summary of the equality consideration of proposed capital spending is set out in Appendix 8b and where a detailed EqIA has been completed it is available to Members.

11.3 In considering the proposals in this report, Cabinet Members are required to have 'due regard' to the duties set out in Section 149 of the Equality Act 2010 (the Public Sector Equality Duty) as summarised in Appendix 8b. EqIAs are carried out to identify any adverse impacts that may arise as a result of proposals for people sharing legally protected characteristics and to identify appropriate mitigations. The full version of relevant completed EqIAs for revenue savings and capital projects are available on the Cabinet pages of the County Council's website. They can be inspected upon request at County Hall. Members must read the full version of the EqIAs and take their findings into consideration when determining these proposals.

11.4 Whilst the Cabinet is being asked to recommend, and subsequently the County Council asked to agree, the revenue budget and capital programme, the budget decision does not constitute final approval of what policies would be or what sums of money will be saved 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.

12. Fees & Charges

12.1 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 2.5%. Appendix 9 shows a schedule of the fees and charges approved at quarter 3 that have increased by more than 2.5%.

13. Conclusion

13.1 Prudent planning by the Council, and additional Government funding for the coming year, means the Council can again offer service stability for our residents. Whilst the additional national funding is welcome, it is short-term, with indications that the distribution of funding could change significantly in future years. Coupled with major reforms to key services, the implications of which are not yet clear, this creates significant risk and uncertainty for the future and we must do all we can now to prepare for the demands ahead.

13.2 There is continued reliance on raising funding for core pressures, particularly growing demand in Adult Social Care, through local Council Tax which is unrelated to social care need and unsustainable. It is also clear that funding provided to support the delivery of national reforms to Adult Social Care does not address current core pressures and may also not be enough to deliver the Government's expectations of local government's enhanced role. In this context we must again ask local people to contribute more to protect services for the most vulnerable for the future. Support will continue to be available through local Council Tax Support Schemes for those residents eligible.

13.3 The budget presented is for one year, with significant uncertainty about the picture ahead. Beyond 2022/23 we still face a significant gap between the funding we currently expect to have and the cost of providing our services as well as the undefined impacts of reforms. The proposals set out in this report put us in the best position we can to manage this situation and maintain our support to residents, particularly the most vulnerable children and adults, as well as providing opportunities for one-off investment to deliver priorities and reduce future demand where possible.

13.4 Our lobbying endeavours will therefore be critical over the coming year as Government reviews the way local authorities are funded. We will need to continue to work with our local, regional and national partners to highlight the specific needs of East Sussex and to press for fair and sustainable allocation of funding that enables us to continue to meet the needs of our residents. Core to this is a requirement for Government to ensure adequate and fairly distributed funding to support social care reforms, as well as sustainable, needs-based funding for growth in demand. Until this is delivered our medium term financial position will remain very challenging. 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.

BECKY SHAW
Chief Executive

Council Plan 2022/23

Introduction

This Council Plan sets out our ambitions and what we plan to achieve by 2025 for our four overarching priority outcomes: driving sustainable economic growth; keeping vulnerable people safe; helping people help themselves; and making best use of resources now and for the future.

The Council provides services used by all residents in East Sussex, including providing care and support to children, families and the elderly; maintaining the roads and providing library services; and working to boost the local economy.

The importance of these services has been highlighted even more by the COVID-19 pandemic, particularly the crucial support we provide for those in our county who are most vulnerable.

We will continue to address the impact of COVID-19 on local people, places and the local economy, supporting recovery and helping to tackle the longer-term consequences of the pandemic which we expect to create additional need for our support. We also know that demands on our services will continue to grow as a result of changing needs in our communities and a range of national developments which will have impacts on the Council's services.

The details of national reforms in major, demand-led, service areas, such as adults' and children's social care and special educational needs and disability, are yet to be confirmed, creating significant risk and uncertainty for the future. Although we have received welcome additional national funding for 2022/23 which provides stability in the short term, there is uncertainty about the funding we will have available in future years, particularly in light of planned changes to the way this is allocated by Government. We will do all we can now to prepare for these future challenges whilst continuing to make the case for fair and sustainable funding to meet the needs of East Sussex residents and business.

Our planning for the years ahead continues to be underpinned by a relentless focus on our priority outcomes and their supporting delivery outcomes. We are committed to addressing and adapting to the impact of climate change on our county. With that in mind, we will consider the future impact of the choices we make about using resources, as well as the short-term impacts, across all that we do.

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

A key partner in East Sussex is the voluntary, community and social enterprise (VCSE) sector. The VCSE sector generates economic, social and environmental benefits to communities across the county. For every eight businesses that employ staff in East Sussex, there is at least one VCSE organisation. The vast majority of these VCSE organisations are small; they employ at least 6,000 people across the county; and their volunteers contribute a total of 9.6 million hours each year – equivalent to almost 6,000 full-time workers. The GVA (gross value added) of East Sussex VCSE organisations is at least £76m and the value of volunteering to the local economy is estimated at £110m.

The VCSE organisations are often the first to respond to the needs of communities. Organisations provide specialist support that is often not available from other providers. They take a person-centred approach, supporting people to access the different systems they need in order to be able to live an independent life. They are also providing safe, accessible, and inclusive spaces for individuals, groups and the wider community, that support inclusion and belonging.

The impact of COVID-19 on the sector was dramatic, leading to great uncertainty, but also adaptation and innovation. Although collaboration was already strong prior to COVID-19, existing partnerships have been strengthened and new ones have emerged. There is a desire amongst East Sussex stakeholders to continue the creativity and imagination that has characterised voluntary and public sector collaborations during this time. However, there is need to understand and properly resource the work of the VCSE sector, proportionate to the economic, social and environmental value of the work it is carrying out, that has never been more important.

We consider equality, diversity and inclusion impacts throughout all aspects of our business planning processes. This ensures that our planned priorities are based on a good understanding of diversity and local needs and that we identify and respond to opportunities to remove barriers and maximise positive outcomes. We monitor the outcomes for people sharing different characteristics so that we understand our impact.

We have set a number of delivery outcomes under each overarching priority outcome. These shape the Council Plan performance measures and targets that are the main tool we use to assess our progress. We also keep track of a wide range of related key data evidencing local need in East Sussex.

These help us assess our impact more fully and respond appropriately when we need to do so. We review this data when making our plans and publish them with our State of the County report each year. A selection of this information is provided throughout the plan and listed in more detail at the end.

The Council has played a key role, through Team East Sussex in the publication of the East Sussex Economy Recovery Plan. The plan sets out six missions, with each mission outlining a different way in which the economy in the county can go beyond recovery from the COVID-19 pandemic and can grow and thrive while also becoming cleaner and greener.

The County Council will be updating its corporate climate emergency action plan during 2022 and, as a member of the Environment Board for East Sussex, is playing a key role in the development of the East Sussex Climate Emergency Road Map.

Our priorities and delivery outcomes

The Priority Outcomes

The Council has four overarching priority outcomes: driving sustainable economic growth; keeping vulnerable people safe; helping people help themselves; and making best use of resources now and for the future. Making best use of resources now and for the future is the gateway priority through which any activity and accompanying resources must pass. For each priority outcome there are specific delivery outcomes.

Driving sustainable economic growth - delivery outcomes

- East Sussex businesses are supported to recover and grow through the delivery of the Economy Recovery Plan
- The county's employment and productivity rates are maximised
- Individuals, communities and businesses thrive in East Sussex with the environmental, and social infrastructure to meet their needs
- The workforce has and maintains the skills needed for good quality employment to meet the needs of the future East Sussex economy
- The value of our role as both a significant employer and a buyer of local goods and services is maximised
- All children progress well from early years to school leaver and into education, training and employment

Keeping vulnerable people safe - delivery outcomes

- All vulnerable people in East Sussex are known to relevant local agencies and services are delivered together to meet their needs
- People feel safe at home
- People feel safe with services
- We work with the wider health and care system to support people affected by COVID-19 to achieve the best health outcomes possible

Helping people help themselves - delivery outcomes

- Commissioners and providers from all sectors put people first when providing services and information to help them meet their needs
- The most vulnerable get the support they need to maintain their independence and this is provided at or as close to home as possible
- Through our work with others, individuals and communities are encouraged to maintain and develop local mutual support systems

Making best use of resources now and for the future - delivery outcomes

- Working as One Council, both through the processes we use and how we work across services
- Delivery through strong and sustained partnership working across the public, voluntary community, and private sectors to ensure that all available resources are used to deliver maximum benefits to local people
- Ensuring we achieve value for money in the services we commission and provide
- Maximising the funding available through bidding for funding and lobbying for the best deal for East Sussex
- To help tackle Climate Change East Sussex County Council activities are carbon neutral as soon as possible and in any event by 2050

Priority - Driving sustainable economic growth

Priority Overview

A thriving economy in East Sussex is key to the wellbeing of the county. Ensuring that local people have access to relevant training and employment, well designed local infrastructure and services, a positively managed environment and accessible cultural activities, will have a positive impact on their wellbeing, enabling them to live independently of public sector support or benefits. Supporting our economy to recover and grow sustainably will help our communities to be more resilient and our businesses to be more competitive.

1.1 Economic Recovery

Delivery outcome: East Sussex businesses are supported to recover and grow through the delivery of the Economy Recovery Plan

East Sussex Reset: The Economy Recovery Plan for East Sussex, aims to build sustainable prosperity for our businesses, voluntary, community and social enterprise sectors, and support residents to access new opportunities that drive economic recovery and resilience.

Developed by Team East Sussex (TES), the local economic growth board, in direct response to COVID-19, the Recovery Plan focuses on businesses, skills and employment in a post COVID-19 landscape. The plan also supports other activities being progressed at a local level, including climate change and health and wellbeing initiatives.

The Plan consists of six missions: Thinking Local, Acting Local; Building Skills, Creating Jobs; Fast Forwarding Business; Better Places, Fuller Lives; Cleaner Energy, Greener Transport; and The Future is Digital. The plan seeks to deliver the change that is required to both respond to the pandemic but also capitalise on the opportunities it presents. We will review the Economy Recovery Plan in 2022/23 to support work to produce an Economic Statement which will set out our vision for how East Sussex can continue to build back better.

Trading Standards will continue to offer assistance to businesses in East Sussex to ensure they adapt and thrive in the changing regulatory regimes brought about by the UK's departure from the EU in December 2020. We will also commit resources to provide market surveillance activities at Newhaven Port.

1.2 Employment and productivity

Delivery outcome: The county's employment and productivity rates are maximised

The county is an economy of micro- and small- businesses with great potential for growth. We deliver the Business East Sussex Growth Hub and a range of bespoke business support programmes to help businesses thrive and diversify, as well as grants and loans programmes to support job creation and sustainable growth.

We have increased capacity to support business through the UK's transition from the EU and work closely with our partners to provide specialist advice, particularly in relation to exporting. Our commissioned Inward Investment service, Locate East Sussex, will continue to support existing businesses to find premises in order to grow and will work to attract new businesses to move into East Sussex, offering increased employment opportunities for the local workforce.

1.3 Local infrastructure

Delivery outcome: Individuals, communities and businesses thrive in East Sussex with the environmental and social infrastructure to meet their needs

Businesses can only thrive if they have the local infrastructure they need and access to the right skills in the local workforce. Our unique Highways contract with Costain and Jacobs is helping to maintain and improve our highway network to ensure it is safe, usable, and available to support the economy of East Sussex, while ensuring value for money for the Council.

We also coordinate street works, deliver public realm schemes and local transport infrastructure improvements to cope with the changing but increasing demand on the network. A number of infrastructure projects will continue or be delivered in 2022/23, including improvements to Terminus Road in Eastbourne, walking and cycling improvements in Eastbourne, Bexhill and Hastings and progressing the project to replace Exceat Bridge.

Business in the 21st century also need modern digital infrastructure. Our e-Sussex project to rollout super and ultra-fast broadband across the county has improved access to services, jobs and education, and has played a key role in enabling people to work from home during the pandemic.

Over 97% of premises have been connected to improved broadband speeds during our first and second contracts of work with BT. We will deliver the final phases of our third contract with the aim of connecting as close to 100% of premises in the county as possible. We will work with Government to support its plans to deliver even better digital and mobile infrastructure, including continuing to top-up Gigabit vouchers.

Transport for the South East (TfSE) is a sub-national transport body (STB) representing sixteen Local Transport Authorities and five Local Enterprise Partnerships in the South East of England. TfSE's Transport Strategy, published in 2020 actively chooses a preferred future for the region and sets out a plan for how to get there. Achieving that future will require significant investment in a better transport network. Over the next year TfSE will complete and consult on the first draft of their evidence based strategic investment plan which aims to directly influence decisions about investment in our regions transport network.

We will build on the county's economic strengths and unique characteristics to drive economic growth in sectors with the most potential to grow and provide employment. We will build on the areas where the county performs strongly, such as the creative industries and the visitor economy, construction, engineering, health and social care, and food and drink production; and look to the future to attract and retain new businesses that will provide the jobs of tomorrow.

The Council will also take on new duties and responsibilities arising from the Government's Environment Act and together with the Sussex Local Nature Partnership and other authorities across Sussex, we will develop a Local Nature Recovery Strategy for the county.

1.4 Workforce skills

Delivery outcome: The workforce has and maintains the skills needed for good quality employment to meet the needs of the future East Sussex economy

We want all local people to have the skills they need to succeed and for businesses to have access to a skilled workforce. Skills East Sussex (SES), the county's employment and skills board will continue to bring education providers together with business, to make sure that local training offers are relevant to the local economy.

SES provider-employer partnerships deliver a range of programmes to improve careers advice for young people to: deliver retraining programmes for adults and young people via the Government's Plan for Jobs; promote and deliver work-based training via schemes such as Apprenticeships and T-Levels; and to support those adults and young people who are furthest from the workplace through careers, pre-employment and digital inclusion initiatives.

1.5 Our role

Delivery outcome: The value of our role as both a significant employer and a buyer of local goods and services is maximised

As a body with significant spending power in the county we constantly review our procurement processes to ensure they are accessible to local suppliers, maximise the use of local providers in the supply chains, and secure added economic, social and environmental benefits. We have also updated our Social Value Measurement Charter to incorporate new measures that directly address the recovery of the local economy.

The Council has been paying the Apprenticeship Levy of approximately £1m per year since 2017. We have successfully implemented a workforce-based approach and have developed a strategy and action plan to maximise our draw down of the Levy to support employing new apprentices and current staff receiving qualifying apprenticeship training.

Following the launch of the Government's 'apprentice incentive scheme', the Council's Apprenticeship Team have worked with Recruiting Managers to ensure we make the best use of the scheme across the Council. This has generated 59 new apprenticeships and has been particularly successful in supporting recruitment to certain 'hard to fill' posts in the Adult Social Care and Health (ASCH) department. Whilst the Government scheme closes in May 2022, in light of its success locally, work is now taking place with outside providers who will be operating replacement initiatives to help attract and train new staff.

As part of the Hailsham Community College Expansion, just over £4m worth of social value was secured through the contract with Morgan Sindall – equating to a 46% social value commitment against the value of the contract. This included a significant commitment to spend within the local economy. The contractor has committed to employ eight apprentices during the course of the project and provide the equivalent of 128 weeks local employment opportunities to key groups such as NEETs (Not in Education, Employment, or Training) and LTE (Limited Term Employment). In addition, the design has been developed to minimise embedded carbon and on site carbon and Green House Gas emissions which will be reported and monitored during the project via a Carbon Calculator.

1.6 Children

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

We want local people to have the skills they need to succeed and all children to progress well from early years through school and into education, training and employment. We will work in partnership with schools and settings, within available resources, to meet the needs of all pupils and deliver excellent educational outcomes.

We will continue to place a strong focus on our most disadvantaged pupils to ensure that they achieve consistently high outcomes. We will also work closely with every school, setting and college to secure a strong Special Educational Needs and Disability (SEND) offer which makes education accessible to all children in their local community school.

The Hastings Opportunity Area (HOA) continues to work with local businesses, schools, colleges and nurseries to improve the education, emotional and mental wellbeing and employment prospects of young people in the town. Examples of best practice from this programme have been embedded across all areas of our work. Moving into its fifth year, the HOA programme is focussing on creating a legacy that builds on these foundations to embed and further sustain this model of partnership working so that Hastings' children and young people can all achieve to their full potential.

Educational attainment is negatively affected by poor rates of attendance. We will work closely with partners to secure a shared commitment across all providers to address pockets of poor attendance and reduce exclusions for all groups of children and young people. We will also develop and share best practice for encouraging attendance in the post 16 phase.

We will work with our partners, to promote post 16 participation in education and training, including provision and support for vulnerable groups and young people with learning difficulties/disabilities. Together, we will ensure that we prepare young people for work and improve their employability skills, including developing and utilising new online resources and virtual engagement activities and events, in response to restrictions imposed due to the pandemic.

The Standards and Learning Effectiveness Service has refreshed the Excellence for All strategy, September 2021. It now outlines our ambitions for 2021 to 2023 and draws on the innovation and creativity of the work that was done during lockdown on remote learning, participation, and inclusion. Our partnership infrastructure remains the key local mechanism for delivering the shared ambitions set out in this strategy. We will continue to work collaboratively to build capacity for improvement, drive innovation and ensure the very best education for all children and young people across our settings.

1.7 Planned work

Examples of planned work during 2022/23

- Alongside partners we will continue to implement the East Sussex Economy Recovery Plan to help businesses and communities recover from the impact of COVID-19 on the economy

- We will review the Economy Recovery Plan in 2022/23 to support work to produce an Economic Statement which will set out our vision for how East Sussex can continue to build back better
- The Business East Sussex (BES) Growth Hub will continue to work with partners, including the Sussex Chamber of Commerce, to signpost East Sussex businesses to the best sources of help
- We will work to design and deliver business support programmes, taking advantage of new funding sources that may become available
- We will work with Building Digital UK to shape their Project Gigabit project to ensure East Sussex receives as much investment to support improved broadband speeds as possible
- We will aim to ensure at least 60% of the Council's circa £400m procurement spend is with local companies
- Our Social Value Measurement Charter (SVMC) continues to ensure that social value commitments such as apprenticeships, work experience, support for local community projects and environmental initiatives are secured through Council procured contracts
- School improvement in East Sussex is delivered in partnership with schools. The Primary and Secondary Boards are at the heart of the school-led system. The boards have set priorities for the current academic year which include a focus on high quality classroom teaching and learning; closing 'achievement gaps' and ensuring the most disadvantaged pupils achieve consistently high outcomes; promoting a dynamic curriculum through an emphasis on consistently strong subject leadership; prioritising mental health and wellbeing support for Headteachers; along with committing to maximising attendance and minimising exclusions; improving language and communication across all phases and ensuring effective transition between phases
- The East Sussex Learning Collaborative Network is another critical strand of the school-led improvement system. This network of schools will provide a blended offer of provision for all East Sussex schools that maximises the resources and expertise of local, regional, and national providers to improve co-ordination and avoid duplication of provision in the region
- The East Sussex Children and Young People's Mental Health and Emotional Wellbeing (MHEW) Group has been set up to drive and oversee the East Sussex place based delivery of Foundations for our Future. The group will develop an East Sussex MHEW strategy and plan which will provide the strategic direction on the commissioning of services for children and young people with MHEW (up to 25)

Priority - Keeping vulnerable people safe

Priority Overview

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

There will always be children and adults who cannot be looked after at home by their families. Where it is clear this is the case for children, we will intervene early and find permanent or long-term placements for them through fostering or adoption where appropriate. We will be ambitious so that they can achieve their best and we will continue with effective placement planning to ensure that the right child is cared for, in the right place, for the right amount of time and at the most appropriate cost. We will also ensure that vulnerable adults are safeguarded whether they are looked after at home or somewhere else.

The pandemic has resulted in some very specific new tasks and functions for Public Health and the challenges of adapting services and responding to new and emerging needs will continue to shape much of our work; whilst also changing the role of Public Health or the challenges already identified pre COVID-19. As demand for both health and social care services continues to increase and the financial challenges facing the Council remain, we will continue to ensure a focus on prevention and early intervention.

2.1 Vulnerable people

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

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

Through the partnership network of organisations which constitute the Children and Young People’s Trust, we aim to work across health, social care, education, and criminal justice. We will work with partners in the statutory and voluntary sector to progress our priorities.

Ongoing Government funding has now been confirmed for the Supporting Families (previously Troubled Families) programme over the three years 2022 - 2025. We will also work with partners to promote a whole system, whole family approach for the planning and delivery of services. We will identify as many external funding streams as possible to sustain family support programmes and youth work.

The Safeguarding Adults Board (SAB) is a multi-agency partnership, made up of statutory and voluntary partners as well as lay members, established to promote well-being and oversee Safeguarding Adults work county-wide. The SAB areas of focus are:

- Adults, carers and the local community assisting to shape the work of the SAB and safeguarding responses

- Ensuring the SAB provides strategic leadership to embed the principles of safeguarding across agencies and contribute to the prevention of abuse and neglect
- Establishing robust feedback mechanisms on safeguarding policies and procedures
- Making safeguarding personal (making sure adults are involved and consulted in the process of helping them to stay safe and agreeing goals to achieve) – ensuring these principles are central to safeguarding practice across all agencies
- Ensuring learning from reviews is effectively embedded into practice to facilitate organisational change across agencies
- Ensuring the workforce is equipped to support adults appropriately where abuse and neglect are suspected. This will include emerging themes of ensuring a trauma-informed approach to working with adults with multiple complex needs, including situations in relation to coercive control and domestic abuse, modern slavery, cuckooing, and safeguarding rough sleepers

The Council is a member of the Sussex Health and Care Partnership (SHCP), a partnership of health and care organisations working together across Sussex. The SHCP was awarded Integrated Care System (ICS) status in April 2020. The Health and Care Bill currently progressing through Parliament will put all ICSs on a statutory footing in England from July 2022. We have been working with our NHS partners in Sussex on the ICS Memorandum of Understanding to make sure the Council can participate effectively in the new arrangements, focussing on our East Sussex population.

To support this it has been agreed that ‘Place’ has a primary role in our ICS. There are three ‘Places’ within the Sussex ICS (East Sussex, Brighton and Hove and West Sussex), with the Council being a lead partner with our local NHS in the East Sussex Health and Care Partnership. Within ICSs partnerships at Place level should work together to join up services across primary care, community health and mental health services, social care and support, community diagnostics and urgent and emergency care.

Our long term East Sussex Health and Social Care Plan 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 for people of all ages, and improve health and reduce health inequalities in our population. In 2021/22 we updated our local plans to set out how we’ll continue to develop our joint working, and to support our system’s recovery from COVID-19. This sets out our shared priorities in the coming 12 – 18 months including addressing health inequalities, our community and locality working model, joining up community health and social care and expanding support for mental health.

Health and Social Care Connect, the Adult Social Care and Health (ASCH) contact centre, has continued to operate throughout the pandemic and will continue to provide a single point for information, advice and access to community health and social care services seven days a week, from 8am to 8pm, with additional temporary resources to provide Shielded Line support during periods of national or local lockdowns.

The ASCH Programme has developed further the systems already in use to enable these to be used as effectively from a home base as from the office, for those staff who are self-isolating or for periods when it is not possible to physically accommodate the full team in the office due to social distancing requirements, to ensure there is no impact on the service provided.

2.2 Safe at home

Delivery outcome: People feel safe at home

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

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

Early Help services support families to tackle their problems before they become more difficult to reverse. Following a review of services, we have implemented a strategy to support vulnerable families in East Sussex and help manage the demand for statutory social care. The strategy includes keywork with vulnerable families, early years family support services integrated with delivery of the Healthy Child Programme by our health visitors, and evidence-based youth work with vulnerable young people.

We also offer universal, open-access and drop-in early help services for children, families and young people where these are fully externally funded. We have a network of 16 children’s and youth centres.

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

Our Trading Standards service helps to protect vulnerable people from exploitation such as rogue traders and cold callers. We also investigate food fraud, illicit tobacco and counterfeit alcohol to protect people from the increased risks associated with these. These services are provided in partnership with the police to ensure an effective level of prevention and support work is offered to the residents and businesses of East Sussex.

2.3 Support services

Delivery outcome: People feel safe with support services

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

2.4 Health

Delivery outcome: We work with the wider health and care system to support people affected by COVID-19 to achieve the best health outcomes possible

ASCH have responded to the pandemic by adapting the way we provide support to vulnerable adults. It has been recognised that a longer term review of the ASCH model was needed to ensure that support continues to be provided while the pandemic is ongoing.

The ASCH Programme ran from June 2020 to October 2021 and developed new ways of working to ensure we can continue to meet our statutory responsibilities under the Care Act and any new responsibilities specific to the pandemic. The Programme had a number of workstreams, which covered the contact and assessment pathway and associated support functions.

The Programme has delivered a number of changes to the way we provide services, including robust infection control procedures to protect clients accessing directly provided services, guidance for practitioners on effectively communicating with clients remotely, and the provision of community hubs which supported clinically vulnerable residents in East Sussex during lockdown periods. The Department will continue to monitor closely the longer term impacts of these changes on quality and outcomes for our clients and their families.

2.5 Planned work

Examples of planned work during 2022/23

- We will continue to help prevent vulnerable people from becoming a victim of mass marketing fraud and intervene if people have already become a victim
- We will support people who have been a victim of sexual violence and domestic abuse through the specialist domestic abuse and sexual violence service

Priority - Helping people help themselves

Priority Overview

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

3.1 Putting people first

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

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

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

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

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

The integrated community health and social care services have implemented Discharge To Assess (D2A)/Home First pathways. The pathways are designed to avoid prolonged stays in hospital for people awaiting assessment or commissioned services to enable their discharge. Where possible D2A will aim to avoid unnecessary admissions to hospital, and where an admission is necessary, it will ensure that people are discharged as soon as is safe and practical, back to their own homes or to a D2A bed to have their assessments and services arranged outside of an acute hospital.

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

Public Health will continue to promote, protect and improve health and wellbeing, and reduce health inequalities. The needs and demands identified before COVID-19 will be married up with the needs and demands brought about by COVID-19 to ensure a coherent and effective future work plan.

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

People generally prefer to have as much control and choice as possible over the services they receive. Self-directed support offers control to clients and carers over how their care and support is provided. Inclusion, Special Educational Needs and Disability (ISEND) has an important role to play in supporting pupils who are vulnerable to underachievement to do their very best.

The service helps improve the lives and outcomes of pupils with SEND, helping them to achieve their ambitions and become successful adults. We will carry out statutory assessments of children with SEN where there are significant barriers to learning and we will aim to secure the right education provision for those with the greatest need.

3.2 Maintaining independence

Delivery outcome: The most vulnerable get the support they need to maintain their independence and this is provided at or as close to home as possible

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

Frail adults across East Sussex can receive Technology Enabled Care Services (TECS), to help manage risks and maintain independence at home. TECS includes Telecare, which offers a range of sensors and detectors to meet different needs, such as wearable alert buttons, fall detectors and medication dispensers. The sensors can be monitored 24/7 by a local contact centre.

Environmental sensors, such as smoke alarms or flood detectors are also linked to the centre for automatic alerts. Individuals can also benefit from scheduled live or recorded telephone calls to provide welfare checks or reminders during periods of reablement.

Four Mental Health Support Teams (MHSTs) will continue to operate across the county, and we will work to embed them into 54 targeted schools. Our goal is to deliver high quality interventions to support children and young people who are referred to the service. We will use the learning from these schools to champion the Whole School Approach to mental health and emotional wellbeing, and work with partners to develop a cohesive offer of Whole School Approach support for all schools and colleges. Throughout the year, engagement and communication plans will improve pupil and parent awareness of the MHSTs and we will develop self-referral routes for young people in secondary schools and colleges.

3.3 Local mutual support systems

Delivery outcome: Through our work with others, individuals and communities are encouraged to maintain and develop local mutual support systems

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

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

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

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

3.4 Planned work

Examples of planned work 2022/23

- We will increase the number of members of the Support with Confidence scheme, which provides a register of people and organisations that have been vetted and approved by us, so users can be confident in their safety, training and quality
- We will support households as part of the Government’s Supporting Families programme
- The Summerdown School, two special schools on the same campus, for children with autism and profound and multiple learning difficulties will open in September 2022
- Following the successful opening of new specialist facilities attached to mainstream schools across the county, we are looking to develop the facilities programme further over the next year and bring more capacity to local mainstream schools. Our SEN place planning strategy also identifies the need for an expansion of special school places in the north of the county

Priority – Making best use of resources now and for the future

Priority Overview

This priority underpins all our activities and is a key measure of success for all our priority outcomes. It applies to all the resources available for East Sussex, not only within the Council, but across the public sector, voluntary and community sector and private partners, and within local communities. We will work as a single unified organisation to deliver our priorities; ensuring high quality, streamlined services are commissioned and developed in partnership; working to reduce demand for services and focusing on our residents and communities. We will ensure that the decisions we take are sustainable in both now and for the future, ensuring they provide best value for money and support our ambitions to become carbon neutral.

4.1 One Council

Delivery outcome: Working as One Council, both through the processes we use and how we work across services

We will ensure that we work in a unified way so that resources are focused on delivering our priority outcomes. This means minimising the cost of back-office services and directing resources to frontline services. We will focus on delivering services close to local people in the most cost-effective way possible. We will also continue to work in partnership with departments to exploit technology effectively as an enabler for providing efficient services.

Our People Strategy has been developed to help support our managers and staff to respond to the changing and challenging environment in which the Council is operating, for example, future savings requirements and the business transformation arising out of this. The Strategy is built around the four pillars of: i) Leadership and Management, ii) Performance, Development and Reward, iii) Employee Engagement and Inclusion and iv) Employee Health and Wellbeing.

In conjunction with this, a Leadership and Management Capability Framework has been developed which sets out the management and leadership expectations in support of the Council's priority outcomes and operating principles. We are committed to the development of our workforce and embedding our People Strategy into our culture.

The impact of the pandemic has created a large-scale shift to how organisations operate and has provided an unprecedented opportunity to accelerate our planned changes to how we work in the future. We will continue to invest in enabling technology and evolve our working practices to ensure we have modern, flexible workspaces and work styles that enable hybrid ways of working, building on the success of existing flexible working options.

New working practices will drive efficiency, as well as significantly reducing carbon emissions through a reduced requirement for staff travel. We are supporting staff through this transition, including the provision of an enhanced wellbeing offer and additional resources to grow digital skills amongst our workforce. A programme of adaptations to our hub buildings is underway in order to support our new ways of working and is expected to be completed by the end of 2022/23.

A new corporate digital approach has been implemented for the collective 'One Council' development and delivery of the Council's digital ambition. This is supported by the Strategic Digital Framework, with corporate and service-led initiatives taken forward as part of departmental plans to maximise the Council's use of technology and data insights in an increasingly digital world.

4.2 Working in partnership

Delivery outcome: Delivery through strong and sustained partnership working across the public, voluntary community, and private sectors to ensure that all available resources are used to deliver maximum benefits to local people

We will work in partnership across the public, voluntary and community, and private sectors to ensure that all appropriate available resources are used to deliver maximum benefits to local people. We will be proactive in making the best use of our assets, sharing property, staff, technology and data with partners so we work as efficiently as possible, removing duplication and increasing flexibility. We will join with partners to seek opportunities to achieve better value through our procurement.

Orbis, our partnership with Surrey County Council and Brighton and Hove City Council for some of our back-office services, has allowed us to provide efficient and resilient services while achieving savings which are being used to sustain services for residents of all three areas.

The Strategic Property Asset Collaboration in East Sussex was formed by a number of public and third sector organisations coming together in partnership, to look for opportunities to co-locate and collaborate around property, to ensure cost effectiveness and to improve the customer journey by creating more effective environments to deliver services from.

The Council has continued its improvement partnership with West Sussex County Council (WSCC), to address the significant challenges that WSCC has faced and also offer opportunities for both authorities to work together on shared priorities. Collaboration work is becoming increasing important as we move into the recovery phase of the pandemic, especially for economic recovery/development and transport and infrastructure planning. The Council's Governance Committee endorsed the continuation of the partnership on a permanent basis in September 2021, subject to the termination provisions in the arrangement.

4.3 Value for money

Delivery outcome: Ensuring we achieve value for money in the services we commission and provide

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

We will ensure the best value for money from our spend with third parties. In 2020/21 this spend was £431m. We are actively working to strengthen our planning processes to enable better strategic decision making in this area and maximise value for money.

We are undergoing a review of our office spaces to assess the needs of the organisation and ensure our spaces are suitable for working in a hybrid way to support increasingly flexible ways of working as a result of the pandemic. It is anticipated that this will lead to a lower requirement for dedicated office space and we will, over time, be able to reduce the cost of occupancy in our corporate buildings.

4.4 Maximising funding

Delivery outcome: Maximising the funding available through bidding for funding and lobbying for the best deal for East Sussex

We will continue to take all opportunities to raise the distinct funding needs of the Council with Government, to address the long-term fair funding needs of our services; and we will work with partners to press for the best outcomes for the county. In particular, we will respond to the Government's consultation on updating the national assessment of needs and resources on which funding allocations for councils are based.

However, the impact of any changes on our future funding is far from clear and we recognise that we are likely to face a more challenging financial position from 2023/24 onwards.

4.5 Carbon neutral

Delivery outcome: To help tackle climate change East Sussex County Council activities are carbon neutral as soon as possible and in any event by 2050

We will build on our earlier work to ensure all Council activities are carbon neutral as soon as possible and in any event by 2050. A Climate Emergency Plan has been developed and we will be working within the plan implement initiatives that reduce the carbon footprint of the Council's operations, using a combination of one-off investment agreed in 2021 and planned capital investment in our medium-term financial plan.

During 2022/23, we will install over 700 solar PV (photovoltaics) panels on six Council assets and carry out feasibility work to identify further sites for renewable generation. Our successful LED lighting programme will roll out to a further 10 sites. We will complete the heat decarbonisation of two sites and carry out feasibility studies of 20 further sites to prioritise projects to be programmed for 2023/24 and 2024/25.

4.6 Planned work

Examples of planned work 2022/23

- We will reduce the amount of CO_2 produced from Council operations
- We will maintain or reduce the number of working days lost to sickness absence
- We will refresh the Staff Travel Plan, particularly in light of COVID-19, and evolving ways of working

Revenue budget: gross and net

The charts below show how we will spend your revenue budget money in 2022/23, and where the money will come from (gross and net). More information on our revenue budget can be found in our financial budget summary which explains the difference between the gross and net budgets.

How we will spend your money (gross)

Chart to be added

How we will spend your money (net)

Chart to be added

Where the money comes from (gross)

Chart to be added

Where the money comes from (net)

Chart to be added

Revenue Spending

Chart to be added

Adult Social Care

Chart to be added

Public Health

Chart to be added

Business Services

Chart to be added

Children's Services

Chart to be added

Communities, Economy & Transport

Chart to be added

Governance Services

Chart to be added

Revenue Data

Table to be added

Capital programme

Capital programme: projects in the year ahead 2022/23

As well as providing services, the Council invests in, and maintains, assets such as roads and buildings. The capital programme supports delivery of the Council's priority outcomes, particularly driving sustainable economic growth and keeping vulnerable people safe. Details of the full current capital programme to 2024/25 are in our financial budget summary. Below are examples of key projects that will be underway in 2022/23 at a cost of £92.1m.

Chart to be added

Economic Growth & Strategic Infrastructure

Examples of work to be added

Community & Social Care Facilities

Examples of work to be added

Highways & Structural Maintenance

Examples of work to be added

Integrated Transport Schemes

Examples of work to be added

Schools

Examples of work to be added

Building Maintenance & Efficiency

Examples of work to be added

Capital Resourcing 2022/23 to 2025/26

Because capital projects may take several years to deliver we need to know how we will fund the full £289.2 million programme. Details of where this money will come from are given below.

Chart to be added

Promoting equality of opportunity

Equality impact assessment summary report for Council Plan 2022/23

Date of assessment: 13/12/2021

Summary of findings: There are no disproportionate negative impacts on people sharing any specific characteristics. The Council Plan as a whole is designed to support our objectives to promote equality and to address known inequalities. Many services or programmes will have benefits for all people in the county, across all legally protected characteristics. The Council's approach is to integrate consideration of equality impacts into planning, implementation and monitoring of all activities, so specific needs, assets, barriers and opportunities are assessed individually to maximise positive impacts and avoid or minimise negative impacts.

Summary of recommendations and key points of action plan: Our Council Plan priorities and delivery outcomes are designed to help address identified inequalities in outcomes for different groups in our local community and incorporate our equality objectives. We will take additional actions to mitigate against the potential issues we have identified.

Potential issues	**Mitigating actions**
Identification of potential disproportionate impacts or issues relating to people sharing specific characteristics that have not been identified at this stage.	The planned work set out in the Council Plan will be taken forward through specific programmes of activity within individual directorates. Robust equality analysis will be undertaken on each planned activity, to ensure that these are designed and implemented in a way that maximises opportunities to promote equality, whilst minimising any adverse impacts.
Our resources do not reflect the demand for services, which may mean we will have to adjust our services to match the funds we have.	We will work closely with partners, including the Voluntary, Community and Social Enterprise sector, to make the most of opportunities, resources and links with diverse communities available locally. We recognise that VCSE organisations are often the first to recognise and respond to the needs of diverse communities and that they provide safe, accessible, and inclusive spaces for individuals, groups and the wider community, that support inclusion and belonging.
The population of East Sussex is changing, and people's needs and assets change.	Priorities will continue to be defined based on local evidence of need and what works and makes a difference locally. We will continue to be democratic, open and honest in determining the best level and quality of services we can provide, within available resources, and in communicating priorities.

COVID19 and the lockdowns and social restrictions have impacted some people and communities sharing protected characteristics worse.	We continue to work to understand the different ways in which the pandemic has impacted on people sharing different characteristics and to address the inequalities that have been revealed and/or worsened. Portfolio Plans and service plans identify tailored responses to identified needs.

We will also continue to monitor our impact on outcomes for the people of East Sussex, including differences between outcomes for people sharing different protected characteristics. We will use this information to inform future business planning activities as part of our annual State of the County exercise. We will report quarterly on progress against the activities in the Council Plan, including any issues, as part of our Council Monitoring reports. We will also report on our progress in delivering the actions in this Council Plan that will advance equality as part of our Annual report, which will be published in Autumn 2022.

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

Performance measures and targets

Targets – Driving sustainable economic growth

Performance measure	2021/22 Outturn (Target)	2022/23 Target	2023/24 Target	2024/25 Target	2021 – 2025 Outcome Summary
Deliver East Sussex Skills priorities for 2021-2026	(Establish a new 'carbon zero' task group to explore current and future employment opportunities and skills needs, to report to SES on actions and achievements alongside the existing seven task groups In partnership with the Careers East Sussex task group, develop the Careers East Sussex website with resources to support adults looking for new careers)	Develop 6 action plans to address the 6 Skills East Sussex priorities	To be set 2022/23	To be set 2023/24	Training providers are developing a curriculum which is informed by sector skills evidence and our local businesses are actively engaged in supporting training provision in the county, supporting sustainable economic development

Performance measure	2021/22 Outturn (Target)	2022/23 Target	2023/24 Target	2024/25 Target	2021 – 2025 Outcome Summary
East Sussex Careers Hub	(East Sussex Careers Hub to support schools to achieve an average of 5 national benchmarks Support schools to pilot and embed online employability resources through the Careers East Sussex portal)	East Sussex Careers Hub to support schools to achieve an average of 5 national benchmarks. Recruit a further 15 employers as Industry Champions to support all 40 schools and colleges in the county to make progress in giving young people encounters with employers and experiences of the workplace	To be set 2022/23 (subject to funding)	To be set 2023/24	Helping our young people and adults become aware of careers opportunities available to them, supporting sustainable economic development
Create a pan-Sussex visitor economy group to re-start the leisure, hospitality, culture, retail and tourism economy and enhance existing marketing vehicles	(Identify priorities for pan-Sussex tourism recovery based on commissioned research and recommendations, seek approval and allocate resources to implement initial priorities)	Establish Sussex Tourism Leadership Group	To be set 2022/23	To be set 2023/24	Grow the visitor economy by raising the visibility of East Sussex, enhancing perceptions, increasing the number of visitors to the coast, increasing length of stay and spend

Performance measure	2021/22 Outturn (Target)	2022/23 Target	2023/24 Target	2024/25 Target	2021 – 2025 Outcome Summary
Create a cultural investment framework for mid to long term recovery planning	(A reconstituted Culture East Sussex with refreshed board membership and a newly created Cultural Investment Framework to provide an overview of pipeline cultural projects and their readiness for investment)	To be set March 2022 pending approval of projects	To be set 2022/23	To be set 2023/24	Create the conditions to ensure that East Sussex benefits from one of the fastest growing sectors of the economy, growing the creative economy by fostering creative start ups, upscaling creative businesses and attracting businesses into East Sussex
Job creation from East Sussex Programmes	(140 jobs created or safeguarded)	140 jobs created or safeguarded	To be set 2022/23	To be set 2023/24	Grow the East Sussex economy and create more jobs by supporting the growth of businesses through capital investment
Percentage of Principal roads requiring maintenance	(8%)	4%	4%	4%	Achieve and maintain a good standard of road condition across all road types
Percentage of Non-Principal roads requiring maintenance	(9%)	4%	4%	4%	Achieve and maintain a good standard of road condition across all road types
Percentage of Unclassified roads requiring maintenance	(15%)	14%	14%	14%	Achieve and maintain a good standard of road condition across all road types

Performance measure	2021/22 Outturn (Target)	2022/23 Target	2023/24 Target	2024/25 Target	2021 – 2025 Outcome Summary
Deliver a range of Family Learning programmes across East Sussex to provide high quality learning opportunities for parents/carers and their children to develop English, maths and language skills and to support a culture of learning in the family (subject to external funding)	(350 enrolments across Family English, maths and Language (FEML) and Wider Family Learning (WFL) programmes)	500 enrolments across Family English, maths and Language (FEML) and Wider Family Learning (WFL) programmes	To be set 2022/23	To be set 2023/24	Families, particularly those from areas of deprivation, have intergenerational learning opportunities and develop positive attitudes to learning
In partnership with funding organisations provide online learning (including skills for life and ICT courses) in libraries (subject to contract)	(70 courses)	70 achievements	To be set 2022/23	To be set 2023/24	People have access to free qualifications that support them into, or back into, work and education
The number of businesses and professionals receiving advice and support through training and bespoke advice provided by Trading Standards	(300)	350	To be set 2022/23	To be set 2023/24	Businesses in East Sussex are equipped to thrive, comply with the law, and are supported to “get it right first time”
The Council’s Apprenticeship Levy strategy supports the Council’s workforce development and training plans	(Where appropriate Standards exist, to ensure apprenticeship training is available and taken up (subject to the needs of the business), which addresses skills shortages in the Council)	Where appropriate Standards exist, to ensure apprenticeship training is available and taken up (subject to the needs of the business), which addresses skills shortages in the Council	Where appropriate Standards exist, to ensure apprenticeship training is available and taken up (subject to the needs of the business), which addresses skills shortages in the Council	Where appropriate Standards exist, to ensure apprenticeship training is available and taken up (subject to the needs of the business), which addresses skills shortages in the Council	Apprenticeships in the Council provide a positive opportunity for staff to develop and grow, enhancing the Council’s workforce and career opportunities

Performance measure	2021/22 Outturn (Target)	2022/23 Target	2023/24 Target	2024/25 Target	2021 – 2025 Outcome Summary
The percentage of Council procurement spend with local suppliers	(60%)	60%	60%	60%	Support local businesses and help drive economic growth and employment in the county through our purchasing power
Economic, social and environmental value committed through contracts, as a percentage of our spend with suppliers	(≥10.0%)	≥10.0%	(≥10.0%)	(≥10.0%)	The Social Value Measurement Charter is used to provide robust measures in eligible contracts that commit suppliers to deliver the Council's social value objectives
The percentage of eligible 2 year olds who take up a place with an eligible early years provider	(Equal to or above the national average)	Equal to or above the national average	Equal to or above the national average	Equal to or above the national average	All children engage, attain and progress well from early years into education, training and employment
The percentage of pupils achieving a "good level of development" at the Early Years Foundation Stage	Ac year 20/21 Measure will not be monitored as assessment results will not be published	Ac Year 2021/22 To be set 2021/22	Ac Year 2022/23 To be set 2022/23	Ac Year 2023/24 To be set 2023/24	All children engage, attain and progress well from early years into education, training and employment
Average Progress 8 score for state funded schools	Ac year 20/21 Measure will not be monitored as assessment results will not be published	Ac Year 2021/22 To be set 2021/22	Ac Year 2022/23 To be set 2022/23	Ac Year 2023/24 To be set 2023/24	All children engage, attain and progress well from early years into education, training and employment

Performance measure	2021/22 Outturn (Target)	2022/23 Target	2023/24 Target	2024/25 Target	2021 – 2025 Outcome Summary
The percentage of disadvantaged pupils achieving at least the expected standard in each of reading, writing and maths at Key Stage 2	Ac year 20/21 Measure will not be monitored as assessment results will not be published	Ac Year 2021/22 To be set 2021/22	Ac Year 2022/23 To be set 2022/23	Ac Year 2023/24 To be set 2023/24	The gap for disadvantaged pupils at all Key Stages is kept as small as possible so that all children attain and progress well from early years into education, training and employment
The average Attainment 8 score for disadvantaged pupils	Ac year 20/21 Measure will not be monitored as assessment results will not be published	Ac Year 2021/22 To be set 2021/22	Ac Year 2022/23 To be set 2022/23	Ac Year 2023/24 To be set 2023/24	The gap for disadvantaged pupils at all Key Stages is kept as small as possible so that all children attain and progress well from early years into education, training and employment
The percentage of young people meeting the duty of RPA (Raising the Participation Age) by either participating in education, training or employment with training or undertaking re-engagement provision at academic age 16 (Year 12)	(93%)	93%	93%	93%	Young people participate in education, training or employment with training until they are at least 18 improving their long term employment and health prospects
The percentage of young people meeting the duty of RPA by either participating in education, training or employment with training or undertaking re-engagement provision at academic age 17 (Year 13)	(86%)	86%	86%	86%	Young people participate in education, training or employment with training until they are at least 18 improving their long term employment and health prospects

Performance measure	2021/22 Outturn (Target)	2022/23 Target	2023/24 Target	2024/25 Target	2021 – 2025 Outcome Summary
Average Progress 8 score for Looked After Children (LAC)	Ac year 20/21 Measure will not be monitored as exam results will not be published	Ac Year 2021/22 To be set 2021/22	Ac Year 2022/23 To be set 2022/23	Ac Year 2023/24 To be set 2023/24	Looked after Children participate in education, training or employment with training until they are at least 18 improving their long term employment and health prospects
The percentage of LAC participating in education, training or employment with training at academic age 16 (Year 12)	(80%)	80%	80%	80%	Looked after Children participate in education, training and employment with training until they are at least 18 improving their long term employment and health prospects
The percentage of LAC participating in education, training or employment with training at academic age 17 (Year 13)	(70%)	70%	70%	70%	Looked after Children participate in education, training and employment with training until they are at least 18 improving their long term employment and health prospects

Targets – Keeping vulnerable people safe

Performance measure	2021/22 Outturn (Target)	2022/23 Target	2023/24 Target	2024/25 Target	2021 – 2025 Outcome Summary
Percentage of Health and Social Care Connect referrals triaged and progressed to required services within 24 hours	New measure	90%	90%	90%	Services are provided in a timely manner

Performance measure	2021/22 Outturn (Target)	2022/23 Target	2023/24 Target	2024/25 Target	2021 – 2025 Outcome Summary
Health and Social Care Connect – % of contacts that are appropriate and effective (i.e. lead to the provision of necessary additional services)	(95%)	95%	95%	95%	Monitor the number of contacts from health professionals that aren't taken any further
The % of people affected by domestic violence and abuse who have improved safety/support measures in place upon leaving the service	(80%)	80%	80%	80%	To enable vulnerable people who have been affected by domestic violence to feel more in control of their life, and better able to make decisions to increase their safety
When they leave the service the % of those affected by rape, sexual violence and abuse who have improved coping strategies	(88%)	88%	88%	88%	Protect vulnerable people who have been affected by rape, sexual violence and abuse, and provide them with skills which enable them to be more in control of their lives and more optimistic about the future
Rate of children with a Child Protection Plan (per 10,000 children)	(49.4 525 children)	To be set 2021/22	To be set 2022/23	To be set 2023/24	Children at risk from significant harm are kept safe
Rate (of 0-17 population) of referrals to children's social care services (per 10,000 children)	(≤539)	To be set 2021/22	To be set 2022/23	To be set 2023/24	Children at risk from significant harm are kept safe
Rate (of 0-17 population) of assessments completed by children's social care services (per 10,000 children)	(≤557)	To be set 2021/22	To be set 2022/23	To be set 2023/24	Children at risk from significant harm are kept safe

Performance measure	2021/22 Outturn (Target)	2022/23 Target	2023/24 Target	2024/25 Target	2021 – 2025 Outcome Summary
Rate of Looked After Children (per 10,000 children)	(57.6 612 children)	To be set 2021/22	To be set 2022/23	To be set 2023/24	Children at risk from significant harm are kept safe
The number of positive interventions for vulnerable people who have been the target of rogue trading or financial abuse	(200)	200	To be set 2022/23	To be set 2023/24	Residents of East Sussex are safe in their own home and protected from criminals. Residents are empowered to feel safe and supported to say "no" to criminals and deter and disrupt criminal activity

Targets – Helping people help themselves

Performance measure	2021/22 Outturn (Target)	2022/23 Target	2023/24 Target	2024/25 Target	2021 – 2025 Outcome Summary
Road Safety: Deliver targeted cycle training activities to vulnerable road users	(Deliver Bikeability training to 4,000 individuals and complete 45 Wheels for All sessions)	Deliver Bikeability training to 4,000 individuals and complete 60 Wheels for All sessions (pending funding allocation)	To be set 2022/23	To be set 2023/24	Improve the confidence and skills of cyclists by delivering cycle training to cyclists through targeted Bikeability training sessions delivered at Schools and training centres across the county
Road Safety: Implement infrastructure schemes on identified high risk sites/routes to improve road safety	(Implement 22 Safety Schemes)	Implement 22 Safety Schemes (pending funding allocation)	To be set 2022/23	To be set 2023/24	Reduce the number of crashes and casualties at identified high risk sites/routes sites through the implementation of infrastructure improvement schemes to improve outcomes for residents, businesses and visitors to East Sussex

Performance measure	2021/22 Outturn (Target)	2022/23 Target	2023/24 Target	2024/25 Target	2021 – 2025 Outcome Summary
Percentage of older people who are delayed from discharge when they are medically fit	(Establish baseline)	To be set 2021/22	To be set 2022/23	To be set 2023/24	Adults who have required support are able to live as independently as possible
National outcome measure: Proportion of working age adults and older people receiving self-directed support	(100%)	100%	100%	100%	Adults are able to take control of the support they receive
National outcome measure: Proportion of working age adults and older people receiving direct payments	(31.5%)	31.5%	31.5%	31.5%	Adults who require support are able to live as independently as possible
Number of carers supported through short-term crisis intervention	(390)	390	390	390	Carers are supported when they most need it enabling them to carry on in their caring role
Number of people receiving support through housing related floating support	(5,000)	5,000	5,000	5,000	Adults can maintain their independence
Building upon existing joint and partnership working and in the context of the development of Integrated Care Systems (ICS) design, agree and implement: i - An integrated commissioning model. ii - An integrated provider model for Health and Social Care in East Sussex	(Service models developed and approved by the East Sussex Health and Social Care system and an implementation timetable with key milestones agreed)	Service models implemented	To be set 2022/23	To be set 2023/24	Through joint and partnership working ensure all available resources are used to deliver maximum benefits to local people and achieve value for money

Performance measure	2021/22 Outturn (Target)	2022/23 Target	2023/24 Target	2024/25 Target	2021 – 2025 Outcome Summary
Number of providers registered with Support With Confidence	(326)	10% increase on 2021/22 outturn	10% increase on 2022/23 outturn	10% increase on 2023/24 outturn	Increase the options for people who need support ensuring vulnerable people are given effective reliable support to help maintain their independence
The proportion of people who received short-term services during the year, where no further request was made for ongoing support	(>90.5%)	>90.5%	>90.5%	>90.5%	Provide effective early intervention to ensure people are given the support they need as quickly as possible, this will also reduce the need for more expensive intensive interventions at a later date ensuring the most effective use of resources
National outcome measure: Achieve independence for older people through rehabilitation / intermediate care	New measure	>90%	>90%	>90%	Provide effective early intervention to ensure people are given the support they need as quickly as possible; this will also reduce the need for more expensive intensive interventions at a later date ensuring the most effective use of resources
Through the Drug and Alcohol Funding streams, commission services that sustain the development of the recovery community in East Sussex	(Commission services)	Commission services	Commission services	Commission services	The rates of people entering recovery from drug and alcohol misuse are maximised and the stigma associated with misuse is reduced

Performance measure	2021/22 Outturn (Target)	2022/23 Target	2023/24 Target	2024/25 Target	2021 – 2025 Outcome Summary
Percentage of EHCP (Education, Health and Care Plans) annual review meetings where the child gave their view and/or participated	(85%)	85%	85%	85%	Children and young people with SEND participate in decisions to ensure that their needs are understood, and they are supported to achieve their potential
The proportion of respondents to the feedback surveys who agree that things have changed for the better as a result of getting targeted support from the 0 – 19 Early Help Service	(85%)	85%	85%	85%	The services provided are making a difference to the lives of service users
Number of households eligible under the Government's Supporting Families programme receiving a family support intervention	(900)	To be set 2021/22 pending information from Government	To be set 2022/23 pending information from Government	To be set 2023/24 pending information from Government	Families supported by family keywork achieve their goals and the Council is able to maximise payment by results claims
Number of new service user interventions started through One You East Sussex as part of the Integrated Lifestyle Service	(7,000)	To be set 2021/22	To be set 2021/22	To be set 2021/22	Support people (particularly those with multiple lifestyle risk factors such as smoking, excessive alcohol consumption, poor diet and low physical activity) to make changes to improve health outcomes and reduce their risk of developing conditions such as diabetes, cancer and heart disease

Performance measure	2021/22 Outturn (Target)	2022/23 Target	2023/24 Target	2024/25 Target	2021 – 2025 Outcome Summary
Improved targeting of NHS Heath Checks	(100% of GP practices recommence delivery of NHS Health Check service including targeted service)	45% uptake rate by eligible patients from IMD1 (baseline 38.4%)	50% uptake rate by eligible patients from IMD1	Increase proportion of eligible people referred into lifestyles services as a result of NHS health check	People understand their future risk of developing vascular disease and make changes to their lifestyle, or receive additional clinical advice and support to reduce their risk

Targets – Making best use of resources

Performance measure	2021/22 Outturn (Target)	2022/23 Target	2023/24 Target	2024/25 Target	2021 – 2025 Outcome Summary
Number of working days lost per FTE (Full Time Equivalent) employee due to sickness absence in non-school services	(9.24)	9.10	9.10	To be set following an assessment of the 22/23 and 23/24 target achievement	To maximise the use of resources and improve staff and customer wellbeing
Deliver the Property Asset Investment Strategy	(Outline Business cases brought forward against at least 2 priority projects)	Outline Business cases brought forward against at least 2 priority projects	Outline Business cases brought forward against at least 2 priority projects	To be set 2023/24	Our Property Asset and Disposal Investment Strategy will explore income generation from property, optimise capital receipts and promote economic growth across the county
Review use of corporate buildings	(Develop new ways of working based on revised business requirements)	Implement workstyles adaptations in 3 office hubs and review the impact	Develop revised office strategy based on 2022/23 review	Reduction of office footprint to be determined in 2023/24	The Workstyles review will determine the future use of our corporate buildings to better utilise space and enable new ways of working. Once fully embedded this will lead to reduced cost of occupancy in our core corporate buildings
Reduce the amount of CO_2 arising from County Council operations	(13% reduction on 2020/21)	34% reduction on baseline year (2019/20) emissions (emissions not to exceed 8,206 tonnes CO_2e)	43% reduction on baseline year (2019/20) emissions (emissions not to exceed 7,139 tonnes CO_2e)	50% reduction on baseline year (2019/20) emissions (emissions not to exceed 6,211 tonnes CO_2e)	A reduction in the amount of CO_2 arising from Council operations is recorded on an annual basis, thus reducing the cost of energy to the Council and shrinking the carbon footprint in line with our carbon budget

Performance measure	2021/22 Outturn (Target)	2022/23 Target	2023/24 Target	2024/25 Target	2021 – 2025 Outcome Summary
Progress on implementation of Carbon reduction schemes	New measure	10 low energy lighting schemes, 10 solar PV schemes and 2 decarbonisation of heat schemes implemented	10 low energy lighting schemes, 10 solar PV schemes and 6 decarbonisation of heat schemes implemented	To be set 2023/24	A series of carbon reduction schemes are implemented to support our commitment to reduce the Council's carbon footprint and support a more sustainable approach going forward

State of the County data

We review a wide range of data to help us understand the context for our plans and the impact we are having through our work and in partnership. We publish this data each year in State of the County – Focus on East Sussex, when we start the planning process that leads to this Council Plan. A selection of this data is listed below. Unless otherwise stated the data refers to 2020/21. Where possible official national statistics are used for comparison with the England average.

Driving sustainable economic growth

2020/21

Measure	East Sussex	England
Percentage of working age residents (16-64) with a level 4 qualification or above (includes degrees, Higher National Certificate, Higher National Diploma and others)	36.8% (Calendar Year 2020)	42.8% (Calendar Year 2020)
Percentage of working age residents (16-64) with no qualifications or qualified only to National Vocational Qualification 1	18.3% (Calendar Year 2020)	16.1% (Calendar Year 2020)
Annual gross full-time earnings, median average (residence based)	£30,949	£31,490
Percentage of working age population (16-64) in employment	75.0%	75.1%
People claiming unemployment related benefits (alternative claimant count), percentage of population aged 16-64	6.3%	6.6%
New business registration rate per 10,000 people over 16	55.9	70.4
New houses built, total completed / total affordable	1,549 / 290	-
Percentage of children achieving a good level of development in all areas of learning (‘expected’ or ‘exceeded’ in the three prime areas of learning and within literacy and numeracy) in the Early Years Foundation Stage (EYFSP)	76.0%*	71.8%*

2020/21

Measure	East Sussex	England
Percentage of pupils reaching the expected standard at key stage 2 in reading, writing and mathematics	62%*	65%*
Average Attainment 8 score per pupil state funded secondary schools	48.5*	50.2*
Average Progress 8 score for state funded secondary schools	-0.06*	-0.03*
Percentage of pupils who achieved a 9-5 pass in English and maths GCSEs	47.4%*	49.9%*
Average Attainment 8 score per pupil for Looked After Children	14.9*	19.1*
Average point score (APS) per entry for level A levels (16-18 year-olds)	37.55**	39.51**
Attainment of A level students (age 16-18) average point score (APS) per entry, best 3	35.65**	38.90**
Attainment of A level students (age 16-18) % achieving grades AAB or better at A level, of which at least two are in facilitating subjects	15.30%**	24.2%**

*Data for the academic year 2018/19 and has not been updated because exams were suspended in 2020.

**Data for the academic year 2019/20. Exams were cancelled and an alternative process used to award grades, it should not be directly compared with previous years

Keeping vulnerable people safe

2020/21

Measure	East Sussex	England
Rate per 10,000 (aged 0 –17 population) of Looked After Children	57	67
Rate per 10,000 (aged 0-17 population) of children with a Child Protection Plan	49.2	41.4
Number of children who ceased to be looked after adopted during the year ending 31 March	27	-
Percentage of people (65 and over) who were still at home 91 days after discharge from hospital	89.2%	79.1%
Suicide rate per 100,000 of population three-year average	12.7 (2018-20)	10.4 (2018-20)

Helping people help themselves

2020/21

Measure	East Sussex	England
Percentage of children aged 4-5 years with excess weight (overweight or obese), by postcode of child	TBA	TBA
Percentage of children aged 10-11 years with excess weight (overweight or obese) by postcode of child	TBA	TBA
Long-term support needs of younger adults (aged 18-64) met by admission to residential and nursing care homes, per 100,000 population per year	14.4	13.3

2020/21

Measure	**East Sussex**	**England**
Long-term support needs of older adults (aged 65 and over) met by admission to residential and nursing care homes, per 100,000 population per year	501.1	498.2
Proportion of older people aged 65 and over who received reablement services following discharge from hospital	2.0%	3.1%
The outcome of short-term services: sequel to service: proportion of people who received short-term services during the year, where no further request was made for ongoing support or support of a lower level	89.0%	74.9%
The proportion of people who use services who receive self-directed support	100%	92.2%
The proportion of carers who receive self-directed support	100%	87.1%
Number of people killed or seriously injured on the roads	TBA (Calendar Year 2021)	-

This page is intentionally left blank

Short Equality Impact Analysis

Equality Impact Analysis (EqIA) (or Equality Impact Assessment) aims to make services and public policy better for all service-users and staff and supports value for money by getting council services right first time.

We use EqIAs to enable us to consider all relevant information from an Equality requirements perspective when procuring or restructuring a service, or introducing a new policy or strategy. This analysis of impacts is then reflected in the relevant action plan to get the best outcomes for the Council, its staff and service-users.

EqIAs are used to analyse and assess how the Council's work might impact differently on different groups of people[1]. EqIAs help the Council to make good decisions for its service-users, staff and residents and provide evidence that those decision conform with the Council's obligations under the Equality Act 2010.

Title of Project/Service/Policy	Council Plan 2022/23-2024/25
Team/Department	Performance, Research and Intelligence
Directorate	Governance Services
Description of your Project (Service/Policy, etc.) including its Purpose and Scope	The Council Plan sets out our organisational priorities for the next three years. These are based on what we need to do to help deliver our four overarching priority outcomes; Driving sustainable economic growth, Keeping vulnerable people safe, Helping people help themselves and Making best use of resources for now and the future. It outlines the focus of our work with communities, businesses and partners. Performance measures and targets are set for the next three years that help us assess our progress against our aims and priorities. The plan includes a summary of our revenue budget and capital programme for 2022/23. The Council Plan is at the centre of our business planning processes. The activities outlined in the Council Plan feed through into the Portfolio Plans for each directorate. These activities are

	delivered across multiple services and programmes, often in collaboration with partners. There are designated leads for activities who are responsible for overseeing delivery and performance. We will continue to monitor our impact on outcomes for the people of East Sussex, including differences between outcomes for people sharing different protected characteristics. We will use this information to inform future business planning activities as part of our annual State of the County exercise. We will report quarterly on progress against the activities in the Council Plan, including any issues, as part of our Council Monitoring reports. Collectively this evidence gathering, prioritising, implementing and monitoring is called Reconciling Policy, Performance and Resources (RPPR). All aspects of the RPPR process have consideration of equality, diversity and inclusion impacts embedded within them, to ensure that planned priorities are based on a good understanding of diversity and local needs, identify and respond to opportunities to remove barriers and maximise positive outcomes, and that outcomes for people sharing different characteristics are monitored. The planned work set out in the Council Plan is intended to have a positive impact on all our residents, communities, businesses and visitors to the County. The priority outcomes and the corresponding activities, and measures have been identified based on evidence of need, taking into account any legislation, legislative change or service review outcomes which are relevant to that service area, and available resources. One of the delivery outcomes within the Council Plan is to ensure that we deliver through strong and sustained partnership working across the public, voluntary community and private sectors to ensure that all available resources are used to deliver maximum benefits to local people. We consider as part of our business planning processes the collective impact of any proposed work.

Assessment of overall impacts and any further recommendations
For clarity all disproportionate impacts on specific groups are highlighted in the single section below. Overall impacts and notes: There are no disproportionate negative impacts on people sharing any specific characteristics. The Council Plan as a whole is designed to support our objectives to promote equality and to address known inequalities. Many services or programmes will have benefits for all people in the county, across all legally protected characteristics. The council's approach is to integrate consideration of equality impacts into planning, implementation and monitoring of all activities, so specific needs, assets, barriers and opportunities are assessed individually to maximise positive impacts and avoid or minimise negative impacts. In addition, there are several activities or programmes of work outlined in the Council Plan that specifically seek to improve outcomes for people sharing one or more of the legally protected characteristics, where evidence indicates greater need or inequality – see all of the Portfolio Plans for full details of actions across all departments: • We have set out initiatives aiming to improve the connectivity of rural communities, through better access to broadband and transport links. • We will continue to work with partners support vulnerable groups and young people with learning difficulties/disabilities to participate in education and training and to prepare for work. • We will work with partners to address health inequalities, in particular those inequalities that have been highlighted by the impact of COVID-19. • We recognise the significant impact that the pandemic has had on the mental health of many young people. We will continue to deliver mental health support in schools to help support our children and young people. • We will continue to ensure there is the right support available to children and young people with Special Educational Needs and Disabilities, including increasing capacity within our mainstream schools. • With our partners we will continue to work to ensure that vulnerable and older adults receive the right services, in the right place, at the right time through our work on health and social care integration. • We will continue to provide support for frail adults to help manage risks and maintain their independence at home.

Potential issues	Mitigating actions
• Identification of potential disproportionate impacts or issues relating to people sharing specific characteristics that have not been identified at this stage.	• The planned work set out in the Council Plan will be taken forward through specific programmes of activity within individual directorates. Robust equality analysis will be undertaken on each planned activity, to ensure that these are designed and implemented in a way that maximises opportunities to promote equality, whilst minimising any adverse impacts.
• Our resources do not reflect the demand for services, which may mean we will have to adjust our services to match the funds we have.	• Priorities will continue to be defined based on local evidence of need and what works and makes a difference locally. We will continue to be democratic, open and honest in determining the best level and quality of services we can provide, within available resources, and in communicating priorities.
• The population of East Sussex is changing and people's needs and assets change.	• We will work closely with partners, including the Voluntary, Community and Social Enterprise sector, to make the most of opportunities, resources and links with diverse communities available locally. We recognise that VCSE organisations are often the first to recognise and respond to the needs of diverse communities and that they provide safe, accessible, and inclusive spaces for individuals, groups and the wider community, that support inclusion and belonging.
• COVID19 and the lockdowns and social restrictions have impacted some people and communities sharing protected characteristics worse.	• We continue to work to understand the different ways in which the pandemic has impacted on people sharing different characteristics and to address the inequalities that have been revealed and/or worsened. Portfolio Plans and service plans identify tailored responses to identified needs.

Actions planned
Our Council Plan priorities and delivery outcomes are designed to help address identified inequalities in outcomes for different groups in our local community and incorporate our equality objectives. The planned work set out in the Council Plan will be taken forward through specific programmes of activity within individual directorates. Robust equality analysis will be undertaken on each planned activity, to ensure that these are designed and implemented in a way that maximises opportunities to promote equality, whilst minimising any adverse impacts. The impacts of activities carried forward from the previous plan will be kept under review, which will include considering whether existing mitigating actions remain sufficient, or if any further measures are required. We will continue to monitor our impact on outcomes for the people of East Sussex, including differences between outcomes for people sharing different protected characteristics. We will use this information to inform future business planning activities as part of our annual State of the County exercise. We will report quarterly on progress against the activities in the Council Plan, including any issues, as part of our Council Monitoring reports. We will also report on our progress in delivering the actions in this Council Plan that will advance equality as part of our Annual report, which will be published in Autumn 2022.

EqIA sign-off: (for the EqIA to be final an email must be sent from the relevant people agreeing it, or this section must be signed)

Staff member competing Equality Impact Analysis: Victoria Beard, Head of Performance, Research and Intelligence **Date:** 13/12/21

Directorate Management Team rep or Head of Service: as above **Date:**

Equality lead: Sarah Tighe-Ford **Date: 13/12/21**

This page is intentionally left blank

Medium Term Financial Plan	**2021/22 Approved Budget £million**	***2022/23 Estimate £million***	***2023/24 Estimate £million***	***2024/25 Estimate £million***
TAXATION & GOVERNMENT FUNDING		(416.745)	(453.231)	(458.495)
Council Tax	(305.914)	(14.890)	(4.160)	(10.482)
Adult Social Care Precept	(4.486)	(7.840)	(3.284)	(3.412)
Business Rates (Inclusive of BR Pooling in 2021/22 & 2022/23)	(81.522)	(5.227)	*(1.562)*	*(2.246)*
Social Care Grant	(17.082)	(6.592)		
Services Grant (1 year only)		(5.175)	*5.175*	
Services Grant - impact of funding review			*(2.588)*	
Revenue Support Grant	(3.568)	(0.119)	*2.912*	*1.845*
Local Council Tax Support Grant 2021/22	(2.621)	2.621	*(2.114)*	*2.114*
Local Tax Income Guarantee for 2020/21	(1.047)	1.047	*(0.459)*	*0.459*
New Homes Bonus	(0.505)	(0.311)	*0.816*	
TOTAL TAXATION & GOVERNMENT FUNDING	**(416.745)**	**(453.231)**	***(458.495)***	***(467.217)***
SERVICE PLAN				
Service Expenditure	381.308	381.374	*396.461*	*409.934*
Inflation				
Pay Award 2020/21	0.074			
Contractual inflation (contract specific)	0.539	1.747	*2.812*	*0.911*
Normal inflation for contracts	6.763	13.664	*9.558*	*9.286*
Adult Social Care				
Improved Better Care Fund	(21.137)	(0.639)		
Growth & Demography	3.413	(3.413)	*3.413*	*3.917*
Future demand modelling net of attrition (Covid-related)	1.133	(1.133)	*1.133*	*(0.365)*
Market Sustainability and Fair Cost of Care (MSFCC) Fund		(1.745)		
MSFCC Fund Pressures		1.745		
MFSCC - Support for New Burdens (from precept)		3.149	*(3.149)*	
Pressures approved via protocol	(0.743)			
Voluntary Sector, Community Hubs, Shielded Group	0.880	(0.440)	*0.440*	
Children's Services				
Dedicated Schools Grant		0.422		
Growth & Demography	1.070	4.091	*1.495*	*0.569*
Looked After Children	1.909			
Disabled Access Regulations for Buses/Coaches	0.043	0.098		
Home to School Transport	0.523	0.523		
Looked After Children Placements Covid-related	3.429	1.393	*(0.872)*	*(0.347)*
Covid Grant Funding for Looked After Children Placements		(1.393)	*0.077*	*(0.442)*
Pressures approved via protocol	0.184	(0.124)	*(0.124)*	*0.124*
SEND High Needs Block Additional funding	(0.814)	(2.138)		
Social Worker Pay		1.493		
Communities, Environment & Transport				
Waste PFI Efficiencies		(0.100)	*(0.100)*	
Waste Housing Growth	0.236	0.150	*0.251*	*0.303*
Street lighting Electricity/Re-payment of Investment	(0.655)			

Medium Term Financial Plan	2021/22 Approved Budget £million	*2022/23 Estimate £million*	*2023/24 Estimate £million*	*2024/25 Estimate £million*
Pressures approved via protocol	0.262	0.265	*0.015*	
Support to economic development	0.100	0.025	*(0.055)*	
Business Services				
IT & Digital Licences	0.025			
Pressures approved via protocol	0.110	0.411	*(0.074)*	*(0.078)*
Modernising Back Office Systems (MBOS)				*0.386*
Governance Services				
Additional resource to support Equalities and Diversity	0.060			
Additional capacity in Legal Services to support Children's Social Care	0.143			
Investment Areas				
Investment of unallocated funding – Revenue	1.707	(1.707)		
Savings				
Savings 2020/21 - 2021/22	(2.953)			
Temporary mitigations to savings	(0.298)	(0.388)	*(0.100)*	
Removal of CSD Safeguarding Savings		0.854		
Removal of CET Trading Standards Saving		0.100	*0.100*	
Removal of Early Help Saving		0.893		
Savings Slippage	4.063	(2.716)	*(1.347)*	
NET SERVICE EXPENDITURE	**381.374**	**396.461**	***409.934***	***424.198***
Corporate Expenditure		35.371	*56.770*	*51.453*
Treasury Management	18.709	1.221	*1.500*	*0.100*
New Homes Bonus to Capital Programme		0.816	*(0.816)*	
General Contingency	3.980	0.350	*0.040*	*0.120*
Contingency for Potential Pay Award	2.071	3.620	*3.087*	*3.145*
National Insurance 1.25% Increase		1.514	*0.030*	*0.031*
Contract inflation and collection fund risk	0.648	4.107	*(0.811)*	*0.746*
Pensions	8.423	(0.400)	*1.800*	*0.020*
Apprenticeship Levy	0.600			
Levies & Grants	0.940	0.012	*0.012*	*0.012*
One off investment opportunities (held in Financial Management reserve)		5.175	*(5.175)*	
Future Risks: CSD/SEND/ASC and Funding Reform/COVID legacy (held in Financial Management reserve)		4.984	*(4.984)*	
TOTAL CORPORATE EXPENDITURE	**35.371**	**56.770**	***51.453***	***55.627***
TOTAL PLANNED EXPENDITURE	**416.745**	**453.231**	***461.387***	***479.825***
CUMULATIVE DEFICIT/(SURPLUS)	**0.000**	**0.000**	***2.892***	***9.608***
ANNUAL DEFICIT/(SURPLUS)	**0.000**	**0.000**	***2.892***	***6.716***

Budget Summary 2022/23

Revenue Budget 2022/23

Medium Term Financial Plan 2022/23 to 2024/25

Capital Programme to 2031/32

DRAFT

East Sussex
County Council

Contents

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

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

Chief Finance Officer's Foreword

Introduction

This budget summary provides detail on the 2022/23 revenue budget and the Capital Programme to 2031/32. It gives analysis of expenditure by type and also by accountability, along with detail of our resources to finance that expenditure. The summary provides a useful source of information for Council officers, elected members and the public alike.

The 2022/23 Approved Budget

In 2022/23 the Council (including schools) will spend £921.4m to deliver services to the people of East Sussex, with a further £101.9m of investment in infrastructure and assets through its capital programme. The Council's stated priorities outcomes are:-

- Driving Sustainable Economic Growth;
- Helping people to help themselves;
- Keeping vulnerable people safe; and
- Making the best use of resources in the short and long term.

Revenue Budget

The Spending Review 2021, announced in October 2021, provided 3 year high level funding totals across a number of service areas. The Provisional Local Government Settlement, announced on 16 December 2021, whilst providing more funding than our planning assumptions had modelling, was largely a one year settlement. The uncertainty of future funding continues. In setting the balanced budget for 2022/23, no additional savings to those identified in previous years have been sought - £1.2m will be delivered in 2022/23, out of the £2.6m to be delivered over the Medium Term Financial Plan (MTFP) period. In addition, £5.175m from the new Services Grant has been set aside for investment opportunities that will be identified during 2022/23; whilst a new Adult Social Care Reform Reserve has been set up to support the management of the financial risks associated with changes to social care in the coming years.

In setting a balanced budget for 2022/23, there still remains an deficit on the MTFP of £9.6m by 2024/25. There remain significant uncertainties which may have an impact:

- What will be the announcement of Funding Reform when implemented from 2023/24?
- What will happen with regard to the Business Rates system, particularly as Business Rates Retention seems to be off the table?
- How will the Levelling Up agenda impact?
- How long will inflation remain comparatively high and what impact will this have on services?
- What financial impact will the reforms to Adult Social Care and Children's Services have in the coming years?
- What pressures will arise as the climate change agenda moves forward?
- What are long term implications of the pandemic?

Chief Finance Officer's Foreword (cont'd)

Capital Programme

The planned programme aligned to the Capital Strategy to 2042/43 has been reviewed and extended to maintain a 10 year planned programme. Work has been completed to reset priorities and present realigned targeted basic need capital investment to maintain capital assets, deliver core services to the residents of East Sussex, as well as to support carbon reduction targets.

The programme to 2031/32 is £752.9m gross. The projected income to fund the programme is £379.2m, leaving a potential borrowing requirement of £373.6m. The programme includes increased investment in: Highways roads maintenance of £31m, Highways structures and street lighting of £10.8m, Special Educational Needs school provision of £19m and £6m to support Climate Emergency works.

Ian Gutsell
Chief Finance Officer
February 2022

Medium Term Financial Planning

£'m	2021/22 Budget	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
TAXATION & GOVERNMENT FUNDING		(416.745)	(453.231)	(458.495)
Council Tax	(305.914)	(14.890)	(4.160)	(10.482)
Adult Social Care Precept	(4.486)	(7.840)	(3.284)	(3.412)
Business Rates (Inclusive of BR Pooling in 2021/22 & 2022/23)	(81.522)	(5.227)	(1.562)	(2.246)
Social Care Grant	(17.082)	(6.592)		
Services Grant (1 year only)		(5.175)	5.175	
Services Grant - impact of funding review			(2.588)	
Revenue Support Grant	(3.568)	(0.119)	2.912	1.845
Local Council Tax Support Grant 2021/22	(2.621)	2.621	(2.114)	2.114
Local Tax Income Guarantee for 2020/21	(1.047)	1.047	(0.459)	0.459
New Homes Bonus	(0.505)	(0.311)	0.816	
TOTAL TAXATION & GOVERNMENT FUNDING	**(416.745)**	**(453.231)**	**(458.495)**	**(470.217)**
SERVICE PLAN				
Service Expenditure	381.308	381.374	396.461	409.934
Inflation				
Pay Award 2020/21	0.074			
Contractual inflation (contract specific)	0.539	1.747	2.812	0.911
Normal inflation for contracts	6.763	13.664	9.558	9.286
Adult Social Care				
Improved Better Care Fund	(21.137)	(0.639)		
Growth & Demography	3.413	(3.413)	3.413	3.917
Future demand modelling net of attrition (Covid-related)	1.133	(1.133)	1.133	(0.365)
Market Sustainability and Fair Cost of Care (MSFCC) Fund		(1.745)		
MSFCC Fund Pressures		1.745		
MFSCC - Support for New Burdens (from precept)		3.149	(3.149)	
Pressures approved via protocol	(0.743)			
Voluntary Sector, Community Hubs, Shielded Group	0.880	(0.440)	0.440	
Children's Services				
Dedicated Schools Grant		0.422		
Growth & Demography	1.070	4.091	1.495	0.569
Looked After Children	1.909			
Disabled Access Regulations for Buses/Coaches	0.043	0.098		
Home to School Transport	0.523	0.523		
Looked After Children Placements Covid-related	3.429	1.393	(0.872)	(0.347)
Covid Grant Funding for Looked After Children Placements		(1.393)	0.077	(0.442)

Medium Term Financial Planning

£'m	2021/22 Budget	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Pressures approved via protocol	0.184	(0.124)	(0.124)	0.124
SEND High Needs Block Additional funding	(0.814)	(2.138)		
Social Worker Pay		1.493		
Communities, Environment & Transport				
Waste PFI Efficiencies		(0.100)	(0.100)	
Waste Housing Growth	0.236	0.150	0.251	0.303
Street lighting Electricity/Re-payment of Investment	(0.655)			
Pressures approved via protocol	0.262	0.265	0.015	
Support to economic development	0.100	0.025	(0.055)	
Business Services				
IT & Digital Licences	0.025			
Pressures approved via protocol	0.110	0.411	(0.074)	(0.078)
Modernising Back Office Systems (MBOS)				0.386
Governance Services				
Additional resource to support Equalities and Diversity	0.060			
Additional capacity in Legal Services to support Children's Social Care	0.143			
Investment Areas				
Investment of unallocated funding – Revenue	1.707	(1.707)		
Savings				
Savings 2020/21 - 2021/22	(2.953)			
Temporary mitigations to savings	(0.298)	(0.388)	(0.100)	
Removal of CSD Safeguarding Savings		0.854		
Removal of CET Trading Standards Saving		0.100	0.100	
Removal of Early Help Saving		0.893		
Savings Slippage	4.063	(2.716)	(1.347)	
Net Service Expenditure	**381.374**	**396.461**	**409.934**	**424.198**
Corporate Expenditure		35.371	56.770	51.453
Treasury Management	18.709	1.221	1.500	0.100
New Homes Bonus to Capital Programme		0.816	(0.816)	
General Contingency	3.980	0.350	0.040	0.120
Contingency for Potential Pay Award	2.071	3.620	3.087	3.145
National Insurance 1.25% Increase	0.000	1.514	0.030	0.031

Medium Term Financial Planning

£'m	2021/22 Budget	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Contract inflation and collection fund risk	0.648	4.107	(0.811)	0.746
Pensions	8.423	(0.400)	1.800	0.020
Apprenticeship Levy	0.600			
Levies & Grants	0.940	0.012	0.012	0.012
One off investment opportunities (held in Financial Management reserve)		5.175	(5.175)	
Future Risks: CSD/SEND/ASC and Funding Reform/COVID legacy (held in Financial Management reserve)		4.984	(4.984)	
TOTAL CORPORATE EXPENDITURE	**35.371**	**56.770**	**51.453**	**55.627**
TOTAL PLANNED EXPENDITURE	**416.745**	**453.231**	**461.387**	**479.825**
CUMULATIVE DEFICIT/(SURPLUS)	**0.000**	**0.000**	**2.892**	**9.608**
ANNUAL DEFICIT/(SURPLUS)	**0.000**	**0.000**	**2.892**	**6.716**

Resources - funding / core spending power

Settlement Funding Assessment 2022/23

For only the third time since the introduction of current formula in 2013/14, Government funding to local authority services has increased. However 2022/23 sees a very limited increase being provided only on the Revenue Support Grant.

Settlement Funding Assessment (SFA):

Funding	2021/22 £'000	2022/23 £'000	1 year change £'000	1 year change %
Business Rates Retention	12,291	12,291	0	0.00%
Business Rates Top-up	62,773	62,773	0	0.00%
Total Business Rates	75,064	75,064	0	0.00%
Revenue Support Grant (RSG)	3,568	3,687	120	3.36%
Total - ESCC	**78,632**	**78,752**	**120**	**0.15%**

The SFA represents the general funding level provided by Government to local authorities. For 2022/23, the increase in SFA is £0.120m or 0.15%. The increase is small in comparison to the decreases the Council has experienced in SFA. 2019/20 was the final year of the four year offer, in those four years the SFA decreased by £59.653m or (43.5)%

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

Resources - funding / core spending power

Core Spending Power

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

The table below details changes to the County Council’s Spending Power for 2015/16 to 2022/23; 2022/23 reflecting a one-year settlement only.

Core Spending Power	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	6 Year Change	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	%
Settlement Funding Assessment	137,005	113,805	96,827	87,172	77,352	78,612	78,632	78,752	(58,253)	-42.5%
Compensation for business rates capping	994	994	1,053	1,655	2,407	3,009	3,911	6,168	5,174	520.7%
Council Tax	227,221	242,632	257,380	276,720	289,676	300,874	310,355	326,460	99,239	43.7%
Improved Better Care Fund			11,313	15,157	18,551	21,136	21,136	21,776	21,776	
New Homes Bonus	2,275	2,720	2,078	1,231	886	761	505	816	(1,459)	-64.1%
New Homes Bonus returned funding	222	159	168						(222)	-100.0%
Transition Grant		2,704	2,696						0	
Adult Social Care Support Grant			2,597	1,616					0	
Winter pressures Grant 1				2,586	2,586				0	
Social Care Support Grant 2					4,417				0	
Social Care Grant						14,631	17,083	23,674	23,674	
Market Sustainability and Fair Cost of Care Fund								1,745	1,745	
2022/23 Services Grant								5,175	5,175	
ESCC Core Spending Power	**367,716**	**363,012**	**374,113**	**386,136**	**395,875**	**419,023**	**431,622**	**464,564**	**96,848**	**26.3%**

[1] For 2020-21, Winter Pressures Grant allocations were rolled into the Improved Better Care Fund, and no longer ringfenced.

[2] For 2020-21, Social Care Support Grant allocations were rolled into the Social Care Grant.

For the Council, last years Spending Power calculation showed that spending would increase by £72.6m or 19.7% in the 6 years since 2015/16. However Government have now revised down this estimate by £8.7m. This year’s calculation suggests an increase in Spending Power of £96.8m or 26.3% over the last 7 years. The increase is due to the Government's assumption that the Council will take up the maximum allowance to increase Council Tax by 4.49% in 2022/23, which includes an adult social care precept at 2.5%. The new 2022/23 Services Grant is for general expenditure, however this funding is only for one year. The new Market Sustainability and Fair Cost of Care Fund will be used to support as yet unknown new social care burdens. There is also additional social care funding of £7.2m via the Social Care Grant and the Improved Better Care Fund.

The Government revises this measure each year, the combination of additional inclusions and changes to Core Spending Power mean the Government’s presentation of Core Spending Power may lead to public confusion with regards to the County Council’s financial position.

Resources - Council Tax

To be included in the final version following signing of the precept notice.

Resources - specific and special grant funding

Direct impact on County Council Services

	Rebased Budget 2021/22 £'000	Estimate 2022/23 £'000	Change £'000
Adult Social Care/Public Health			
Public Health Grant	28,074	28,074	0
DoH ADDER Grant	0	1,350	1,350
Improved Better Care Fund incl. Winter Pressures	20,106	20,745	639
Local Reform and Community Voices Grant - War Pensions scheme disregard	218	218	0
Local Reform and Community Voices Grant	54	54	0
Former Independent Living Fund (ILF) Recipient Grant	956	956	0
Local Reform and Community Voices Grant (moved from Business Services)	307	307	0
Healthy Aging through Innovation in Rural Europe	0	56	56
Market Sustainability and Fair Cost of Care	0	1,745	1,745
	49,715	**53,505**	**3,790**
Children's Services			
Troubled Families Grant	1,527	1,527	0
Unaccompanied Asylum Seeking Children (UASC)	2,254	2,328	74
Extended Rights to Free Transportation	701	714	13
Staying Put	297	297	0
Youth Offending Team Grant - Core	420	457	37
Youth Offending Team Grant - Secure Remand	197	197	0
School Improvement grant	145	217	72
Hastings Opportunity Area Fund	577	441	(136)
Early Years Professional Development grant	111	0	(111)
DfE 18+ Care Leavers Service	81	81	0
KS2 moderation and phonics	25	18	(7)
	6,335	**6,277**	**(58)**
Communities Economy and Transport			
PFI Grant - Waste	2,996	2,996	0
Transport of the South East	1,225	1,225	0
Bus Service Operators Grant	438	439	1
DEFRA - Area of Outstanding Natural Beauty High Weald	281	987	706
Bikeability Grant for Local Highway Authorities	118	118	0
Lead Local Flood Authority Grant	48	0	(48)
Arts Council	2	0	(2)
DEFRA - Countryside Stewardship	24	0	(24)
DfT Transport Services	5	4	(1)
Active Travel	0	220	220
	5,137	**5,989**	**852**
Business Services			
PFI Grant - Peacehaven Schools	1,759	1,759	0
	1,759	**1,759**	**0**
Centrally Held items			
Inshore Fisheries Conservation Authorities Grant	58	58	0
MHCLG New Burdens grant	12	12	0
	70	**70**	**0**
Total Direct Impact	**63,016**	**67,600**	**4,584**

Indirect impact - where the Council passports funds to schools/other organisations

	Rebased Budget 2021/22 £'000	Estimate 2022/23 £'000
Children's Services		
Dedicated Schools Grant	242,372	242,058
Pupil Premium Grant	9,078	9,085
Teachers Pension Grant	104	104
Universal Infant Free School Meals	3,197	3,197
PE and Sport Grant	836	836
Teachers Pay Grant	37	37
Higher Education Funding Council grant	715	658
	256,339	**255,975**
Communities Economy and Transport		
Skills Funding Agency	564	564
Community Learning	202	202
Adult Social Care/Public Health		
Disabled Facilities Grant (passported to Districts & Boroughs)	7,160	7,160
Total Indirect Impact	**264,265**	**263,901**

Grant Funding Summary

Government Specific and Special Grants		
Total Direct Impact	63,016	67,600
Total Indirect Impact	264,265	263,901
	327,281	**331,501**
Grants from other agencies		
-	0	0
	0	**0**
Total	**327,281**	**331,501**

Summary by department		
Adult Social Care/Public Health	56,875	60,665
Children's Services	262,674	262,252
Communities Economy and Transport	5,903	6,755
Governance Services	0	0
Business Services	1,759	1,759
	327,211	**331,431**
Corporate items	70	70
	327,281	**331,501**
Grants from other agencies	0	0
Total	**327,281**	**331,501**

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

Revenue Budget Summary 2022/23

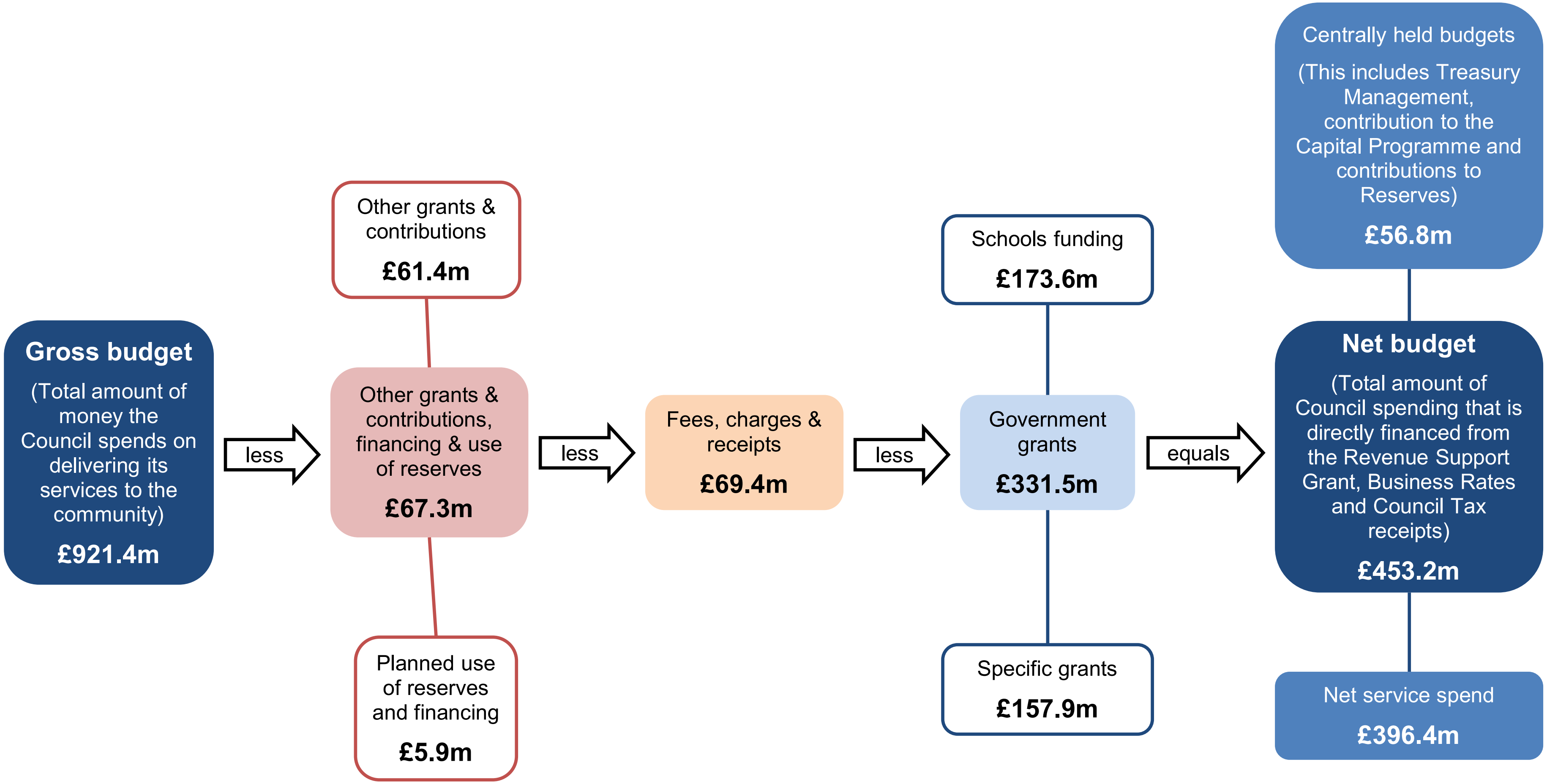
ESCC Budget	2021/22 Budget £000	2022/23 Budget £000	Change £000	%
Gross Expenditure	**868,433**	**921,363**	**52,930**	**6.09%**
Less:				
Fees, Charges & Receipts	(68,013)	(69,390)	(1,377)	
Specific Government Grants	(327,318)	(331,501)	(4,183)	
Financing and Planned use of reserves	(9,682)	(5,901)	3,781	
Other grants and contributions	(46,675)	(61,340)	(14,665)	
Net Expenditure	**416,745**	**453,231**	**36,486**	**8.75%**
Made up of:-				
Net Service Expenditure	**381,374**	**396,461**	**15,087**	**3.96%**
Treasury Management	18,709	19,930		
Funding Capital Programme - New Homes Bonus		816		
General Contingency	3,980	4,330		
Contingency for Potential Pay Award	2,071	5,691		
National Insurance 1.25% Increase		1,514		
Contract inflation and collection fund risk	648	4,755		
Pensions	8,423	8,023		
Apprenticeship Levy	600	600		
Levies and Grants	940	952		
One off investment opportunities (held in Financial Management reserve)		5,175		
Future Risks: CSD/SEND/ASC and Funding Reform/COVID legacy (held in Financial Management reserve)		4,984		
Net corporate expenditure	**35,371**	**56,770**	**21,399**	**60.50%**
Net Budget	**416,745**	**453,231**	**36,486**	**8.75%**
Funded by:-				
Business Rates (Inclusive of BR Pooling in 2021/22 & 2022/23)	(81,522)	(86,749)		
Social Care Grant	(17,082)	(23,674)		
Services Grant (1 year only)		(5,175)		
Revenue Support Grant	(3,568)	(3,687)		
Local Council Tax Support Grant 2021/22	(2,621)			
Local Tax Income Guarantee for 2020/21	(1,047)			

Revenue Budget Summary 2022/23

ESCC Budget	2021/22 Budget £000	2022/23 Budget £000	Change £000	%
New Homes Bonus	(505)	(816)		
Collection Fund Adjustment	1,101			
Collection Fund Council Tax (Surplus)/Deficit	(1,146)	(4,763)		
Funding Other Than Council Tax	**(106,390)**	**(124,864)**	**(18,474)**	**17.36%**
Council Tax Requirement	**310,355**	**328,367**		
Taxbase: Number of "Band D" equivalent dwellings	201,002	203,532		
Band D Council Tax	**£1,544.04**	**£1,613.34**	**£69.30**	**4.49%**

Page 87

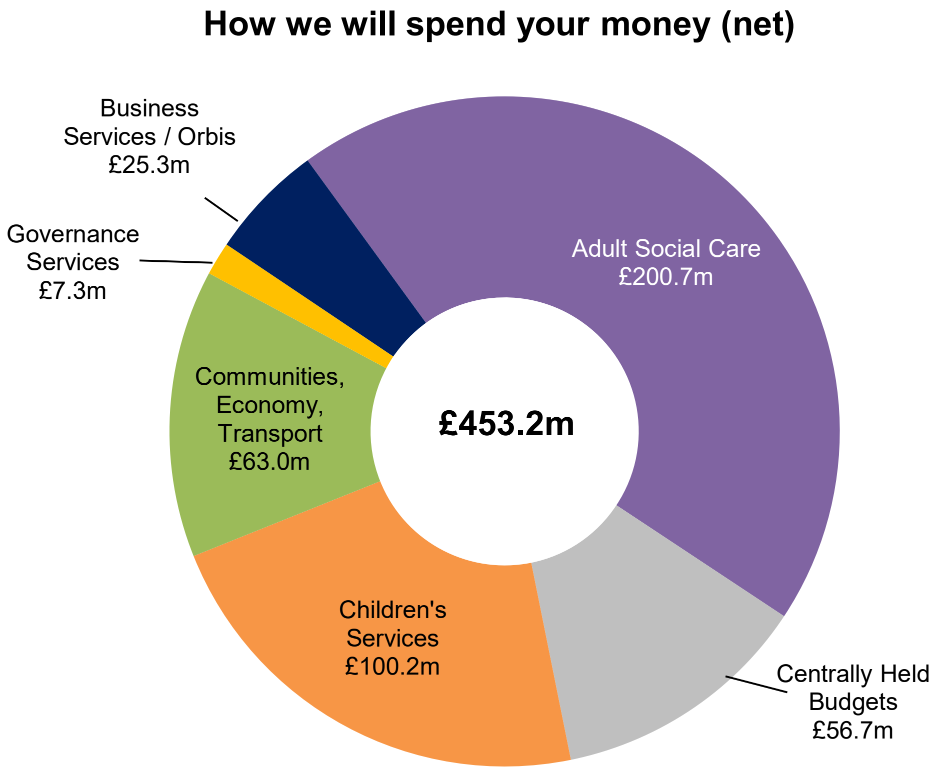
Revenue Budget Summary 2022/23 - gross budget to net budget

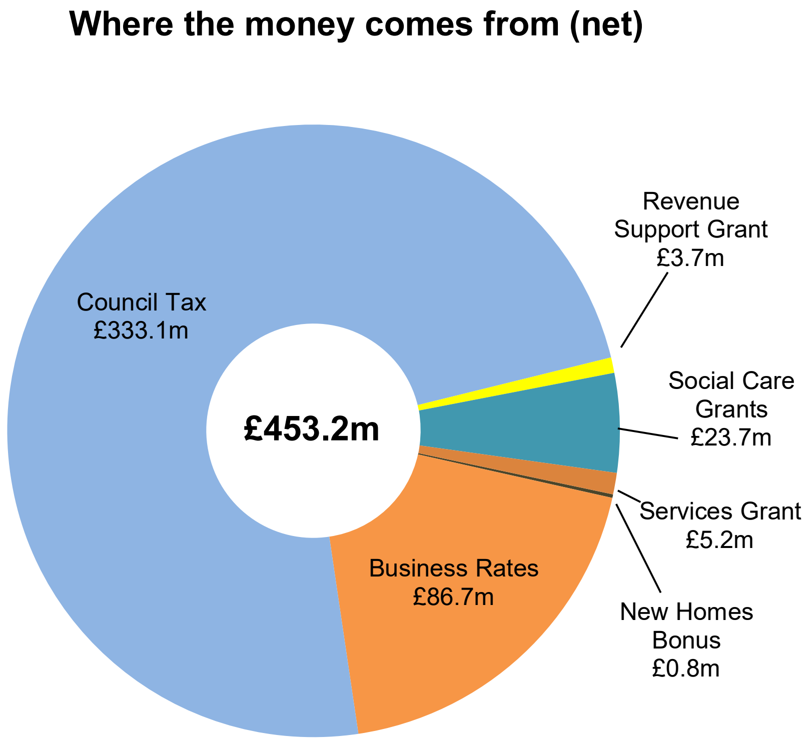


Revenue Budget Summary - departmental budget movements 2018/19 to 2021/22

	2018/19 Rebased Budget	Net Movt	2019/20 Rebased Budget	Net Movt	2020/21 Rebased Budget	Net Movt	2021/22 Rebased Budget	Net Movt 17/18 to 20/21
	£'000	%	£'000	%	£'000	%	£'000	%
Adult Social Care	165,407	3.66%	171,456	7.37%	184,093	4.64%	192,628	16.46%
Public Health	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Business Services / Orbis	22,270	4.30%	23,227	3.48%	24,036	1.20%	24,324	9.22%
Children's Services (excl. schools)	68,655	12.61%	77,314	14.90%	88,838	7.24%	95,271	38.77%
Communities, Economy & Transport	62,206	-0.93%	61,626	-0.48%	61,330	1.00%	61,942	-0.42%
Governance Services	7,192	2.42%	7,366	-5.15%	6,987	3.18%	7,209	0.24%
Total Departments	**325,730**	**4.68%**	**340,989**	**7.12%**	**365,284**	**4.40%**	**381,374**	**17.08%**

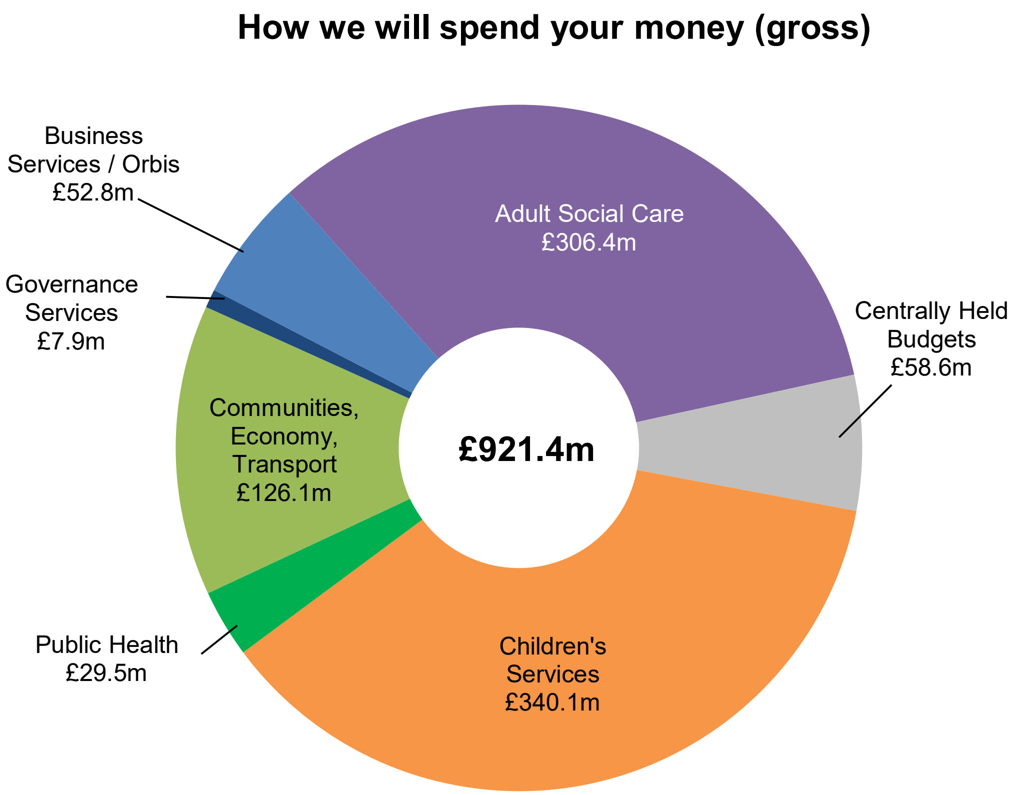
Revenue Budget Summary 2022/23 - net revenue budget

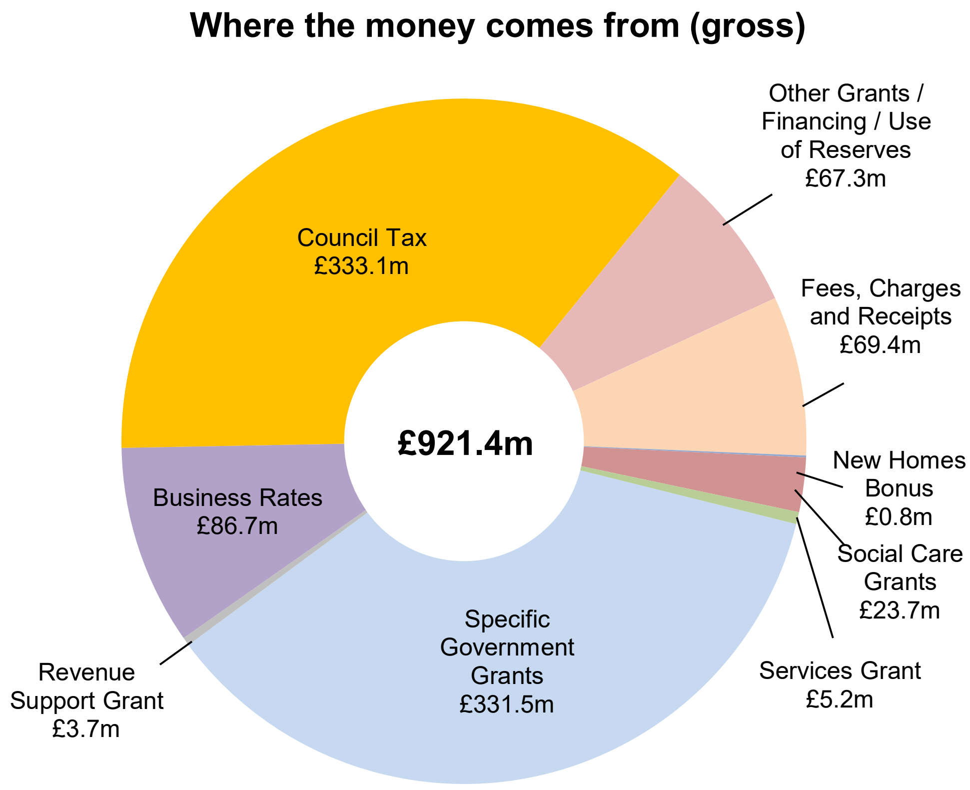




Page 90

Revenue Budget Summary 2022/23 - gross revenue budget





Revenue Budget Summary 2022/23 - budget changes 2021/22 to 2022/23

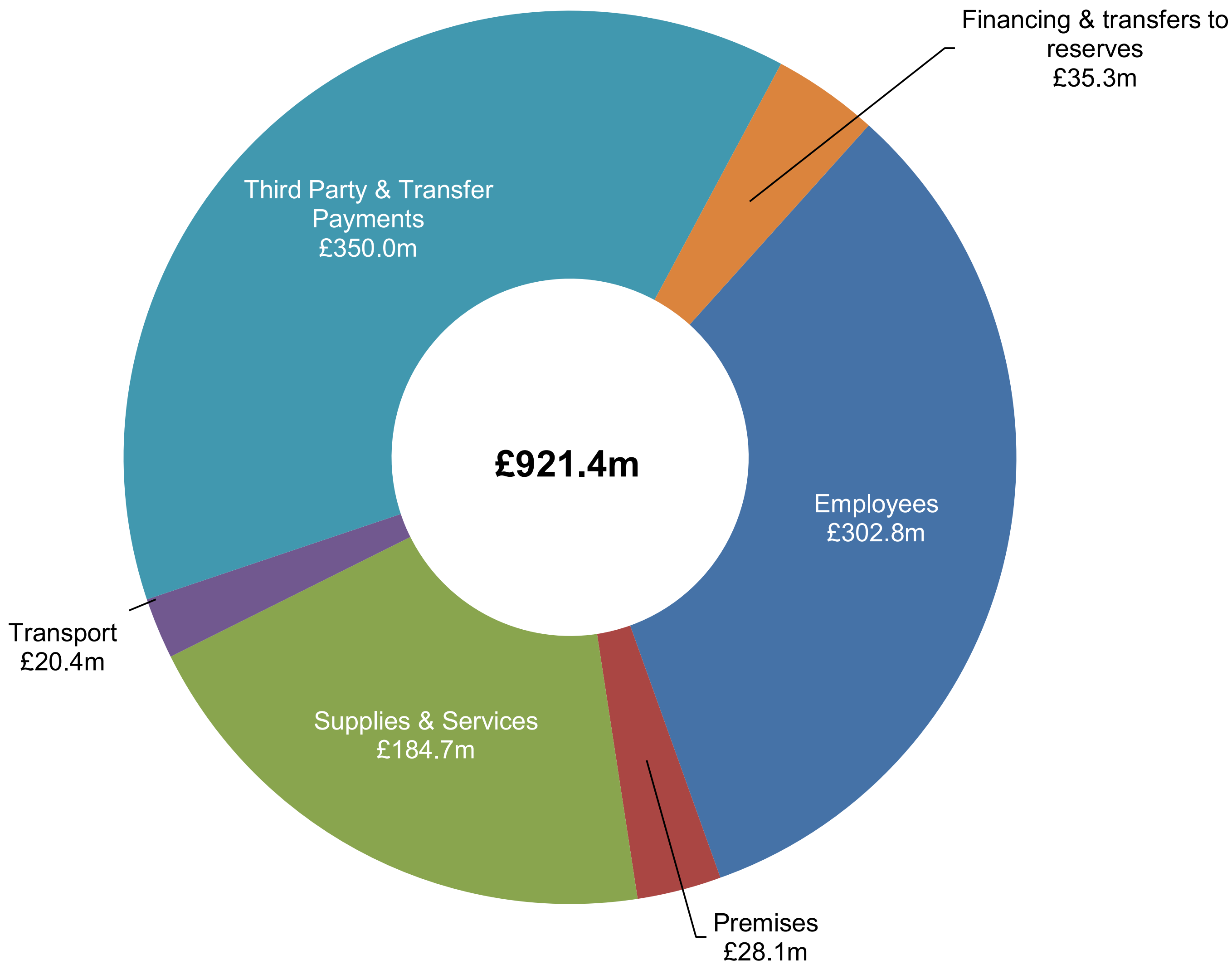
	2021/22 Rebased Net Budget	Additions	Reductions	2022/23 Net Budget	Change	
	£'000	£'000	£'000	£'000	£'000	%
Adult Social Care	192,628	14,402	(6,267)	200,763	8,135	4.22%
Public Health	-	-	-	-	-	0.00%
Business Services / Orbis	24,324	944	-	25,268	944	3.88%
Children's Services (inc. schools)	95,271	4,909	-	100,180	4,909	5.15%
Communities, Economy & Transport	61,942	2,277	(1,257)	62,962	1,020	1.65%
Governance Services	7,209	79	-	7,288	79	1.10%
Total Departments	**381,374**	**22,611**	**(7,524)**	**396,461**	**15,087**	**3.96%**
Centrally held budgets	35,371	21,799	(400)	56,770	21,399	60.50%
Total	**416,745**	**44,410**	**(7,924)**	**453,231**	**36,486**	**8.75%**

NB: increase in Centrally Held budget is due to balances being held for reserves

Revenue Budget Summary 2022/23 - subjective analysis

Department	Employees	Premises	Transport	Supplies & Services	Transfers & Third Party Payments	Financing & Transfers to Reserves	**Total Expenditure**	Government Grants	Other Grants & Contributions	Fees, Charges & Receipts	Financing & Planned Use of Reserves	**Total Income**	Internal Recharges (exp & inc)	**Net Service Expenditure**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Adult Social Care	53,303	850	1,055	13,925	237,174	4	**306,311**	(31,241)	(38,041)	(36,716)	-	**(105,998)**	450	**200,763**
Public Health	2,047	-	16	461	26,975	-	**29,499**	(29,424)	(773)	-	(128)	**(30,325)**	826	**-**
Business Services / Orbis	9,587	11,651	127	29,977	1,498	6	**52,846**	(2,193)	(5,279)	(9,862)	(1,058)	**(18,392)**	(9,186)	**25,268**
Children's Services	198,915	11,332	1,667	45,306	82,903	25	**340,148**	(261,765)	3,805	(5,472)	(1,648)	**(265,080)**	25,112	**100,180**
Communities Economy & Transport	17,575	3,998	17,473	84,380	534	2,131	**126,091**	(6,755)	(20,745)	(17,066)	(1,363)	**(45,929)**	(17,200)	**62,962**
Governance Services	5,531	317	58	2,014	8	-	**7,928**	(53)	(307)	(274)	(4)	**(638)**	(2)	**7,288**
Services	**286,958**	**28,148**	**20,396**	**176,063**	**349,092**	**2,166**	**862,823**	**(331,431)**	**(61,340)**	**(69,390)**	**(4,201)**	**(466,362)**	**-**	**396,461**
Centrally held budgets	15,828	-	-	8,685	912	33,115	**58,540**	(70)	-	-	(1,700)	**(1,770)**	-	**56,770**
Total	**302,786**	**28,148**	**20,396**	**184,748**	**350,004**	**35,281**	**921,363**	**(331,501)**	**(61,340)**	**(69,390)**	**(5,901)**	**(468,132)**	**-**	**453,231**

Revenue Budget Summary 2022/23 - subjective analysis



Revenue Budgets - Adult Social Care

2021/22		2022/23													
Rebased Net Budget		Employees	Premises	Transport	Supplies and Services	Third Party & Transfer Payments	Financing and Transfer to Reserves	**Total Expenditure**	Government Grants	Other Grants and Contributions	Fees, Charges & Receipts	Financing and Planned Use of Reserves	**Total Income**	Internal Recharges (exp & inc)	**Net Service Expenditure**
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Physical Support, Sensory Support and Support for Memory & Cognition														
54,290	Residential & Nursing	4,435	209	73	421	71,465	-	**76,603**	-	(3,218)	(18,479)	-	**(21,697)**	92	**54,998**
6,537	Supported & Other Accommodation	-	-	-	-	6,537	-	**6,537**	-	-	-	-	**-**	-	**6,537**
27,951	Home Care	5,672	-	253	93	22,412	-	**28,430**	-	(822)	-	-	**(822)**	3	**27,611**
1,539	Day Care	208	97	-	28	1,485	-	**1,818**	-	-	(429)	-	**(429)**	170	**1,559**
18,543	Direct Payments	-	-	-	-	18,543	-	**18,543**	-	-	-	-	**-**	-	**18,543**
(6,633)	Other Services	721	18	8	2,562	13,399	-	**16,708**	(986)	(16,087)	-	-	**(17,073)**	-	**(365)**
(10,347)	Fairer Charging *	-	-	-	-	-	-	**-**	-	-	(10,347)	-	**(10,347)**	-	**(10,347)**
-	Meals in the Community	-	-	-	-	-	-	**-**	-	-	-	-	**-**	-	**-**
91,880	**Subtotal**	**11,036**	**324**	**334**	**3,104**	**133,841**	**-**	**148,639**	**(986)**	**(20,127)**	**(29,255)**	**-**	**(50,368)**	**265**	**98,536**
	Learning Disability Support														
45,422	Residential & Nursing	1,640	104	7	92	46,843	-	**48,686**	-	-	(3,338)	-	**(3,338)**	25	**45,373**
14,120	Supported & Other Accommodation	1,577	22	20	23	12,619	-	**14,261**	-	(5)	(162)	-	**(167)**	5	**14,099**
1,367	Home Care	-	-	-	-	1,367	-	**1,367**	-	-	-	-	**-**	-	**1,367**
3,826	Day Care	1,909	95	30	24	1,765	4	**3,827**	-	-	(372)	-	**(372)**	442	**3,897**
7,506	Direct Payments	-	-	-	-	7,506	-	**7,506**	-	-	-	-	**-**	-	**7,506**
(1,010)	Other Services	1,565	10	40	56	1,251	-	**2,922**	(153)	(3,663)	(98)	-	**(3,914)**	5	**(987)**
(1,352)	Fairer Charging *	-	-	-	-	-	-	**-**	-	-	(1,352)	-	**(1,352)**	-	**(1,352)**
69,879	**Subtotal**	**6,691**	**231**	**97**	**195**	**71,351**	**4**	**78,569**	**(153)**	**(3,668)**	**(5,322)**	**-**	**(9,143)**	**477**	**69,903**
	Mental Health Support														
4,066	Residential & Nursing	-	-	-	-	4,604	-	**4,604**	-	-	(538)	-	**(538)**	-	**4,066**
2,702	Supported & Other Accommodation	-	-	-	-	2,702	-	**2,702**	-	-	-	-	**-**	-	**2,702**
431	Home Care	-	-	-	-	431	-	**431**	-	-	-	-	**-**	-	**431**
34	Day Care	36	3	1	15	35	-	**90**	-	(52)	(2)	-	**(54)**	-	**36**
1,033	Direct Payments	-	-	-	-	1,033	-	**1,033**	-	-	-	-	**-**	-	**1,033**
(1,195)	Other Services	-	-	-	-	3,118	-	**3,118**	(34)	(4,279)	-	-	**(4,313)**	-	**(1,195)**
(497)	Fairer Charging *	-	-	-	-	-	-	**-**	-	-	(497)	-	**(497)**	-	**(497)**
6,574	**Subtotal**	**36**	**3**	**1**	**15**	**11,923**	**-**	**11,978**	**(34)**	**(4,331)**	**(1,037)**	**-**	**(5,402)**	**-**	**6,576**

Revenue Budgets - Adult Social Care

2021/22 Rebased Net Budget £'000		2022/23 Employees £'000	Premises £'000	Transport £'000	Supplies and Services £'000	Third Party & Transfer Payments £'000	Financing and Transfer to Reserves £'000	**Total Expenditure** £'000	Government Grants £'000	Other Grants and Contributions £'000	Fees, Charges & Receipts £'000	Financing and Planned Use of Reserves £'000	**Total Income** £'000	Internal Recharges (exp & inc) £'000	**Net Service Expenditure** £'000
	Substance Misuse Support														
476	Other Services (including residential)	-	-	-	-	476	-	**476**	-	-	-	-	**-**	-	**476**
476	**Subtotal**	**-**	**-**	**-**	**-**	**476**	**-**	**476**	**-**	**-**	**-**	**-**	**-**	**-**	**476**
	Other Adult Services														
323	Other Services	148	-	1	36	137	-	**322**	-	-	-	-	**-**	-	**322**
323	**Subtotal**	**148**	**-**	**1**	**36**	**137**	**-**	**322**	**-**	**-**	**-**	**-**	**-**	**-**	**322**
2,498	**Equipment & Assistive Technology**	**-**	**-**	**-**	**4,061**	**2,144**	**-**	**6,205**	**-**	**(2,857)**	**(850)**	**-**	**(3,707)**	-	**2,498**
6,124	**Supporting People**	**-**	**3**	**-**	**-**	**5,501**	**-**	**5,504**	**-**	**(310)**	**-**	**-**	**(310)**	-	**5,194**
459	**Safer Communities**	**558**	**-**	**2**	**25**	**1,403**	**-**	**1,988**	**-**	**(509)**	**-**	**-**	**(509)**	(400)	**1,079**
24,663	**Assessment & Care Management**	**25,598**	**80**	**208**	**409**	**509**	**-**	**26,804**	**(54)**	**(2,121)**	**(127)**	**-**	**(2,302)**	15	**24,517**
694	**Carers**	**1,180**	**-**	**78**	**205**	**1,885**	**-**	**3,348**	**-**	**(2,653)**	**-**	**-**	**(2,653)**	-	**695**
16,324	**Management & Support**	**8,056**	**209**	**334**	**981**	**8,004**	**-**	**17,584**	**(364)**	**(1,465)**	**(125)**	**-**	**(1,954)**	93	**15,723**
(27,266)	**Improved Better Care Fund and Disabled Facilities Grant**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(27,905)**	**-**	**-**	**-**	**(27,905)**	-	**(27,905)**
-	**Adult Social Care Reform**	**-**	**-**	**-**	**4,894**	**-**	**-**	**4,894**	**(1,745)**	**-**	**-**	**-**	**(1,745)**	-	**3,149**
192,628	**Total**	**53,303**	**850**	**1,055**	**13,925**	**237,174**	**4**	**306,311**	**(31,241)**	**(38,041)**	**(36,716)**	**-**	**(105,998)**	**450**	**200,763**

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

Main changes between years	**£'000**
Rebased Net Budget 2021/22	**192,628**
Growth / Pressures	(3,058)
Inflation	11,253
Savings	-
Pay award	-
Tfrs between depts	(60)
Departmental Estimate 2022/23	**200,763**

Revenue Budgets - Public Health

2021/22 Rebased Net Budget £'000		2022/23 Employees £'000	Premises £'000	Transport £'000	Supplies & Services £'000	Transfers & Third Party Payments £'000	Financing & Transfers to Reserves £'000	**Total Expenditure £'000**	Government Grants £'000	Other Grants & Contributions £'000	Fees, Charges & Receipts £'000	Financing & Planned Use of Reserves £'000	**Total Income £'000**	Internal Recharges (exp & inc) £'000	**Net Service Expenditure £'000**
10,705	Mental Health and Best Start	-	-	-	-	10,397	-	**10,397**	-	-	-	-	**-**	400	**10,797**
10,550	Risky Behaviours and Threats to Health	13	-	-	60	11,600	-	**11,673**	(1,350)	-	-	-	**(1,350)**	50	**10,373**
2,766	Health Systems	-	-	-	10	3,063	-	**3,073**	-	-	-	-	**-**	-	**3,073**
1,278	Communities	-	-	-	-	1,278	-	**1,278**	-	-	-	-	**-**	-	**1,278**
(25,299)	Central Support	2,034	-	16	391	637	-	**3,078**	(28,074)	(773)	-	(128)	**(28,975)**	376	**(25,521)**
-	**Total**	**2,047**	**-**	**16**	**461**	**26,975**	**-**	**29,499**	**(29,424)**	**(773)**	**-**	**(128)**	**(30,325)**	**826**	**-**

Main changes between years	**£'000**
Rebased Net Budget 2021/22	**-**
Growth / Pressures	-
Inflation	-
Savings	-
Pay award	-
Tfrs between depts	-
Departmental Estimate 2022/23	**-**

Revenue Budgets - Business Services / Orbis

2021/22		2022/23													
Rebased Net Budget		Employees	Premises	Transport	Supplies & Services	Transfers & Third Party Payments	Financing & Transfers to Reserves	**Total Expenditure**	Government Grants	Other Grants & Contributions	Fees, Charges & Receipts	Financing & Planned Use of Reserves	**Total Income**	Internal Recharges (exp & inc)	**Net Service Expenditure**
£'000		**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
2,937	Finance	4,773	518	69	2,300	7	-	**7,667**	(229)	(2,272)	(26)	(730)	**(3,257)**	(1,492)	**2,918**
3,626	IT & Digital	(225)	58	1	6,943	-	-	**6,777**	(121)	(1,526)	(28)	(189)	**(1,864)**	(766)	**4,147**
1,550	HR & Organisational Development	2,264	-	2	380	(22)	3	**2,627**	(61)	-	(631)	(20)	**(712)**	(341)	**1,574**
(80)	Procurement	-	-	-	-	-	-	**-**	-	-	-	-	**-**	-	**-**
7,787	Property	2,775	11,075	55	11,850	1,513	3	**27,271**	(1,782)	(1,481)	(9,177)	(119)	**(12,559)**	(6,587)	**8,125**
8,504	Contribution to Orbis Partnership	-	-	-	8,504	-	-	**8,504**	-	-	-	-	**-**	-	**8,504**
24,324	**Total**	**9,587**	**11,651**	**127**	**29,977**	**1,498**	**6**	**52,846**	**(2,193)**	**(5,279)**	**(9,862)**	**(1,058)**	**(18,392)**	**(9,186)**	**25,268**

Main changes between years	**£000**
Rebased Net Budget 2021/22	**24,324**
Growth / Pressures	411
Inflation	533
Savings	-
Pay award	-
Tfrs between depts	-
Departmental Estimate 2022/23	**25,268**

Revenue Budgets - Children's Services

2021/22 Rebased Net Budget		2022/23 Employees	Premises	Transport	Supplies & Services	Transfers & Third Party Payments	Financing & Transfers to Reserves	**Total Expenditure**	Government Grants	Other Grants & Contributions	Fees, Charges & Receipts	Financing & Planned Use of Reserves	**Total Income**	Internal Recharges (exp & inc)	**Net Service Expenditure**
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Early Help & Social Care														
1,137	Policy Support & Commissioned Services	313	-	2	39	660	-	**1,014**	-	(82)	-	-	**(82)**	206	**1,138**
5,660	Early Help Keywork and Children's Centres	6,010	410	180	1,196	100	-	**7,896**	-	(1,967)	(55)	-	**(2,022)**	(187)	**5,687**
12,784	Locality Social Work & Family Assessment	9,429	-	221	386	4,501	-	**14,537**	-	(262)	-	-	**(262)**	16	**14,291**
37,114	Looked After Children	12,790	201	569	2,324	28,743	25	**44,652**	(1,605)	(282)	(3,683)	(1,125)	**(6,695)**	235	**38,192**
3,289	Other Children & Families	2,058	32	67	104	4,177	-	**6,438**	(2,328)	(521)	-	-	**(2,849)**	(201)	**3,388**
707	Youth Justice	1,310	28	31	29	197	-	**1,595**	(654)	(212)	-	-	**(866)**	-	**729**
60,691	**Subtotal**	**31,910**	**671**	**1,070**	**4,078**	**38,378**	**25**	**76,132**	**(4,587)**	**(3,326)**	**(3,738)**	**(1,125)**	**(12,776)**	**69**	**63,425**
	Education & ISEND														
11,818	ISEND	19,054	106	346	6,007	41,517	-	**67,030**	(53,043)	(112)	(669)	-	**(53,824)**	(845)	**12,361**
2,775	Standards & Learning Effectiveness	4,318	-	87	24,690	585	-	**29,680**	(26,603)	(2,095)	(190)	(35)	**(28,923)**	2,016	**2,773**
281	Other Education	214	-	-	73	-	-	**287**	(6)	-	-	-	**(6)**	-	**281**
14,874	**Subtotal**	**23,586**	**106**	**433**	**30,770**	**42,102**	**-**	**96,997**	**(79,652)**	**(2,207)**	**(859)**	**(35)**	**(82,753)**	**1,171**	**15,415**
976	**Adoption South East**	1,043	-	36	203	-	-	**1,282**	-	(228)	-	-	**(228)**	1	**1,055**
-	**Schools**	134,214	10,508	59	8,353	2,333	-	**155,467**	(173,602)	9,819	-	(201)	**(163,984)**	**8,517**	**-**
	Management & Support														
14,312	Admissions & Transport	497	-	7	269	2	-	**775**	(1,102)	-	(25)	(220)	**(1,347)**	16,342	**15,770**
2,827	Management & Support	6,029	47	29	1,513	88	-	**7,706**	(2,822)	(145)	(842)	(67)	**(3,876)**	(1,003)	**2,827**
1,591	Safeguarding	1,636	-	33	120	-	-	**1,789**	-	(108)	(8)		**(116)**	15	**1,688**
18,730	**Subtotal**	**8,162**	**47**	**69**	**1,902**	**90**	**-**	**10,270**	**(3,924)**	**(253)**	**(875)**	**(287)**	**(5,339)**	**15,354**	**20,285**
95,271	**Total**	**198,915**	**11,332**	**1,667**	**45,306**	**82,903**	**25**	**340,148**	**(261,765)**	**3,805**	**(5,472)**	**(1,648)**	**(265,080)**	**25,112**	**100,180**

Main changes between years	**£'000**
Rebased Net Budget 2021/22	**95,271**
Growth / Pressures	3,240
Inflation	1,669
Savings	-
Pay award	-
Tfrs between depts	-
Departmental Estimate 2022/23	**100,180**

.

Revenue Budgets - Communities, Economy & Transport

2021/22 Rebased Net Budget £'000		2022/23 Employees £'000	Premises £'000	Transport £'000	Supplies and Services £'000	Third Party & Transfer Payments £'000	Financing and Transfer to Reserves £'000	**Total Expenditure** £'000	Government Grants £'000	Other Grants and Contributions £'000	Fees, Charges & Receipts £'000	Financing and Planned Use of Reserves £'000	**Total Income** £'000	Internal Recharges (exp & inc) £'000	**Net Service Expenditure** £'000
	Community Services														
607	Archives	373	600	4	693	-	-	**1,670**	-	(976)	(107)	-	**(1,083)**	6	**593**
711	Road Safety	854	7	29	104	-	-	**994**	(118)	(89)	(69)	-	**(276)**	(6)	**712**
753	Trading Standards	954	-	4	111	-	-	**1,069**	-	(50)	(34)	(44)	**(128)**	1	**942**
78	Travellers Sites	205	81	5	13	-	-	**304**	-	(106)	(122)	-	**(228)**	-	**76**
228	Emergency Planning	362	-	3	12	-	-	**377**	-	(148)	(1)	-	**(149)**	-	**228**
2,377	**Subtotal**	**2,748**	**688**	**45**	**933**	**-**	**-**	**4,414**	**(118)**	**(1,369)**	**(333)**	**(44)**	**(1,864)**	**1**	**2,551**
	Customer, Library & Registration Services														
3,843	Libraries	2,627	1,209	44	963	-	3	**4,846**	(202)	(85)	(296)	(159)	**(742)**	(444)	**3,660**
284	Records	158	1	-	9	-	-	**168**	-	(32)	-	(20)	**(52)**	179	**295**
226	Customer Care	220	-	1	41	-	-	**262**	-	-	-	(35)	**(35)**	-	**227**
(356)	Registration	1,375	81	28	113	-	-	**1,597**	-	(5)	(1,960)	-	**(1,965)**	-	**(368)**
3,997	**Subtotal**	**4,380**	**1,291**	**73**	**1,126**	**-**	**3**	**6,873**	**(202)**	**(122)**	**(2,256)**	**(214)**	**(2,794)**	**(265)**	**3,814**
	Transport & Operational Services														
7,947	Passenger Services	-	-	-	10,551	-	-	**10,551**	(439)	(156)	(34)	(26)	**(655)**	(2,598)	**7,298**
-	Home to School and ASC Transport	115	-	16,653	135	-	-	**16,903**	(4)	(383)	(70)	-	**(457)**	(16,446)	**-**
(265)	Parking	801	-	1	3,068	112	636	**4,618**	-	(308)	(7,169)	(280)	**(7,757)**	2,875	**(264)**
28,938	Waste Disposal	369	423	13	49,743	203	-	**50,751**	(2,996)	(14,556)	(2,964)	-	**(20,516)**	2	**30,237**
680	Rights of Way/Countryside Management	710	7	38	209	3	-	**967**	-	(81)	(213)	-	**(294)**	9	**682**
380	Other Transport & Operational Services	829	14	582	187	-	42	**1,654**	-	-	(217)	(155)	**(372)**	(868)	**414**
37,680	**Subtotal**	**2,824**	**444**	**17,287**	**63,893**	**318**	**678**	**85,444**	**(3,439)**	**(15,484)**	**(10,667)**	**(461)**	**(30,051)**	**(17,026)**	**38,367**

Revenue Budgets - Communities, Economy & Transport

2021/22		2022/23													
Rebased Net Budget		Employees	Premises	Transport	Supplies and Services	Third Party & Transfer Payments	Financing and Transfer to Reserves	**Total Expenditure**	Government Grants	Other Grants and Contributions	Fees, Charges & Receipts	Financing and Planned Use of Reserves	**Total Income**	Internal Recharges (exp & inc)	**Net Service Expenditure**
£'000		**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
	Highways														
1,283	Contract Management	921	-	9	447	-	-	**1,377**	-	-	-	(104)	**(104)**	10	**1,283**
10,967	Contract Costs (fixed and reactive)	-	1,369	-	12,061	-	-	**13,430**	-	(147)	(2,317)	-	**(2,464)**	-	**10,966**
539	Non Contract Works	-	58	-	397	168	-	**623**	-	(70)	-	-	**(70)**	-	**553**
12,789	**Subtotal**	**921**	**1,427**	**9**	**12,905**	**168**	**-**	**15,430**	**-**	**(217)**	**(2,317)**	**(104)**	**(2,638)**	**10**	**12,802**
	Planning & Environment														
266	Environment	510	70	2	102	-	-	**684**	-	-	(222)	(258)	**(480)**	-	**204**
650	Planning	1,468	-	21	254	-	-	**1,743**	-	(31)	(913)	(100)	**(1,044)**	12	**711**
-	High Weald	490	21	4	885	-	-	**1,400**	(987)	(424)	(1)	(23)	**(1,435)**	35	**-**
916	**Subtotal**	**2,468**	**91**	**27**	**1,241**	**-**	**-**	**3,827**	**(987)**	**(455)**	**(1,136)**	**(381)**	**(2,959)**	**47**	**915**
1,281	**Economic Development Skills and Growth**	2,133	57	15	1,684	26	-	**3,915**	(784)	(1,070)	(357)	(159)	**(2,370)**	65	**1,610**
2,902	**Management & Support**	2,101	-	17	2,598	22	1,450	**6,188**	(1,225)	(2,028)	-	-	**(3,253)**	(32)	**2,903**
61,942	**Total**	**17,575**	**3,998**	**17,473**	**84,380**	**534**	**2,131**	**126,091**	**(6,755)**	**(20,745)**	**(17,066)**	**(1,363)**	**(45,929)**	**(17,200)**	**62,962**

Main changes between years	**£'000**
Rebased Net Budget 2021/22	**61,942**
Growth / Pressures	340
Inflation	1,937
Savings	(1,257)
Pay award	-
Tfrs between depts	-
Departmental Estimate 2022/23	**62,962**

Revenue Budgets - Governance Services

2021/22 Rebased Net Budget		2022/23 Employees	Premises	Transport	Supplies & Services	Transfers & Third Party Payments	Financing & Transfers to Reserves	**Total Expenditure**	Government Grants	Other Grants & Contributions	Fees, Charges & Receipts	Financing & Planned Use of Reserves	**Total Income**	Internal Recharges (exp & inc)	**Net Service Expenditure**
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2,773	**Corporate Governance**	1,492	2	39	1,071	8	-	**2,612**	-	(65)	(21)	-	**(86)**	-	**2,526**
	Corporate Support														
1,000	Communications	1,054	-	3	49	-	-	**1,106**	(53)	(47)	(1)	(4)	**(105)**	(2)	**999**
1,913	Legal	2,110	-	10	134	-	-	**2,254**	-	(29)	(252)	-	**(281)**	-	**1,973**
2,913	**Subtotal**	**3,164**	**-**	**13**	**183**	**-**	**-**	3,360	**(53)**	**(76)**	**(253)**	**(4)**	(386)	**(2)**	2,972
	Community Services														
995	Coroners	275	315	4	412	-	-	**1,006**	-	(11)	-	-	**(11)**	-	**995**
-	Third Sector	-	-	-	-	-	-	**-**	-	-	-	-	**-**	-	**-**
995	**Subtotal**	**275**	**315**	**4**	**412**	**-**	**-**	1,006	**-**	**(11)**	**-**	**-**	(11)	**-**	995
528	**Senior Management & Organisational Development**	600	-	2	348	-	-	**950**	-	(155)	-	-	**(155)**	-	**795**
7,209	**Total**	**5,531**	**317**	**58**	**2,014**	**8**	**-**	**7,928**	**(53)**	**(307)**	**(274)**	**(4)**	**(638)**	**(2)**	**7,288**

Main changes between years	£'000
Rebased Net Budget 2021/22	**7,209**
Growth / Pressures	-
Inflation	19
Savings	-
Pay award	-
Tfrs between depts	60
Departmental Estimate 2022/23	**7,288**

Capital programme to 2031/32

Introduction

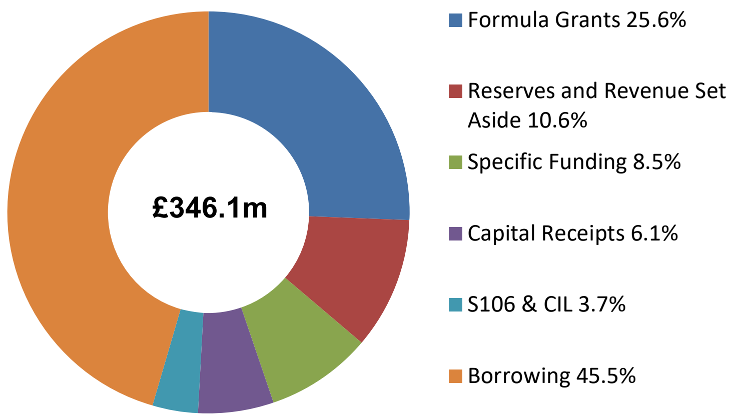
The planned capital programme supports the Council's Capital Strategy to 2042/43. It comprises targeted basic need investment that supports services in the delivery of priority outcomes and is supported by a planned programme to 2031/32. It includes providing for essential school places, investments in roads and transport infrastructure, support for climate change initiatives, enhancing the life of existing assets and ensuring they are fit for purpose, as well as support for strategic investment.

The proposed programme includes:

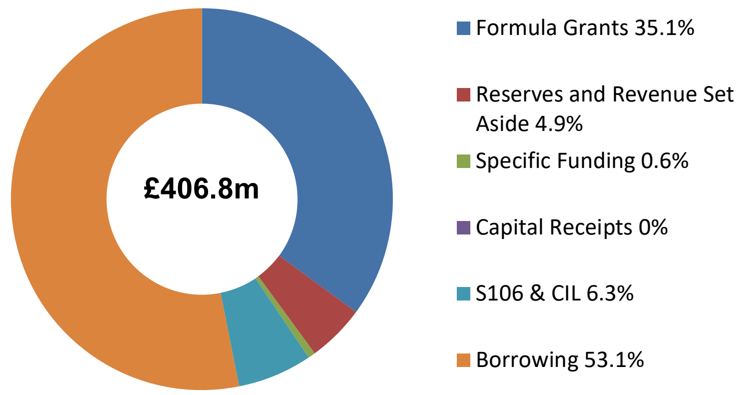
- Improvement to roads and transport infrastructure, including maintaining current road conditions of 4% (A Roads), 4% (B&C Roads), 14% (Unclassified roads) being "red" over the next 10 years.
- New investment to support essential works to highway structures and to address a backlog of life-expired street lighting columns.
- Providing necessary school places and school access initiatives, safeguarding and temporary accommodation.
- Investment for important additional school places for pupils with Special Educational Needs and Disabilities (SEND).
- Investment to support the Council's commitment of carbon neutrality by 2050 at the latest.
- Capital Building Improvements and energy saving measures;
- Essential Libraries work to keep libraries in their current condition and stop them from deteriorating;
- Support of Economic Growth and Strategic Infrastructure investment.
- Supported accommodation and improvements

Total Programme of £752.9m comprising:

MTFP Programme to 2024/25



Programme 2025/26 to 2031/32



An estimated 31**%** (£230.4m) will be funded from Government grants, with 8% (£70.3m) funded from scheme-specific income, requiring the remainder (£452.2m) funded locally through borrowing, capital receipts and use of reserves set aside for a specific purpose.

Capital programme - current programme and resources

Capital Programme	2021/22	2022/23	2023/24	2024/25	2021-25 Programme Total	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	Remaining Budget Total
	MTFP Period												
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adult Social Care	60	194	50	50	**354**								**354**
Business Services	34,880	39,157	32,000	34,197	**140,234**	40,352	27,542	36,598	23,713	18,760	16,899	18,265	**322,363**
Children's Services	967	779	1,200	1,200	**4,146**								**4,146**
Communities, Economy & Transport	52,312	61,769	43,838	43,445	**201,364**	34,950	31,066	30,660	31,666	31,618	31,946	32,746	**426,016**
Gross Expenditure by Department	**88,219**	**101,899**	**77,088**	**78,892**	**346,098**	**75,302**	**58,608**	**67,258**	**55,379**	**50,378**	**48,845**	**51,011**	**752,879**
Section 106 and CIL	(6,047)	(1,711)	(1,962)	(2,967)	**(12,687)**	(1,216)	(284)	(95)					**(14,282)**
Other Specific Funding	(13,481)	(6,170)	(6,027)	(3,826)	**(29,504)**	(350)	(350)	(350)	(350)	(350)	(350)	(350)	**(31,954)**
Net Expenditure	**68,691**	**94,018**	**69,099**	**72,099**	**303,907**	**73,736**	**57,974**	**66,813**	**55,029**	**50,028**	**48,495**	**50,661**	**706,643**

Current Funding Assumptions	2021/22	2022/23	2023/24	2024/25	2021-25 Programme Total	2025-32 Programme Total	Total Resource
	MTFP Period						
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Capital Receipts	5,919	8,580	6,505		**21,004**		**21,004**
Formula Grants	25,177	25,436	17,738	19,433	**87,784**	142,607	**230,391**
New Homes Bonus		816			**816**		**816**
Section 106 and CIL Target						24,068	**24,068**
Recycled Loans	375	625	500	500	**2,000**	350	**2,350**
Reserves and revenue set aside	5,397	18,242	6,489	4,666	**34,794**	19,587	**54,381**
Borrowing	31,823	40,319	37,867	47,500	**157,509**	216,124	**373,633**
	68,691	**94,018**	**69,099**	**72,099**	**303,907**	**402,736**	**706,643**

Capital programme - Adult Social Care

Adult Social Care	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	Remaining Budget Total
	MTFP Period											
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Specific Projects:												
Greenacres	10	144										154
House Adaptations	50	50	50	50								200
Gross Expenditure	**60**	**194**	**50**	**50**	**0**	**0**	**0**	**0**	**0**		**0**	**354**
S106 & CIL												
Other Specific Funding	(10)	(144)										(154)
Net Expenditure	**50**	**50**	**50**	**50**	**0**	**0**	**0**	**0**	**0**		**0**	**200**

Capital programme - Business Services

Business Services	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	Remaining Budget Total
	MTFP Period											
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Target led basic need:												
Schools Basic Need (delivered on behalf of CSD)	16,574	5,684	5,869	16,625	23,120	15,060	17,140	9,340	4,920			114,332
Capital Building Improvements (Schools)	5,400	5,463	3,982	3,982	3,982	3,982	3,982	3,982	3,982	3,982	3,982	46,701
Capital Building Improvements (Corpoate)	2,100	7,507	4,300	4,300	4,000	4,000	4,000	4,000	4,000	4,000	4,000	46,207
IT & Digital Strategy Implementation	8,568	14,910	10,999	2,940	3,900	3,550	11,126	6,041	5,508	8,567	9,933	86,042
Specific Projects:												
Lansdowne Secure Unit Phase 2	314											314
Energy Efficiency - SALIX scheme	428	350	350	350	350	350	350	350	350	350	350	3,928
Special Educational Needs	100	1,600	1,500									3,200
Special Educational Needs (Grove Park / Beacon)		2,500	5,000	6,000	5,000	600						19,100
Specialist Provision in Secondary Schools	730	150										880
Disability Children's Homes	20	222										242
Westfield Lane (delivered on behalf of CSD)	500	690										1,190
Property Agile Works	122	81										203
IT & Digital - Utilising Automation	24											24
Gross Expenditure	**34,880**	**39,157**	**32,000**	**34,197**	**40,352**	**27,542**	**36,598**	**23,713**	**18,760**	**16,899**	**18,265**	**322,363**
S106 & CIL	(5,484)	(185)	(1,806)									(7,475)
Other Specific Funding	(742)	(350)	(350)	(350)	(350)	(350)	(350)	(350)	(350)	(350)	(350)	(4,242)
Net Expenditure	**28,654**	**38,622**	**29,844**	**33,847**	**40,002**	**27,192**	**36,248**	**23,363**	**18,410**	**16,549**	**17,915**	**310,646**

Capital programme - Children's Services

Children's Services	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	Remaining Budget Total
	MTFP Period											
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Target led basic need:												
Schools Delegated Capital	760	729	1,150	1,150								3,789
Specific Projects:												
House Adaptations	160	50	50	50								310
Conquest Centre redevelopment	47											47
Gross Expenditure	**967**	**779**	**1,200**	**1,200**	**0**	**0**	**0**	**0**	**0**		**0**	**4,146**
S106 & CIL												
Other Specific Funding	(760)	(729)	(1,150)	(1,150)								(3,789)
Net Expenditure	**207**	**50**	**50**	**50**	**0**	**0**	**0**	**0**	**0**		**0**	**357**

Capital programme - Communities, Economy & Transport

Communities, Economy & Transport	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	Remaining Budget Total
	MTFP Period											
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Target led basic need:												
Bridge Assessment Strengthening	1,662	3,026	3,708	1,775	3,025	2,777	1,830	1,885	1,942	2,000	2,060	25,690
Highways Structural Maintenance	16,512	20,921	21,147	21,688	22,246	22,819	23,412	24,022	24,649	25,295	25,961	248,672
Rights of Way Surface Repairs and Bridge Replacement Programme	577	565	565	475	484	494	504	514	524	540	556	5,798
Street Lighting and Traffic Signals (life expired)	1,713	3,745	3,792	3,839	3,888	989	1,041	1,095	1,135	1,192	1,250	23,679
Specific Projects:												
Broadband	1,109	2,512	2,513	2,513								8,647
Salix Solar Panels	257	86										343
Salix Decarbonisation - Ninfield School	145											145
Street Lighting and Traffic Signals - SALIX scheme	1,636											1,636
Climate Emergency Works	768	2,819										3,587
Climate Emergency Action Plan			3,000	3,000								6,000
Bexhill & Hastings Link Road (BHLR)	1,660	252										1,912
BHLR Complementary Measures	-68	198										130
Community Match Fund	60	1,189										1,249
Economic Growth & Strategic Infrastructure Programme												
Economic Intervention Fund - Grants	221	368	345	300	300	300	300	154				2,288
Economic Intervention Fund - Loans	375	500	500	500	473							2,348
Stalled Sites	75	100	154									329
EDS Upgrading Empty Commercial Property		7										7
Hailsham HWRS	5	159										164
Other Integrated Transport Schemes	3,270	5,402	2,981	5,535	4,024	3,153	3,014	2,919	2,919	2,919	2,919	39,055
Integrated Transport Schemes - A22 Corridor Package	429											429

Capital programme - Communities, Economy & Transport

Communities, Economy & Transport	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	Remaining Budget Total
	MTFP Period											
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Visually Better Roads		5,800										5,800
The Keep	14	132	96	26		85	110	628				1,091
Library Refurbishment	490	622	449	449	449	449	449	449	449			4,255
Covid-19 Recovery - Libraries Targeted Support	250											250
Newhaven Port Access Road	459	79	20	776								1,334
Real Time Passenger Information	139	47	44	60	61							351
Queensway Depot Development (Formerly Eastern)	300		791									1,091
Exceat Bridge	887	1,748	3,733	2,509								8,877
Emergency Active Travel Fund - Tranche 1	6											6
Emergency Active Travel Fund - Tranche 2	921	522										1,443
Local Enterprise Funded Schemes												
Eastbourne Town Centre Phase 2	515	1,959										2,474
Bexhill Enterprise Park North	1,940											1,940
Eastbourne/South Wealden Walking & Cycling Packag	482	2,231										2,713
Hailsham/Polegate/Eastbourne Movement & Access Corridor	276	744										1,020
Hastings & Bexhill Movement & Access Package	1,571	4,323										5,894
Sidney Little Road Business Incubator Hub	381											381
Skills for Rural Businesses Post Brexit	3,113											3,113
Bexhill Creative Workspace	369											369
Eastbourne Fisherman's Quayside & Infrastructure Development Project	1,440											1,440
Getting Building Fund - Fast Track Business Solutions	3,500											3,500
Getting Building Fund - Observer Building	778											778
Getting Building Fund - Restoring Winter Gardens	1,324											1,324
Getting Building Fund - Creative Hub 4 Fisher Street	107											107
Getting Building Fund - Riding Sunbeams	1,820	707										2,527
Getting Building Fund - Sussex Innovation Falmer	200											200

Capital programme - Communities, Economy & Transport

Communities, Economy & Transport	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	Remaining Budget Total
	MTFP Period											
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Getting Building Fund - UTC Maritime and Sustainable Technology Hub	294	1,006										1,300
Getting Building Fund - Accessing Charleston	330											330
Gross Expenditure	**52,312**	**61,769**	**43,838**	**43,445**	**34,950**	**31,066**	**30,660**	**31,666**	**31,618**	**31,946**	**32,746**	**426,016**
S106 & CIL	(563)	(1,526)	(156)	(2,967)	(1,216)	(284)	(95)					(6,807)
Other Specific Funding	(11,969)	(4,947)	(4,527)	(2,326)								(23,769)
Net Expenditure	**39,780**	**55,296**	**39,155**	**38,152**	**33,734**	**30,782**	**30,565**	**31,666**	**31,618**	**31,946**	**32,746**	**395,440**

Reserve Balances

	Anticipated Balance 31st Mar 2022 £'000	Net planned Movements 2022/23 £'000	Anticipated Balance 31st Mar 2023 £'000	Estimated Balance 31st Mar 2026 £'000
Held on behalf of others or statutorily ringfenced				
Balances held by Schools	20,512	0	20,512	20,512
Extended Schools	1,652	0	1,652	1,652
Schools Supply Teacher Insurance	359	0	359	0
Schools	**22,523**	**0**	**22,523**	**22,164**
Public Health	5,787	(128)	5,659	5,977
On Street Car Parking	3,601	147	3,748	4,565
EU Exit Funding	649	0	649	427
ACRES (Adult College of Rural East Sussex)	422	0	422	422
The Keep - Archive Service	476	(17)	459	394
High Weald	206	(16)	190	190
Sussex Air Quality Partnership	60	(9)	51	0
Lewes Athletics Track	14	0	14	14
Subtotal held on behalf of others or statutorily ringfenced	**33,738**	**(23)**	**33,715**	**34,153**
Service-Specific Reserves:				
Corporate Waste	16,113	0	16,113	9,688
Capital Programme	19,680	(1,614)	18,066	7,481
Insurance Risk	6,790	(500)	6,290	5,290
Adult Social Care Reform	0	0	0	0
Total Named Service Reserves	**42,583**	**(2,114)**	**40,469**	**22,459**
Strategic Reserves:				
Priority Outcomes and Transformation reserve: to fund the transformation programme to change, protect and improve Council services	16,999	(9,910)	7,089	3,249
Financial Management reserve: to manage the potential financial consequences of risks recognised in the Council's risk management arrangements and the CFO's robustness statement, and to enable the effective management of the medium-term financial strategy and investment strategy	52,698	(11,005)	41,693	21,799
Total Strategic Reserves	**69,697**	**(20,915)**	**48,782**	**25,048**
General Fund	**10,000**	**0**	**10,000**	**10,000**
Total Reserves	**156,018**	**(23,052)**	**132,966**	**91,660**

This table provides a summary of planned movements in and out of the individual reserves over the financial year 2022/23.

Explanation of key terms

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

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

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

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

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

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

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

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

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

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

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

Earmarked Reserves
Reserves which are set aside for specific purposes.

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

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

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

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

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

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

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

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

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

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

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

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

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

Produced by: Business Services, East Sussex County Council, County Hall, St Anne's Crescent, Lewes, East Sussex BN7 1UE
February 2022

Savings 2022/23 to 2024/25

	2022/23 £'000	2023/24 £'000	2024/25 £'000	Total £'000
Communities, Economy & Transport	1,257	105		1,362
Business Services / Orbis		1,242		1,242
Total Departments	**1,257**	**1,347**	**0**	**2,604**

NB: new savings are currently not being sought

Communities, Economy & Transport

East Sussex County Council - Savings 2022/23 to 2023/24		Gross budget	Net budget	Savings			
		2018/19[1]	2018/19[1]	2022/23	2023/24	2024/25	Total
Activity	**Savings Proposal**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Community Services							
Archives and Records Service	The Keep Sustainability Plan has been agreed and is a three-part savings and income plan to ensure the financial sustainability of The Keep. It would ensure that the partners still deliver our statutory and legal duties, and maintain a good degree of public access.	1,042	1,074	14			**14**
Library Services	We will further reduce the operating costs of our Library and Information Service by improving the cost efficiency of provision and/or relocating back office functions/libraries. In addition, we'll achieve further efficiencies in ICT through the implementation of a new contract for self-service facilities in libraries. In 2022/23, we'll deliver £183k of the £288k savings, followed by £105k in 2023/24.	4,214	3,595	183	105		**288**
Transport							
Parking: Civil Parking Enforcement	Increase on-street parking charges where possible. Surpluses to be used for transport related funding.	6,134	(910)	1,000			**1,000**
Planning and Environment							
Environmental Advice Services	Income generation through traded services.	1,631	420	60			**60**
TOTAL Communities, Economy & Transport				**1,257**	**105**	**0**	**1,362**

[1] 2018/19 is the budget on which the original three-year savings plan (2019/20 to 2022/23) was based

NB: new savings are currently not being sought

Business Services / Orbis

East Sussex County Council - Savings 2022/23 to 2023/24		Gross budget	Net budget	Savings			
		2018/19[1]	2018/19[1]	2022/23	2023/24	2024/25	Total
Activity	**Savings Proposal**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Business Services: Orbis and Managed on Behalf of (MOBO) services: IT&D, Procurement, Internal Audit, together with Centres of Expertise for - Treasury and Tax, Insurance and some Property Services	The Fully Integrated services are being analysed and the findings will be presented to the 3 partner Councils to determine a sustainable Business Plan that continues to support the partners to deliver their priorities. The aim would be to reduce spending as set out in this table although the details of how this might be achieved are still being developed.	47,534	22,270		1,242		**1,242**
TOTAL Business Services / Orbis				**0**	**1,242**	**0**	**1,242**

[1] 2018/19 is the budget on which the original three-year savings plan (2019/20 to 2022/23) was based

NB: new savings are currently not being sought

Communities, Economy & Transport

East Sussex County Council - Savings 2022/23 to 2023/24		**Protected characteristics**										
Activity	**Savings Proposal**	**Age**	**Disability**	**Sex**	**Gender Reassignment**	**Ethnicity**	**Marriage / Civil Partnership**	**Pregnancy /Maternity**	**Religion / Belief**	**Sexual Orientation**	**No impacts identified**	**Further Information**
Community Services												
Archives and Records Service	The Keep Sustainability Plan has been agreed and is a three-part savings and income plan to ensure the financial sustainability of The Keep. It would ensure that the partners still deliver our statutory and legal duties, and maintain a good degree of public access.	-										There is a current equality impact assessment completed on this proposal.
Library Services	We will further reduce the operating costs of our Library and Information Service by improving the cost efficiency of provision and/or relocating back office functions/libraries. In addition, we'll achieve further efficiencies in ICT through the implementation of a new contract for self-service facilities in libraries. In 2022/23, we'll deliver £183k of the £288k savings, followed by £105k in 2023/24.	-	-	-								No disproportionate impacts are identified. Savings will be made through cost efficiency and back-office changes. No EqIA is required.
Transport												
Parking: Civil Parking Enforcement	Increase on-street parking charges where possible. Surpluses to be used for transport related funding.										y	Relates to additional incomes. No EqIA is required.
Planning and Environment												
Environmental Advice Services	Income generation through traded services.										y	Relates to additional incomes. No EqIA is required.
TOTAL Communities, Economy & Transport												

Business Services / Orbis

East Sussex County Council - Savings 2022/23 to 2023/24		Protected characteristics										
Activity	**Savings Proposal**	**Age**	**Disability**	**Sex**	**Gender Reassignment**	**Ethnicity**	**Marriage / Civil Partnership**	**Pregnancy /Maternity**	**Religion / Belief**	**Sexual Orientation**	**No equality impacts**	**Further Information**
Business Services: Orbis and Managed on Behalf of (MOBO) services: IT&D, Procurement, Internal Audit, together with Centres of Expertise for - Treasury and Tax, Insurance and some Property Services	The Fully Integrated services are being analysed and the findings will be presented to the 3 partner Councils to determine a sustainable Business Plan that continues to support the partners to deliver their priorities. The aim would be to reduce spending as set out in this table although the details of how this might be achieved are still being developed.										y	No proposal for 2022/23. As plans are developed for future savings equality impacts will be assessed. None are anticipated at this stage.
TOTAL Business Services / Orbis												

East Sussex County Council
Council Tax Precepts for 2022/23 (Draft)

		£	£	£
Gross Expenditure			***921,363,000***	
Income			***468,132,000***	
Net Budget				453,231,000
	Business Rates & S31 Grants	23,976,000		
	Business Rates Top Up	62,773,000		
	Revenue Support Grant	3,687,000		
	Services Grant	5,175,000		
	New Homes Bonus	816,000		
	Social Care Grant	23,674,000		
	Previous year's surpluses/(deficits)			
	Collection Fund Adjustment	-		
	Council Tax Collection Fund	4,763,198		
			124,864,198	
				124,864,198
	Council Tax Requirement			328,366,802
	Tax base (total equivalent Band D properties)			203,532.3
	Basic council tax			1,613.34

Therefore Council Tax per Category of Dwelling:-

		Proportion of Basic Council Tax	£
	Band A	6/9	1,075.56
	Band B	7/9	1,254.82
	Band C	8/9	1,434.08
	Band D	9/9	1,613.34
	Band E	11/9	1,971.86
	Band F	13/9	2,330.38
	Band G	15/9	2,688.90
	Band H	18/9	3,226.68

Precept to Each Billing Authority		*No of band D equivalent dwellings*	£
	Eastbourne	34,754.0	56,070,018
	Hastings	26,237.0	42,329,202
	Lewes	36,726.6	59,252,493
	Rother	38,626.8	62,318,162
	Wealden	67,187.9	108,396,927
	Total	203,532.3	328,366,802

Subject to District & Boroughs returns

Schedule of Instalments for payment from Districts & Boroughs

12 April 2022
23 May 2022
29 June 2022
04 August 2022
12 September 2022
18 October 2022
23 November 2022
03 January 2023
08 February 2023
16 March 2023

This page is intentionally left blank

Appendix 6

Reserves and Budget Robustness Statement

1.0 Reserves

1.1 The Council's (ESCC) approach to the management and accounting for earmarked reserves is set out in the Reserve Strategy adopted by the Cabinet in June 2017 and updated as part of Quarter 1 reporting in September 2021. The Reserves have been reviewed using the principles set out in the Policy ensuring that they are reflective of the Council's strategic agenda and the current financial risks and issues the Council faces through the medium term.

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

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

- **General Fund Balance** - a working balance to manage in-year risks if they cannot be managed via other mitigations. It is best practice for a well-run authority to hold such a balance to assist in delivering services over a period longer than one financial year.
- **Earmarked Reserves** - funds that are held to meet known or anticipated future one-off requirements, facilitating transformation and the management and mitigation of future financial risk and uncertainty.

1.4 ESCC General Fund Balance and Earmarked Reserves are estimated to total £156.0m as at 1 April 2022: an increase of £19.7m against the actual reserves at 1 April 2021 totalling £136.3m. Given the financial uncertainties as a result of Covid-19, national and international supply chain issues impacting on inflation, Adult Social Care Reform and the potential of unfunded burdens, the prominence of the Levelling Up agenda at Spending Review 2021 and the Local Government Financial Settlement, increasing reserve levels, where possible, continues to be a priority. Movements in year are:

- Priority Outcomes and Transformation – a net increase of £9.0m; the main movement being £8.9m for future one-off investment on visible road improvements and climate change projects.
- Capital reserve – a net increase of £7.3m; the key movements being a £5.7m transfer from the Financial Management Reserves plus transfer of the £2.1m Treasury Management underspend reported for quarter 1. This is reflective of the use of reserve to fund items of investment for which the Council would not want to borrow and is consistent with the new capital strategy.
- A net increase of £1.4m in reserves held on behalf of others or statutorily ringfenced;
- Insurance reserve – a decrease in the balance of £0.6m, in support of insurance claims in 2021/22.
- Financial Management – a net increase of £2.6m, movements shown in Table 1 below.

Table 1: Movements in Financial Management Reserve 1 April 2021 to 1 April 2022

Description	Movement
Services Grant set aside for one-off investment	£5.2m
Estimated balance after Finance Settlement to mitigate future risks around Children's Services, SEND, Adult Social Care, Funding Reform and Covid legacy.	£5.0m
2021/22 Q1 - General Contingency transfer of £1.332m	£1.3m
Business Rates Retention and Proceeds of Pooling 2021/22	£1.3m
Contribution of Collection Fund Adjustment	£1.1m
Investment Projects - Edge of Care (formerly No Wrong Door)	£1.0m
Transfer to Capital Programme	£(5.7)m
Modernising Back Office Systems (MBOS)	£(1.6)m
Redundancies (all Depts)	£(1.2)m
Social Workers - Market Supplement	£(1.1)m
Investment Projects - Accommodation and Floating Support	£(0.8)m
County Council election costs	£(0.8)m
Various other movements not exceeding £0.5m individually	£(1.1)m
Total Movement	**£2.6m**

1.5 The estimated balance at 31 March 2026 is now £91.7m. Of this £25.0m relates to available strategic reserves: this position represents the known planned use for these reserves. The current reserves position is summarised in the table below.

Table 2: Summary of Reserves

	State of the County Report 2021 (£m)		Full Council February 2022 (£m)	
	01.04.21 Actual	Estimated Balance at 31.03.25	01.04.22 Estimate	Estimated Balance at 31.03.26
Earmarked Reserves:				
Held on behalf of others or statutorily ringfenced	**32.3**	**31.7**	**33.7**	**34.2**
Named Service Reserves				
Waste Reserve	16.1	5.0	16.1	9.7
Capital Programme Reserve	12.4	8.9	19.7	7.5
Insurance Reserve	7.4	5.4	6.8	5.3
Adult Social Care Reform Reserve (NEW)	0.0	0.0	0.0	0.0
Subtotal named service reserves	**35.9**	**19.3**	**42.6**	**22.5**
Strategic Reserves				
Financial Management	50.1	25.2	52.7	21.8
Priority Outcomes and Transformation	8.0	3.4	17.0	3.2
Subtotal strategic reserves	**58.1**	**28.6**	**69.7**	**25.0**
Total Earmarked Reserves	**126.3**	**79.6**	**146.0**	**81.7**

General Fund Balance	***10.0***	***10.0***	***10.0***	***10.0***
TOTAL RESERVES	**136.3**	**89.6**	**156.0**	**91.7**

1.6 Additionally, Covid grant balances are held in the Grants and Contributions (IAS20) Reserve; clarity has been received that the Contain Outbreak Management Fund can now be carried forward beyond 31 March 2022. The carry forward of £19.9m of COVID fund provides the opportunity to continue to mitigate the impact of COVID, within grant conditions. The estimated balances are shown in Table 3 below:

Table 3: Covid Grant Balances

COVID-19 Grants 2021/22 (£m)	**Carried forward**	**Expected in-year**	**Forecast usage in-year**	**Specific set-aside for LAC in future yrs**	**Forecast balance remaining**
COVID-19 General Funding	15.132	11.979	(9.704)	(4.457)	12.950
COVID-19 Specific Funding	15.784	27.928	(36.804)		6.908
Total funding	**30.916**	**39.907**	**(46.508)**	**(4.457)**	**19.858**

1.7 At 1 April 2022 the estimated Earmarked Reserves are as follows:-

1.8 **Held on behalf of others or statutorily ringfenced** amount to £33.7m – most significantly this comprises £20.5m schools' balances which cannot legally be spent on ESCC activities, and ringfenced Public Health Reserve of £5.8m.

1.9 **Named Service Reserves** that are set aside to manage a specific financial risk, amount to £42.6m and comprise of a:-

- Waste Reserve – to manage financial risks relating to the waste contract and legislative change. These risks are reviewed and managed through this reserve on a 4 year rolling programme; the reserve is shown as reducing to reflect emerging risks, which include but are not limited to reduced recyclate prices increasing disposal costs, reduced recycling during collection contractor transition in the next two years, and changes in law/compliance with waste regulations/contractor policy change.
- Capital Programme Reserve – to support the Council's Capital Programme and to reduce the need to borrow, that has a consequential increase in pressure on revenue budgets. The estimated balance at 31 March 2026 is now £7.5m; this reduces to zero over the life of the capital programme.
- Insurance Reserve – this is to fund insurance liabilities that have arisen over previous years, based on the liability estimated by the Actuary in 2021 and other local knowledge and represents estimates that may become payable in 2022/23 and beyond.
- Adult Social Care Reform Reserve – it is proposed that a reserve is set up to support the financial risk of this reform. The Market Sustainability and Fair Cost of Care Fund grant of £1.7m and ASC precept of £3.1m have been allocated to the service for 2022/23; any unused funding will be transferred to this reserve.

1.10 **Strategic reserves** are as follows:-

- A Financial Management reserve – to manage the potential financial consequences of risks recognised in the Council's risk management arrangements and the Chief Finance Officer's (CFO) robustness statement, including the risk of the pay award being over that planned within the Medium Term Financial Plan (MTFP). It also enables wider management of the medium-term financial strategy and the investment strategy. In 2022/23 this will also include additional investment in the authorities core financial systems.

- The Priority Outcomes and Transformation reserve – to fund the transformation programme to change, protect and improve Council services, and programmes that meet the Council's priority outcomes.

1.11 There has been a movement overall on the strategic reserves since they were last reported; The balance at 31st March 2025 of the strategic reserves was estimated to be £28.6m and is now estimated at £25.0m at 31st March 2026. The key movements in these balances are as follows:
- Priority Outcomes and Transformation reserve – a reduction of £0.2m relating to planned use of balances derived from the Additional Voluntary Contributions Scheme.
- Financial Management reserve — a net reduction of £3.4m, movements shown in Table 4 below:

Table 4: Movements in Financial Management Reserve

Description	**Movement**
2021/22 Q1 - General Contingency transfer	£1.3m
GCS Consolidated Store – Ropemaker storage facility	£0.1m
Additional set aside for MBOS	£(3.3)m
Social Workers - Market Supplement	£(1.0)m
Draw for Pay Award 2020/21 extra 0.25%	£(0.5)m
Total Movement	**£(3.4)m**

1.12 In the recent uncertain financial, economic and political times some councils have been close to collapse as they have grappled with the challenge of delivering services within a difficult financial landscape, the considerable costs and pressures presented by COVID-19 and the EU Exit. That uncertainty is brought into sharp focus given the lack of clarity about what funding will be provided for councils beyond next year as a result of the levelling up agenda and Adult Social Care reform. It is essential that we maintain sufficient reserves to weather this period of uncertainty and the risk associated with reform of the system. It therefore continues to be a priority to, where possible, bolster the Financial Management reserve and the Priority Outcomes and Transformation reserve where the opportunity presents, and therefore this will apply to any unused contingency once the final outturn position is known and other one-off funding.

1.13 As in previous years, any changes to Business Rates and Collection Fund, as a result of movements at District and Borough estimates provided, will be managed through reserves in the form of a collection fund adjustment on the precept notice. Details of the reserves summarised above can be found in the Budget Summary at Appendix 3. The Chief Finance Officer Statement on Budget Robustness follows.

2.0 Chief Finance Officer Statement on the Budget Robustness

2.1 Section 25 of the Local Government Act 2003 places a statutory duty on the Chief Financial Officer (CFO) to review the Medium Term Financial Plan and comment upon the robustness of the budget and the adequacy of the reserves to be held by the authority when it is making the statutory calculations required to determine its Council Tax or precept. The authority is required to take this report into account when making that decision.

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

3.0 Report of the Chief Financial Officer on the robustness of the 2022/23 budget proposal.

3.1 It is the opinion of the CFO that the draft budget for 2022/23 is based upon a sound financial strategy that will enable the Council to deliver its proposed Council Plan successfully.

3.2 Both the Revenue Budget and Capital Programme have been formulated having regard to a number of factors including funding availability; risks and uncertainties; inflation; priorities; demography and service pressures.

3.3 As the development of the Council Plan and budget for 2022/23 has progressed, the position has been subject to reviews with Chief Officers, other Officers and Members, including Cabinet and Scrutiny Committees. Due consideration has also been given to reconciling the over-arching financial strategy with corporate priorities and hence all the proposals have been developed as an integral part of service planning (the process known as Reconciling Policy, Performance and Resources (RPPR)).

3.4 **The 2022/23 budget is balanced** and, in finalising the budget, consideration has been given to unforeseen issues that could arise during the year and ensuring that those risks can be managed. The strategic risk register has been reviewed and an analysis of ESCC's financial position in the current year has been carried out, to identify direct impacts and risks that are inherent within the 2021/22 budget. Notwithstanding that the draft budget for 2022/23 is balanced, there are significant risks to the budget as the impact on residents, services and the economy of East Sussex of COVID-19 continues. The County Council holds a general contingency of £4.3m within the base revenue budget to cushion the impact of unexpected events and emergencies in year. Additionally there is a sum (agreed at Full Council in February 2021) for potential additional borrowing for the capital programme of £7.5m).

3.5 Increasing the Council Tax will provide a more sustainable income to the Council which will help to protect services. Implementing the 2.5% Adult Social Care precept and the allowed 1.99% precept (before triggering referendum) will support and help protect services that are already under significant pressure.

3.6 The **Adequacy of Earmarked Reserves** has been reviewed and is considered reasonable. The approach remains to take every opportunity to increase reserves to help future proof Council services. The strategic reserves of £69.7m remain available for support to the MTFP and any unforeseen events arising. In particular any financial pressures arising as a result of the ongoing pandemic that are not covered by the grant made available by the

Government. This represents 15% of Net Revenue Expenditure (NRE) and excludes Covid funding.

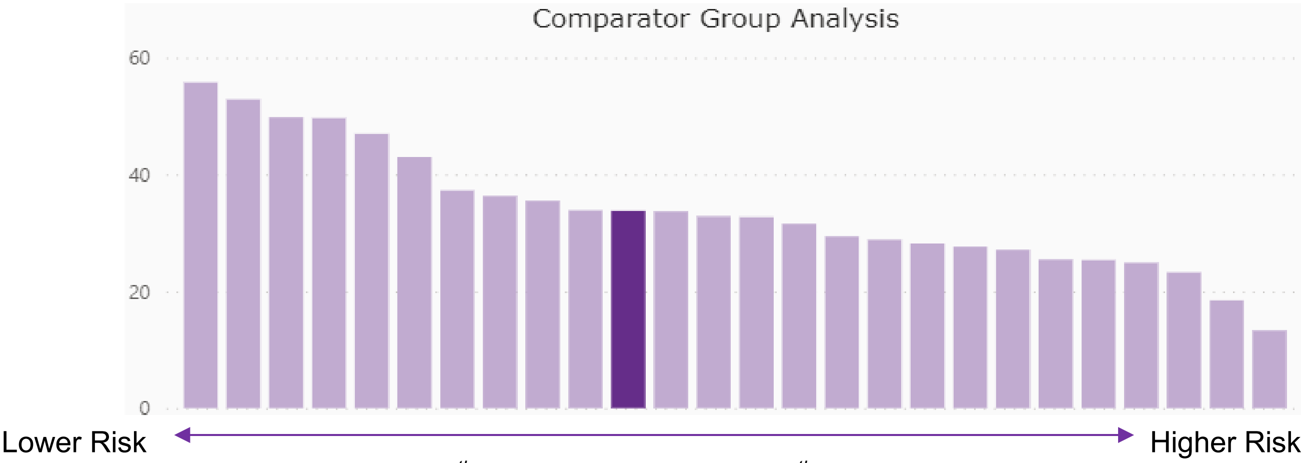
3.7 The Society of County Treasurers' (SCT) Technical Support Team, has examined local authority reserve data submitted to the Department of Levelling Up, Housing and Communities (DLUHC) published in October 2021 for the period from 2016-17 to 2020-21. *The analysis only includes those authorities who were able to provide figures for each year*.

3.8 Table 5 shows a marked increase between 2019-20 and 2020-21 reserves, even excluding unspent COVID funding. Shire Counties and SCT members have seen their earmarked reserves increase at the slowest pace. SCT members, who are responsible for approximately 34-35% of NRE, tend to hold between 24% and 26% of all earmarked reserves and this holds true even with the 2020-21 figures. Inner and outer London, who together make up a combined 15% of NRE, each hold 6-8% each year. Shire Districts who have responsibility for just 3% of NRE hold approximately 13-14% of the earmarked reserves. As a direct comparison ESCC holds £117.8m; 26% of NRE excluding schools' balances, public health and covid funding.

Table 5

	Increase in Other Earmarked Reserves between years				
	2016-17 to 2017-18	2017-18 to 2018-19	2018-19 to 2019-20	2019-20 to 2020-21 (including COVID reserves)	2019-20 to 2020-21 (excluding COVID reserves)
Shire Districts	13%	9%	6%	66%	40%
Shire Counties	12%	10%	21%	28%	20%
Unitaries	7%	3%	8%	55%	26%
Met Districts	5%	7%	16%	73%	26%
Inner London Boroughs	-2%	20%	15%	101%	37%
Outer London Boroughs	8%	7%	8%	39%	31%
SCT members	12%	7%	15%	31%	19%
England Total	**5%**	**13%**	**6%**	**54%**	31%

3.9 The CIPFA resilience index also provides an indicator of the robustness and reasonableness of levels of reserves. The graph below published by CIPFA as part of this index in February 2021 looks at the current level of reserves again as a percentage of net revenue budget (NRB). CIPFA describes these as usable reserves and exclude the public health reserve. It shows that ESCC (highlighted) held reserves of 33.75% in 2019/20 of NRB. The Council is in the lower risk middle quartile, at 16th highest at risk of the 26 Shire Counties.



[Note: WSCC at 32.72% ranked 14th, SCC 32.83% ranked 13th, Highest Risk: Northamptonshire 13.32%]

3.10 For the **General Fund Balance** there are two main approaches taken by Councils to determine their required minimum level; Past guidance recommended that general fund should be equivalent to a certain percentage of an authority's budget but in recent years that prescribed level has been replaced by an assumption that finance officers will set aside an amount that they feel is appropriate given the levels of risk facing their authority.

3.11 The SCT has complied the data available to present an analysis of the position between 2016 and 2021. In 2016-17 these unallocated reserves represented approximately 3.9% NRE. By 2020-21 unallocated reserves represent 4.9% of NRE, reflecting the increasing perception of risk. The following table illustrates the general, unallocated, reserves as a proportion of the outturn NRE figure. (Please note, as these figures are only for those authorities who provided figures for the whole 5-year period the cash values have not been included).

Table 6 - General Fund – outturn position expressed as a percentage of NRE

	General (unallocated) reserves – outturn position expressed as a percentage of NRE				
	2016-17	2017-18	2018-19	2019-20	2020-21
Shire Districts	24.5%	24.7%	24.4%	23.9%	30.8%
Shire Counties	2.4%	2.4%	2.7%	2.7%	3.1%
Unitaries	3.5%	3.6%	3.7%	3.5%	4.7%
Met Districts	2.8%	3.2%	3.1%	3.0%	4.1%
Inner London Boroughs	3.6%	4.2%	3.6%	3.3%	3.6%
Outer London Boroughs	3.4%	3.4%	3.1%	3.1%	4.0%
SCT members	2.8%	2.8%	3.0%	3.0%	3.4%
England Total	**3.9%**	**4.0%**	**4.0%**	**4.2%**	**5.0%**

3.12 As a direct comparison ESCC holds £10.0m 2% NRE. In addition, the County Council holds a general contingency of £4.3m (1% of NRE less Treasury Management) within the base revenue budget to cushion the impact of unexpected events and emergencies in year.

3.13 The challenge is to maintain an appropriate level of reserves, whilst also mitigating the pressures faced within the MTFP.

3.14 To ensure the ongoing approach of maximising fees and charges they continue to be classified into three categories:

1. No scope or discretion to set fees to fully recover costs (for example, if the fees & charges are statutory, pre-set or set within a framework, there is little opportunity to change the methodology for these in order to recover more costs).
2. May be scope to recover costs, but could be a good reason why not - for example, accepted element of subsidy, or the fee is to manage demand or shape behaviour.
3. Opportunity to change methodologies and to recover more costs, within the constraints of what the market will allow (i.e. likely impact on demand) (could be a phased move towards this).

Approximately 12% of the Council's fees & charges fall into category three (market led) and therefore this is a low risk area. Work however continues to ensure full recovery is targeted in this area.

3.15 A risk-based assessment of issues, which could have a major impact on the Council's finances, provides a flexible and responsive approach that helps reflect the continuously changing environment within which Local Government has to work. This approach will take into account the type of risk, the potential magnitude of the financial risk and a judgement as to how likely the issue is to arise. Table 7 below identifies a number of the high level risks that may have financial implications, which assist in determining the required minimum level of General Fund Balance to be retained.

Table 7: Financial Assessment of 2022/23 Risks

Risk	**Potential magnitude**	**Estimate of potential impact**	**Magnitude £m**
Growing demand for services is already impacting on service budgets particularly in Children's Services (CSD) and Adult Social Care (ASC). Service departments are forecasting a £3.3m BAU overspend in 2021/22 [Q2 position]. In addition Adult Social Care Reform increases the risk of significant unfunded costs and other self-funder and market impacts.	ASC 2022/23 budget £200.7m. CSD SEND budget for 2022/23 £12.4m.	3% increased unfunded demand	6.4
Risk that inflation on utilities and other areas where budgets were not uplifted for inflation become unmanageable within budget allocations.	Total utilities and other budget (gross) 2022/23 circa £216.8m.	5% increase in current provision.	10.8
Risk that inflation on pay is more than the contingency of 1.75% due to pressure from unions and political commitment.	Each 0.5% increase is approx. £0.7m	Between 0.5% and 2.5% additional increase	0.7 to 3.5
Non achievement of Fees & Charges targets built into the revenue budget, due to the continuing pandemic and economic climate.	Planned Fees & Charges for 2022/23 is £69.4m.	Underachievement provision of 5%	3.5
Levelling up agenda	Reduction in anticipated revenue from Business Rates and Council Tax.	Rates collected reduces by 5%	21.0
Changes in historic weather patterns may be being the potential for adverse weather conditions which may present the Council with additional unfunded costs. The impact of weather as opposed to additional prevention cannot be quantified.	Historic winter maintenance spend is circa £1.1m. Pressures due to unknown event impacts i.e. floods	10% increase in costs due to adverse weather 0.5% of insurance reserve & provision	0.1 0.04
National and International Trade and Supply Chain Issues causing: Excess inflation Unexpected Costs (e.g. additional trading standards officers; waste collection; service delivery etc.)	Inflation provided in MTFP £15.4m. £63.8m estimated highways infrastructure expenditure to 2024/25	5% increase in current provision. 2% additional cost	0.8 1.3
COVID-19 Ongoing impacts and implications beyond April 2022 As noted at 3.6 the strategy is to hold as much in reserve as possible to manage the risk that grants provided do not cover the ongoing costs of the pandemic and post pandemic demand and inflation.	-	-	-

3.16 Taking everything into account, the General Fund Balance of £10.0m, is sufficient based on professional judgement which, given the level of risks, is a minimum general balance and remains lower proportionately than other shire counties. This is, however, considered adequate on the basis that the budget balances for 2022/23 and that, in addition, as noted at 3.4, an in-year contingency is held.

3.17 The MTFP provides an estimated position for the next three years, shown at Table 8.

Table 8: Medium Term Financial Plan Position

	2022/23	2023/24	2024/25
Estimated Annual Deficit / (Surplus) - non cumulative	0.000	2.892	6.716
Estimated Annual Deficit / (Surplus) - cumulative	0.000	2.892	9.608

3.18 We are balancing the budget for 2022/23, and although there are challenges and significant levels of uncertainty, the Council has a robust planning process and sufficient reserves, and will continue to strive towards a balanced position in 2023/24.

3.19 For future years work will continue to identify. In addition the effects of a number of national funding decisions will impact on the financial position, the timing of which is yet to be determined. These are significant areas of change that currently are not fully understood and cannot be fully quantified but will have potential significant financial impact, and include:-

- Adult Social Care reform and potential new burdens;
- The impact of the levelling up agenda;
- The Fair Funding Review consultation and outcome; this will be the basis of the new needs assessment upon which business rates will be redistributed;
- The future funding of social care;
- Impact of new Government policies;
- Potential taxation reform; and
- Environmental targets, including the impact of Climate Emergency.

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

3.21 In addition to all these areas of uncertainty, are the effects of EU Exit and Covid 19 on the economy of the country, the duties the Government expects us to carry out and the workforce available to both the Council and the service providers on whom we rely, particularly in the Care Sector, continue to remain unclear.

Annex A

Reserves and Balances Policy

1.0 Background

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

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

2.0 Types of Reserve

The Council will maintain the following reserves:

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

2.1 Earmarked reserves will be maintained as follows:

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

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

3.0 Principles to assess the adequacy of reserves

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

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

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

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

4.0 Underspends

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

4.1 Periodically during the year, Services will be asked to submit business cases for the use of underspend. Business cases will be determined by the CFO in conjunction with the Corporate Management Team. These will then be held in a Strategic Reserve.

5.0 Use of reserves

Members, as part of agreeing the budget, will agree the policy for drawdown of reserves on the advice of the CFO. Use of reserves will be approved by CMT and reported to Cabinet as part of the RPPR monitoring process.

5.1 The CFO will monitor the drawdown of specific reserves in accordance with the agreed policy, and keep Members advised.

This page is intentionally left blank

Appendix 7

Feedback from Engagement Exercises

1. People Scrutiny Committee

1.1 The People Scrutiny RPPR Board met on the 13 December and agreed comments to be put to Cabinet, on behalf of the parent committee, for its consideration in January 2022. The information supplied to the Board to support its discussions comprised of relevant extracts of the Local Government Association's briefing on the Autumn Budget and Spending Review and the draft portfolio plans for the Adult Social Care and Health Department and the Children's Services Department.

1.2 The comments of the People Scrutiny Committee RPPR Board are set out below:

Adult Social Care and Health

1.3 The Board received an update from the Director of Adult Social Care on the reforms to Adult Social Care (ASC) announced in 2021, focussing particularly on the most recent announcements made in the ASC Reform white paper. The Board clarified the Council's latest understanding on the detail of the reforms and expected implementation in East Sussex.

1.4 The Board were concerned that important detail was still awaited from Government on how the ASC reforms to charging announced earlier in the autumn would be implemented in practice, as this is needed to undertake informed budget and service planning, particularly given the potential impact the reforms could have on ASC. The Board also questioned whether the ambitions of the latest ASC reform White Paper, particularly the ambition to deliver tailored care, were achievable in light of the underlying service and workforce pressures facing the Department and wider care system.

1.5 The Board welcomed the draft Portfolio Plan for Adult Social Care and Health and supported the priorities and plans set out within it. No changes were requested. In discussing the plan and the Department's work, the Board:

- highlighted the importance of ensuring new and existing housing was accessible to enable people to stay in their own homes for as long as possible;
- encouraged consideration of options for alternative models of care, which the Director confirmed the Department and care providers actively explore;
- sought assurance on the latest position in face-to-face delivery of ASC services following disruption earlier in the pandemic; and
- discussed measures to improve workforce recruitment and retention, welcoming recent success in recruiting Newly Qualified Social Workers.

Children's Services

1.6 The Board received an update from the Director of Children's Services on the Department's priorities for the coming year, including in responding to national policy changes and delivering priorities and programmes outlined in the draft Children's Services Portfolio Plan. The Board discussed these areas and:

- requested information on the potential impact of the Government's ambitions for all schools to join a multi academy trust and remove school improvement grants to local authorities;

- asked about the mechanisms in place to ensure inclusion and the roles of schools in the community was upheld when schools joined academies trusts; and
- sought assurance social workers had manageable and safe case-loads, which the Director confirmed the Department monitored closely and took steps to address when they were too high.

1.7 The Board agreed to report to Cabinet that they are very concerned about the potential for savings to be made in the Early Help service.

1.8 The Board supported the draft Children's Services Portfolio Plan and the plans and priorities within it.

General comments to Cabinet

1.9 The Board were disappointed the Levelling Up White Paper has not been published in line with the Government's original timeline, as it was expected that the further detail this would provide on the levelling up agenda would have a range of implications for the County Council that the Board were keen to understand.

2. Place Scrutiny Committee

2.1 The Place Scrutiny Committee RPPR Board met on 16 December 2021 to discuss the comments it wished to make to Cabinet on the draft Portfolio Plans, Medium Term Financial Plan (MTFP), Savings Plan and the announcements regarding the Local Government Financial Settlement for 2022/23.

2.2. The Place Scrutiny Committee RPPR Board made the following observations and comments:

2.3 The RPPR Board is supportive of the work being done by the departments within its remit and did not propose any changes to the draft Portfolio Plans. The Board commented that it was difficult to make comments on the budget without knowing the impact of the Local Government Provisional Settlement on the Council's MTFP. The Board may make further comments after the details of the Settlement are available and the impact is known.

2.4 The Board discussed the relationship between capital and revenue spending on highways maintenance, and whether a case could be made for further investment in highways in order to improve the condition of roads and pavements. The Board also noted the role of highway drainage in preserving and maintaining roads in good condition.

Summary Comments to Cabinet

2.5 The comments that the Place RPPR Board would like to make to Cabinet are:

- The Place RPPR Board is supportive of the work being carried out by Governance Services, Business Services and the Communities, Economy and Transport departments as outlined in the draft Portfolio Plans and has no suggested changes to the Portfolio Plans.

- The Board discussed the case for making further capital investment in highways maintenance, and the relationship with ongoing revenue budget expenditure, in order to improve the condition of roads and pavements in East Sussex. This may be something that the Place Scrutiny Committee may wish to explore further in the future.

- The Place RPPR Board has found it difficult to make detailed comments on the budget without knowing the impact on the Council's MTFP of the Local Government Provisional Settlement.

3. East Sussex Wider Strategic Partners

3.1 The Leader, Deputy Leader and Chief Officers held a virtual meeting with representatives of the Council's wider strategic partners on 5 January 2022. 29 partner organisations were represented in the meeting, from public, voluntary and private sector organisations and service user groups.

3.2 The Leader opened the session and thanked partners for joining, as it was a valuable opportunity for partners to provide feedback, help shape ESCC's planning for the year ahead and ensure our priorities were aligned wherever possible, to achieve the best outcomes for residents and make the best use of collective resources.

3.3 The Chief Executive and Chief Finance Officer then delivered a presentation which provided an overview of the evidence base that underpins ESCC's Reconciling Policy, Performance and Resources (RPPR) planning for 2022/23; the national policy context and public service reforms planned for the year ahead; the anticipated financial position for 2022/23 onwards; and updates to the Capital Programme. The presentation explained that although following announcements in the autumn Spending Review and provisional Local Government Finance Settlement ESCC expected to be in a stable financial position for 2022/23, future years were much more uncertain. This was due to planned changes to the way local authorities are funded, uncertainty regarding the long-term impact of COVID on service demand, and an expectation that new pressures would arise from planned policy changes, particularly in Adult Social Care. For this reason, partners were updated that joint lobbying would continue to be very important to ensure ESCC and the county received sufficient funding in future.

3.4 After the presentation, the following questions, comments and feedback were provided by partners:

- Partners were supportive of - and acknowledged the need for - joint lobbying, recognising the challenge the Council and county faced in advocating for the particular needs of East Sussex (which were distinctive to large parts of the wider South East region) to ensure they were met as part of the Government's levelling up agenda. Partners suggested that producing a short summary of opportunities, challenges and asks for the county could be useful and support partners in lobbying they undertook through their networks. The Council welcomed the offer and agreed that partners' voices could be particularly powerful and bolster the County Council's lobbying. It was agreed that development of a summary of opportunities, challenges and asks for the county would be best developed following publication of the Levelling Up White Paper so that it could be positioned effectively within that agenda.

- The opportunity to link up with health partners and others on the planning and delivery of overarching agendas that all were working on, such as increasing the use of digital technology and delivering carbon neutrality, was noted. ESCC was confident that it was well-aligned in its planning with partners on areas where services worked closely together or were commissioned/ delivered jointly (for example, health and social care integration) but recognised there could be more opportunities to align on broader agendas and would ensure this was picked up in future Council planning.

- The Chair of the East Sussex Parent Carers Forum highlighted the response from parent carers to engagement undertaken as part of the recent Joint Strategic Needs Assessment (JSNA) Comprehensive Needs Assessment of Special Educational Needs and Disability (SEND) in East Sussex. This had highlighted that the current system of provision was not seen by parent carers to be working effectively to meet the needs of children and young people with SEND. The opportunity and need to invest now to support the needs of children and young people with SEND to ensure that challenges and disadvantage they face were not amplified by the pandemic was also emphasised. The Leader gave assurance that the delivery of the national SEND Review was a priority lobbying ask for the Council. The Council was feeding into extensive work taking place nationally to inform the SEND Review, including through the Leader's role as spokesperson for Children's and Young People's issues on the County Councils Network. The Director of Children's Services said that it was often challenging for the Council to meet the expectations parents had for their children within resources available. The Council also wanted to ensure children with additional needs were provided for in mainstream education where appropriate to support better outcomes for children. The Government had provided additional funding for SEND through schools funding and ESCC was providing additional placements in special schools which was expected to help to address pressure on resources while the outcome of the SEND Review, and more fundamental reform to the system, was awaited.

- Recent increases in inflation and the related increase in the cost of living was noted, along with the challenges this presented for meeting staff pay requirements and recruitment and retention of staff across all organisations. Partners asked how the Council planned for and addressed this. It was confirmed that inflation is factored into the MTFP, using indices provided by the Office of Budget Responsibility, and within specific contracts. ESCC recognised it would need to review and consider how inflation was factored into contracts tendered in light of the expected increases in inflation in 2022/23, longer term budget pressures and uncertainty of future funding. ESCC also agreed that focus on retention of staff would be needed in the coming months and knew that pay was an important part of staff satisfaction in their jobs. However, the Council also knew pay was only one of a number of factors that contributed to job satisfaction and staff also needed to be well-trained, supported, connected to the community they served and to partners, so this was also a focus of work to maintain retention.

- The recognition in the presentation of the significant challenges facing the social care sector was welcomed, as partners confirmed the coronavirus pandemic had been tremendously difficult and had a huge impact on the sector, particularly on the recruitment and retention of staff. The forthcoming ASC reforms to charging were expected to have a further significant impact on the sector so partners confirmed the need for lobbying to ensure the impact of the changes were appropriately understood and funded by Government, and were committed to continued partnership working on this. ESCC agreed that the challenges in recruitment and retention of staff in social care were significant and difficult to address as they related to a labour shortage for care work.

- Partners welcomed the comprehensive presentation, the information on ESCC's financial position provided and the positive financial position the Council expected to be in for 2022/23. ESCC acknowledged this position was only possible as a result of prudent financial management over many years. This had required very difficult decisions and delivery of significant savings in the last decade to maintain balanced budgets, which the Council knew had had an impact on partners and residents, but had ensured stability now.

- Challenges facing Voluntary and Community Sector (VCS) partners in continuing current levels of service following the end to one-off COVID funding in March were outlined. ESCC recognised the challenges facing the VCS, really valued the work the sector delivered in the county and had worked hard to ensure one-off COVID funding allocated by Government was distributed to the sector as quickly as possible for this reason throughout the pandemic. While ESCC could not commit to continue the one-off funding when the allocations from Government ended, the challenges facing the sector would continue to be considered by ESCC in its future planning.

- Further detail on the saving planned in Children's Services in 2022/23 was requested. It was explained that the saving planned was to reduce spending in the early help service. This saving had originally been identified when the Council developed its Core Offer and had been deferred over a number of years since, in recognition of the pressure families and communities were under. This, and other planned savings, would be reviewed in developing the final budget proposals.

- The County Council's commitment to partnership working was welcomed by partners, and the innovative, open and challenging, but positive, relationships partners had with officers across the organisation was strongly valued.

3.5 Partners were encouraged to contact the Leader, Deputy Leader or Chief Officers if they wished to any make further comments on the budget or council plan proposals following the meeting.

This page is intentionally left blank

Appendix 8(a): Capital Programme 2021-22 to 2031-32 and Capital Strategy

1 Background

1.1 Through the Reconciling Policy Performance and Resources (RPPR) process the Capital Strategy and programme are reviewed annually to ensure that they support the Council's responsibilities and departmental service strategies. To manage investment to a sustainable level, the Capital Strategy focuses on the delivery of targeted basic need for the council to continue to deliver services as efficiently as possible, rather than rationing through prioritisation. This is in recognition that there will be conflicting priorities but that a level of investment is needed across the council in order to deliver the council's services and react to changes in technology, economy and the environment. Basic need for the purpose of strategic capital planning is provided below: -

- Place: ensuring we can deliver services by planning for future need.
- Asset Condition: maintaining our assets to an agreed level.
- ICT Strategy: ensure that our ICT is fit for purpose for delivering modern council services in a digital era and protecting data.
- Climate Change: tackling climate change has become part of ESCC core business, investment will be required towards the achievement of carbon neutrality.

1.2 At Full Council in February 2021 the target led basic need capital strategy of 20 years, supported by a 9-year planned capital programme was approved. The programme was not extended for an additional year to maintain a 10-year planning horizon due to the uncertainty over future years capital grants. As shown at Table 1, the updated capital programme 2021/22 to 2029/30 reported as part of the State of the County in July 2021, had a total programme expenditure of £527.5m, which was funded by a borrowing requirement of £227.9m

Table 1 – Approved Capital Programme (£m)	**Current Year 2021/22**	**MTFP Period**			**2025/26 to 2029/30**	**Total**
		2022/23	**2023/24**	**2024/25**		
Gross Expenditure	**95.462**	**78.138**	**53.536**	**54.230**	**246.087**	**527.453**
Specific Funding	(20.057)	(4.321)	(2.348)	(0.645)	(1.850)	**(29.221)**
Net Expenditure	**75.405**	**73.817**	**51.188**	**53.585**	**244.237**	**498.232**
Formula Grants	(23.619)	(19.737)	(20.895)	(23.026)	(99.385)	**(186.662)**
Capital Receipts	(8.676)	(4.658)	(5.694)			**(19.028)**
Reserves and Revenue Set Aside	(5.697)	(10.445)	(3.058)	(5.254)	(15.571)	**(40.025)**
CIL/S106 Target				(4.114)	(20.570)	**(24.684)**
Programme Funded from Borrowing	**37.413**	**38.977**	**21.541**	**21.191**	**108.711**	**227.833**

1.3 It was agreed at the State of the County 2021, that the programme would be updated by a further 2 years to maintain the 10-year planning horizon and that Climate Change would be included as basic need. Services were also asked to review their targeted basic need and investment requirements focussing on Highways and the Carbon Neutral commitment by 2050. This report provides an update on these actions and presents the financial impact of the basic need updates and growth.

1.4 Updated estimates to funding assumptions are reflected as part of the normal capital strategy updates. Further updates to Formula Grant assumptions will be made once the details of the Local Government Financial Settlement are announced, noting that changes in funding formula and allocation criteria will alter the level of grants anticipated and impact on the level of borrowing required. Indications are that this might happen annually.

1.5 Investment beyond basic need, including asset enhancements and strategic investments, will continue to be considered separately via business cases. As such these will not be included in the Capital Programme until their overall impact, including funding implications, have been assessed and approved.

2 Capital Programme Update

2.1 **Capital programme refresh and update**: The capital programme has been extended by two years in line with the current strategy to maintain a 10-year planning horizon and to include a nominal level of investment for Climate Change as basic need. The proposed programme also supports areas of growth in basic need requirements that have been identified by services where these represent reasonable synergy with the basic need principles. The Capital Strategy therefore continues to drive the authority's capital investment ambition whilst also ensuring appropriate capital expenditure, capital financing and treasury management within the context of the sustainable, long-term delivery of services. As normal, Service Finance and Departmental Capital Teams have also completed a capital programme refresh, re-profiling their programmes and projects as accurately as possible based on current knowledge held. After the application of estimated funding available, these updates will require new borrowing with an associated revenue impact via the Treasury Management revenue budget (see Section 4).

2.2 Table 2 below summarises the movements to the approved capital programme since State of the County in July 2020 for the programme refresh and updates. Noting that the first three years of the programme over the MTFP period (Medium Term Financial Plan) period to 2024/25 are being presented for approval, whilst the remaining years to 2031/32 are indicative to represent the longer-term planning for capital investment. The detailed proposals of the RPPR Programme updates are presented at **Annex A**.

Table 2 – Capital Programme Updates (£m)	Current Year 2021/22	MTFP Period			2025/26 to 2031/32	Total
		2022/23	2023/24	2024/25		
Approved Net Expenditure (State of the County 2021)	**75.405**	**73.817**	**51.188**	**53.585**	**244.237**	**498.232**
Capital Programme Refresh	(6.773)	2.478	3.606	0.125	0.564	**0.000**
RPPR Programme Updates	0.059	17.723	14.305	18.389	157.935	**208.411**
Revised Net Expenditure	**68.691**	**94.018**	**69.099**	**72.099**	**402.736**	**706.643**

2.3 Table 3 below provides a summary of the approved variations to the programme relating to fully funded schemes having a net nil impact on the capital programme. These total £13.4m.

Table 3: Approved Capital Variations (£m)	Total
A22 Corridor Packaged (funded from specific DfT grant funding)	**0.429**
Accessing Charleston (funding from specific LEP grant funding)	**0.241**
Hailsham HWRS (funding from S106 funding)	**0.018**
Exceat Bridge (funding from Levelling Up grant)*	**7.958**
Ninfield School Decarbonisation Measures (funding from Salix grant)	**0.145**
Integrated Transport Measures & LEP Projects (funding from Section 106 Developer Contributions)	**4.608**
Total	**13.399**

**In October 2021 the council received notification of the outcome for application to the first round of the Levelling Up Fund from the Department of Levelling Up, Housing & Communities. The confirmed grant award of £8.0m towards Exceat Bridge replacement.*

2.4 **Investment beyond basic need:** A number of projects are currently being developed that are beyond basic need will therefore be presented to Capital Strategic Asset Board (CSAB) for consideration via business cases or approved variation. As such these will not be included in the Capital Programme until their overall impact, including funding implications, have been assessed and approved in line with the appropriate governance.

- **Learning Disability Supported Living:** Adult Social Care has prepared a business case for capital investment towards a range of settled accommodation available for adults with learning disabilities in East Sussex, a key performance indicator for the Council. A draft business case was reviewed and endorsed by the CSAB in December 2021, subject to final cost estimates and the project funding being confirmed. It is anticipated that the final business case will be presented, on a fully funded basis, for the consideration of Lead Member in early 2022.

- **Children's Disabled Accommodation Investment:** The current capital programme includes £0.242m for creating greater in-house capacity for disability children's homes. Originally approved in 2020/21, this budget has since slipped as the scope of the project has expanded. The project scope now includes three phases requiring an increased capital requirement. This proposal will be developed as a business case covering all phases of the projects on an Investment Project basis seeking approval through the appropriate governance process.
- **Bus Service Improvement Plans (BSIPs):** The Council has recently bid for a combination of revenue and capital funds from the DfT to support BSIPs. These will be added to the programme if successful and where they relate to capital investment.

3 Funding Updates

3.1 Table 4 provides an updated capital programme funding position to reflect the capital programme updates and their associated funding assumptions outlined above and other more specific updates.

Table 4 – Capital Programme Funding Update (£m)	Current Year 2021/22	MTFP Period			2025/26 to 2031/32	Total
		2022/23	2023/24	2024/25		
Gross Expenditure	**88.219**	**101.899**	**77.088**	**78.892**	**406.781**	**752.879**
Specific Funding (3.2)	(19.528)	(7.881)	(7.989)	(6.793)	(4.045)	**(46.236)**
Net Expenditure	**68.691**	**94.018**	**69.099**	**72.099**	**402.736**	**706.643**
Formula Grants (3.3)	(25.177)	(25.436)	(17.738)	(19.433)	(142.607)	**(230.391)**
New Homes Bonus Grant (3.4)	-	(0.816)	-	-	-	**(0.816)**
Capital Receipts (3.5)	(5.919)	(8.580)	(6.505)	-	-	**(21.004)**
Reserves and Revenue Set Aside (3.6)	(5.772)	(18.867)	(6.989)	(5.166)	(19.937)	**(56.731)**
Developer Contributions Target (3.7)	-	-	-	-	(24.068)	**(24.068)**
Programme Borrowing (3.7)	**31.823**	**40.319**	**37.867**	**47.500**	**216.124**	**373.633**

3.2 **Specific Funding:** The approved programme is supported by £46.2m of scheme specific grants and external funding which is sourced and managed by services at a project level, in the main comprising of LEP funding; Development Infrastructure Contributions allocated to specific projects; grants for Broadband project; Salix contributions to support energy efficiency measures; and Devolved Formula Capital grant toward schools delegated capital works. The level of this specific funding is shown at a departmental level at **Annex A**.

3.3 **Formula Grants:** The capital programme is supported by £230.4m of non-specific formula grants, which represents 31% of the total gross programme funding. Formula grant assumptions have been updated to represent best estimates but noting that there continues to be considerable risk in relation to these grants as the values for future years are still yet to be announced. Changes made to formula grants include updated to Schools Basic Need Allocation grant to reflect newly announced allocations and updated estimates for required pupil places; changes for known highways related formula grants in 2021/22; and the continuation of assumptions for the two year extension to the programme. Further updates to Formula Grant assumptions will be made once the detailed implications of announcements as part of the Spending Review 2021 are known, noting that changes in funding formula could change the level of grants anticipated and impact on the level of borrowing required.

3.4 **New Homes Bonus:** New Homes Bonus is a (non-specific) grant given by Central Government to councils based on the number of homes build or brought back into habitation in the previous year. New Homes Bonus can be used to fund revenue or capital expenditure. The provisional Local Government Financial Settlement announced funding of £0.8m for the Council in 2022/23 which has been allocated to fund the capital programme.

3.5 **Capital Receipts:** Property Services hold a schedule of capital receipts available to support the capital programme, which is reviewed regularly and estimates are based on Property Officers' professional judgement on a site by site basis. This is supported by the work undertaken by Property Services recently in successfully getting a number of surplus properties to the point of sale. At this stage, it is suggested that anticipated capital receipts can be increased by £1.975m for capital planning purposes. Further work is being completed on a range that could potentially be provided for community assets.

3.6 **Reserves and Revenue Set Aside:** The Council can use revenue resources to fund capital projects, where these have been approved as part of the budget setting process or an approved business case. This includes specific reserves, payback from invest to save schemes and revenue contributions.

3.7 **Developer Infrastructure Contributions (Section 106 and Community Infrastructure Levy):** The capital programme reported as part of the State of the County 2021 included a total of £33.7m of Developer Infrastructure Contributions, of which £9.0m was identified as applied to specific project / programme funding, and an additional £24.7m targeted over the capital programme. Work is ongoing through the S106 and CIL Working Group to maximise specific sums that can be allocated to basic need projects / programmes. This has resulted in £0.6m being applied as specific funding toward basic need, reducing the funding target by this amount.

As previously reported at State of the County 2021, the result of increased burdens of planning system reform and the trend of Community Infrastructure Levy contributions focusing on transport infrastructure work (which is added via approved variation as net nil to the programme) has increased the risk of achieving the funding target set in 2019/20. There is also uncertainty on the future of developer contributions with government publishing the Planning for the Future White Paper in August 2020, proposing reform of the planning system in England. Detailed work has been carried out by the cross departmental S106 and CIL Working Group, identifying a potential funding risk of between £10m and £12m. It is proposed that subject to further funding announcements, the funding target is initially reduced by any additional capital grant allocations in year (2022/23 only), and the position continues to be reviewed annually. Should additional grants, over the current assumption from 2022/23 be confirmed that relate to Highways, these will first be considered against further capital investment opportunities.

3.8 **Borrowing:** The updated capital programme has a borrowing requirement for the period 2021/22 to 2031/32 of £373.6m, which represents 50% of the total gross programme funding. This is an increase of £145.8m compared to that reported in the State of the County 2021 of £227.8m. The Capital Strategy seeks to maximise the application of other funding sources in order to reduce the council's borrowing requirement which has a long term revenue implication.

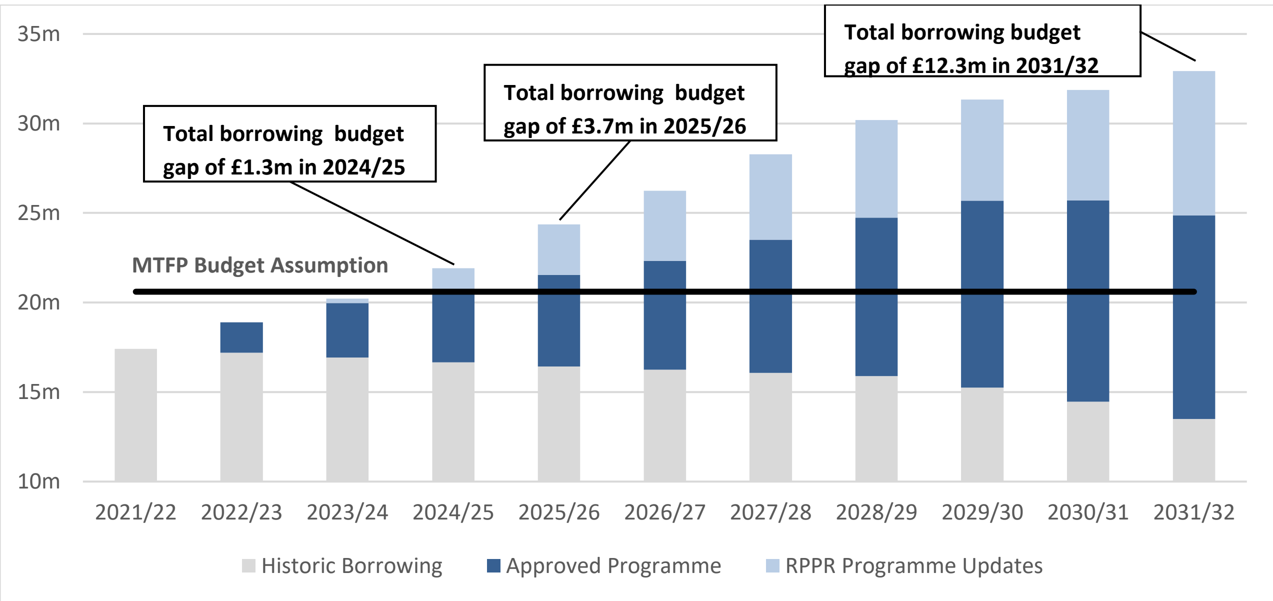
4 Impact on the Revenue Medium Term Financial Plan and Treasury Management Capacity

4.1 Decisions on future capital investment should be considered in the context of the impact on the Treasury Management (TM) capacity to fund the investment and the revenue budget, whereby the cost of funding and Minimum Revenue Provision needs to be included within the MTFP. The current capital programme already requires borrowing in future years, which together with the Minimum Revenue Provision accounting requirements, will need the TM budget to be increased beyond the current MTFP. In advance of the detailed funding announcements expected as part of the Local Government Settlement, this will add to the MTFP deficit and potential requirement to make savings in future years. This is before other emerging revenue pressures within Children's Services and Adult Social Care, aligned to Social Care Reform are known.

4.2 TM budget modelling takes a holistic approach, and includes the forecast repayment of loans, accounts for balances held and other cash management transactions. The impact on the TM budget of the cost of borrowing for capital investment will therefore vary dependant on a number of variables such as timings, internal balances and future interest rates. In order to therefore give an indicative estimate of the cost of borrowing, **TM modelling for the direct costs of borrowing**

estimates that for every £10m of additional borrowing, there would be an associated revenue cost of approximately £400,000 per annum over the current MTFP period; this rises to an average of approximately £750,000 over the full life of the asset (based on a 30 year asset life), when taking a long term view of borrowing rate forecasts and as costs increase in later years under the annuity methodology.

4.3 The graph below presents the cost of borrowing for the capital programme proposed updates, against the current TM budget held in support of borrowing, as reported to Cabinet in September 2021. It shows that further increases will be required to the budget, with an additional £1.3m required in 2024/25, increasing to £3.7m (an additional £2.4m) in 2025/26 for the current programme profile.



4.4 The Council is required to set a maximum authorised limit for external debt which represents a limit beyond which external debt is prohibited. The authorised borrowing limit is effectively the cap of the total amount of borrowing that the council can have outstanding at any one time, and this limit cannot be breached. The current Treasury Management Strategy sets this at £435m within the current MTFP period, which includes an element allowable for long-term liabilities other than external debt. Although this limit is reviewed annually as part of the TM Strategy refresh with reference to the planned capital programme, this limit can be used as an indication of future borrowing limits. TM modelling suggests that the proposed capital programme updates would exceed the current maximum authorised limit of £435m for external debt by 2028/29. However, this is likely to be pushed out further by slippage and the strategy of using the TM underspend to reduce the borrowing requirement.

5 Risk provision update

5.1 As part of RPPR process at February 2021, the ongoing capital risk provision of £7.5m was approved, which represented 2.6% of gross programme over the MTFP period. The risk provision of £7.5m would still represent more than 2.0% of gross budget over the MTFP period after all updates identified in this report, which was the level the provision has historically been set. This risk provision is a permission to borrow for emerging risks and is managed through ensuring Treasury Management capacity rather than representing funds that are within the Council's accounts. Its utilisation, if approved by CSAB would, therefore, require additional borrowing and be reported through the RPPR process and quarterly monitoring in the normal way. There are a number of risks and uncertainties regarding the programme to 2024/25 and beyond which have necessitated holding a risk provision, these risks as reported at State of the County 2021 include:

- Excess inflationary pressures on construction costs
- Uncertainty about delivery of projects in the programme, e.g. highways and infrastructure requirements
- Any as yet unquantifiable impact of supply issues and cost increases

- Any as yet unknown requirements
- Residual project provision (previously removed) if required; and
- Uncertainty regarding the level of government grants and the ability to meet CIL and S106 targets.

5.2 There are currently increased uncertainties that exist within the construction industry in terms supply chain issues and volatile cost inflation. The capital programme includes an element of ‘normal’ level of inflation for ongoing target-based core programmes (as opposed to programmes that have cash limited envelopes) such as Highways of 3% annually, with any increases above this level to be covered by the risk provision.

5.3 It is anticipated that there will be increasing pressures on the current programme due to the climate change agenda meaning additional requirements will need to be incorporated into the current programme, such as emerging environmental planning requirements and low carbon replacements of current assets. The risk provision and potential provision for this area will be reviewed as these requirements become clearer.

6 Capital Strategy

6.1 In 2017, the CIPFA (Chartered Institute of Public Finance and Accountancy) Prudential Code was revised and included the requirement for Local Authorities to produce a Capital Strategy. The Council’s current Capital Strategy covers the period 2021/22 to 2040/41 and was approved as part of RPPR 2020/21. The Capital Strategy has been updated as part of the 2022/23 RPPR process to reflect emerging risks, principles and corporate priorities, and informed by decisions at State of the County 2021 and discussions at CSAB. The updated Capital Strategy can be found at Appendix 8(c).

6.2 Updates to the Capital Strategy include the impact of the capital programme with regards to the Equality Act 2010, and highlights the need to demonstrate that equalities impacts have been assessed and considered for any new project, and that the impact of existing projects must be reviewed and refreshed annually as part of the RPPR process.

6.3 Other updates reflect changes to basic need definitions and targets, including the inclusion of Climate Change as basic need, SEND requirements to be considered on a business case basis, and a change to Highways basic need condition targets as identified throughout this paper.

7 Conclusion and reasons for recommendations

7.1 It is recommended that updates to the capital programme to 2031/32 are approved as presented, with the first three years of the programme to 2024/25 over the MTFP period being approved whilst the remaining years to 2031/32 are indicative to represent the longer-term planning for capital investment; noting the impact on borrowing costs and the MTFP in future years. The programme will continue to be reviewed through the RPPR, Capital Strategic Asset Board, Sub Boards and variation process to ensure it remains aligned to the MTFP, Treasury Management Strategy and other council strategies.

7.2 It is recommended that updates to the Capital Strategy to 2042/43 are approved, to reflect updates to target driven basic need, which supports the Council’s responsibilities and wider service strategies adopted.

Revised Capital Programme

Current Detailed Capital Programme (£m)	Current Year 2021/22	MTFP Period 2022/23	MTFP Period 2023/24	MTFP Period 2024/25	2025/26 to 2031/32	Total
(A) House Adaptations - Adults	0.050	0.050	0.050	0.050		**0.200**
Greenacres	0.010	0.144				**0.154**
Adult Social Care Gross	**0.060**	**0.194**	**0.050**	**0.050**		**0.354**
Scheme Specific Funding	(0.010)	(0.144)				(0.154)
Adult Social Care Net Expenditure	**0.050**	**0.050**	**0.050**	**0.050**		**0.200**
(B) SALIX Contract	0.428	0.350	0.350	0.350	2.450	**3.928**
Property Agile Works	0.122	0.081				**0.203**
Lansdowne Secure Unit - Phase 2	0.314					**0.314**
(C) Core Programme - Schools Basic Need	16.574	5.684	5.869	16.625	69.580	**114.332**
(D) Special Educational Needs	0.100	1.600	1.500			**3.200**
(E) SEND - Grove Park / Beacon Academy		2.500	5.000	6.000	5.6000	**19.100**
Special Provision in Secondary Schools	0.730	0.150				**0.880**
Disability Children's Homes	0.020	0.222				**0.242**
Westfield Lane	0.500	0.690				**1.190**
(F) Core Programme - Capital Building Improvements (Schools)	5.400	5.463	3.982	3.982	27.874	**46.701**
(G) Core Programme - Capital Building Improvements (Corporate)	2.100	7.507	4.300	4.300	28.000	**46.207**
(H) Core Programme - IT & Digital Strategy implementation	8.568	14.910	10.999	2.940	48.625	**86.042**
IT&D - Utilising Automation	0.024					**0.024**
Business Services Gross	**34.880**	**39.157**	**32.000**	**34.197**	**182.129**	**322.363**
Scheme Specific Funding	(6.226)	(0.535)	(2.156)	(0.350)	(2.450)	(11.717)
Business Services Net Expenditure	**28.654**	**38.622**	**29.844**	**33.847**	**179.679**	**310.646**
(A) House Adaptations for Disabled Children's Carers Homes	0.160	0.050	0.050	0.050		**0.310**
(I) Schools Delegated Capital	0.760	0.729	1.150	1.150		**3.789**
Conquest Centre redevelopment	0.047					**0.047**
Children's Services Gross	**0.967**	**0.779**	**1.200**	**1.200**		**4.146**
Scheme Specific Funding	(0.760)	(0.729)	(1.150)	(1.150)		(3.789)
Children's Services Net Expenditure	**0.207**	**0.050**	**0.050**	**0.050**		**0.357**
Broadband	1.109	2.512	2.513	2.513		**8.647**
Salix Solar Panels	0.257	0.086				**0.343**
Salix Decarbonisation - Ninfield School	0.145					**0.145**
Bexhill and Hastings Link Road	1.660	0.252				**1.912**
BHLR Complementary Measures	(0.068)	0.198				**0.130**
Economic Intervention Fund - Grants	0.221	0.368	0.345	0.300	1.054	**2.288**
Economic Intervention Fund - Loans	0.375	0.500	0.500	0.500	0.473	**2.348**
Stalled Sites	0.075	0.100	0.154			**0.329**
Upgrading Empty Commercial Properties		0.007				**0.007**
Community Match Fund	0.060	1.189				**1.249**
Newhaven Port Access Road	0.459	0.079	0.020	0.776		**1.334**
Real Time Passenger Information	0.139	0.047	0.044	0.060	0.061	**0.351**
Queensway Depot Development	0.300		0.791			**1.091**
Hailsham HWRS	0.005	0.159				**0.164**
The Keep	0.014	0.132	0.096	0.026	0.823	**1.091**

(J) Other Integrated Transport Schemes	3.270	5.402	2.981	5.535	21.867	**39.055**
A22 Corridor Package	0.429					**0.429**
Exceat Bridge Replacement	0.887	1.748	3.733	2.509		**8.877**
Emergency Active Travel Fund - Tranche 1	0.006					**0.006**
Emergency Active Travel Fund - Tranche 2	0.921	0.522				**1.443**
Core Programme - Libraries Basic Need	0.490	0.622	0.449	0.449	2.245	**4.255**
Covid-19 Recovery - Libraries Targeted Support	0.250					**0.250**
(K) Core Programme - Highways Structural Maintenance	16.512	17.821	18.047	18.588	146.704	**217.672**
(K) Core Programme - Bridge Assessment Strengthening	1.662	0.926	1.708	1.675	13.219	**19.190**
(K) Core Programme - Street Lighting and Traffic Signals - life expired equipment	1.713	1.545	1.592	1.639	12.890	**19.379**
(L) Highways Structural Maintenance – Basic Need Change		3.100	3.100	3.100	21.700	**31.000**
(M) Bridge Assessment Strengthening – Essential Maintenance		2.100	2.000	0.100	2.300	**6.500**
(N) Street Lighting Backlog		2.200	2.200	2.200	2.200	**8.800**
(N) Street Lighting Reduced Requirement					(4.500)	**(4.500)**
Street Lighting and Traffic Signals - SALIX scheme	1.636					**1.636**
(O) Core Programme - Rights of Way and Bridge Replacement Programme	0.577	0.565	0.565	0.475	3.616	**5.798**
(P) Climate Emergency Works			3.000	3.000		**6.000**
(Q) Highways Investment Bid		5.800				**5.800**
(Q) Climate Emergency Works	0.768	2.819				**3.587**
LEP/SELEP schemes - delivery not controlled by ESCC:						
Eastbourne Town Centre Phase 2	0.515	1.959				**2.474**
Bexhill Enterprise Park North	1.940					**1.940**
Eastbourne/South Wealden Walking & Cycling Package	0.482	2.231				**2.713**
Hailsham/Polegate/Eastbourne Movement & Access Corridor	0.276	0.744				**1.020**
Hastings Bexhill Movement and Access Programme	1.571	4.323				**5.894**
Sidney Little Road Business Incubator Hub	0.381					**0.381**
Skills for Rural Businesses Post-Brexit	3.113					**3.113**
Bexhill Creative Workspace	0.369					**0.369**
Eastbourne Fisherman's Quayside & Infrastructure Development Project	1.440					**1.440**
Getting Building Fund (GBF) - Fast Track Business Solutions	3.500					**3.500**
GBF - Observer Building	0.778					**0.778**
GBF - Restoring Winter Gardens	1.324					**1.324**
GBF - Creative Hub 4 Fisher Street	0.107					**0.107**
GBF - Riding Sunbeams	1.820	0.707				**2.527**
GBF - Sussex Innovation Falmer	0.200					**0.200**
GBF - UTC Maritime and Sustainable Technology Hub	0.294	1.006				**1.300**
GBF - Accessing Charleston	0.330					**0.330**
Communities, Economy & Transport Gross	**52.312**	**61.769**	**43.838**	**43.445**	**224.652**	**426.016**
Scheme Specific Funding	(12.532)	(6.473)	(4.683)	(5.293)	(1.595)	(30.576)
Communities, Economy & Transport Net Expenditure	**39.780**	**55.296**	**39.155**	**38.152**	**223.057**	**395.440**
Total Programme Gross	**88.219**	**101.899**	**77.088**	**78.892**	**406.781**	**752.879**
Total Scheme Specific Funding	**(19.528)**	**(7.881)**	**(7.989)**	**(6.793)**	**(4.045)**	**(46.236)**
Total Programme Net of Specific Funding	**68.691**	**94.018**	**69.099**	**72.099**	**402.736**	**706.643**

(A) House Adaptations (Adults and Children's): House adaptations are included for the three-year programme in line with the MTFP period, funded by contribution from reserve therefore having a net nil impact. This allows the budget to be more reflective of demand rather than representing a budget allocation that continuously slips with any variations to be managed through the RPPR process and reserve policy.

(B) SALIX Contact Property: This investment in energy efficiency across council buildings is fully funded by recycled loans and the £0.350m per year represents estimated repayments for targeted investment (this will vary depending on opportunities identified).

(C) Schools Basic Need: An update on the emerging ten-year school basic need capital strategy for the whole county to 2031/32 has been assessed, taking account of the potential impacts on education provision of the developing Wealden District Council (WDC) Local Plan. The analysis looks at the impact on early years, primary and secondary school places in areas where significant levels of new housing are proposed, resulting in an estimated funding requirement of £39.2m in addition to the £75.1m currently in the capital programme. The increase funding is to provide up to an additional 6.5FE (form entry) early years/primary places compared to current plans. To not provide for school basic need programme would mean the council would not fulfil its statutory duty to ensure there are sufficient good school places for all pupils.

The proposals relate to predicted numbers and are required to meet statutory duties. Identified intervention is based on data, both in terms of numbers of classes and location. No significant equality impacts are identified. Uncertainties about impacts of Covid-19, proposed new housing developments and normal demographic fluctuations mean that data will continue to be monitored and changing needs mapped (including in relation to SEND pupils). Specific action to ensure any planned alterations in schools or additional provision are accessible and meet the needs of children sharing specific characteristics will need to be built into more detailed plans when these are developed in coming years.

The assumptions for Schools Basic Need Allocation grant have been updated to reflect newly announced allocations and estimates based on updated forecast for pupil places required. The School Basic Need allocation to support the provision of new school places in 2022/23 has increased by £2.368m compared to original assumptions, however, despite the SBN programme ambition increasing by £39.2m, the net increase in grant estimates over the programme is only an increase of £3.293m. This is due to estimates in 2023/24 and 2024/25 being reduced based on initial modelling, and in later years to reflect reducing level of grant as a percentage of expenditure reducing over time.

(D) SEND Provision: The current capital budget allocation for Special Education Need provision is £3.2m over the MTFP period, however, this continues to be an area of pressure for local authorities. The latest SEN forecasts show a greater increase in numbers of pupils with Education, Health and Care Plans (EHCPs) presenting with a broad range of needs including Autistic Spectrum Disorder (ASD), Social, Emotional and Mental Health (SEMH) and Profound and Multiple Learning Difficulties (PMLD). It is forecast that the need to provide for already budgeted places in the MTFP period can be funded from the existing budget, however there are likely longer-term requirements with significant financial implications directly as a result of increased housing within the developing WDC Local Plan.

The Council has received notification of new High Needs Provision Capital Allocations (HNPCA) funding of £1.274m in 2021/22 to provide for new places or improved provision for pupils and students with high needs. The HNPCA funding has been allocated to local authorities proportionally based on the estimated share of future growth in the high need pupil population, with a mechanism to ensure that all authorities receive at least £0.500m. Funding for years beyond 2021-22 was announced as part of the Spending Review 2021, however the methodology or approach to future grant allocations have not been provided at this stage; the capital programme has been updated to assume at least £0.500m (the funding floor for each authority under current methodology) each year of the MTFP programme beyond 2021/22. This provides a total of £2.774m additional grant to meet SEND need.

(E) SEND Provision (Grove Park / Beacon Academy): In order to fulfil emerging additional SEND need, it is proposed that the provision of additional SEND places at Grove Park special school be provided, together with the addition of a nursery at Grove Park, to provide important additional capacity in the north of the County. The cost of these proposals is estimated at £19.1m. To not provide additional SEND places would result in continuing to rely on the independent sector for the expected increase in need, having a significant impact on the council's revenue budget estimated to be £21.3m over ten years (before considering the cost of transport) compared to internal provision, and therefore demonstrating value for money.

This is a large value project with a number of risks and options that need to be worked through. It is proposed that this project (and future large value SEND projects) be reported via a business case to CMT and on to Cabinet, and has additional governance in place (e.g., a project working group / sub-group) in addition to the current Gateway process.

(F) Capital Building Improvements (Schools): The budget represents estimated grant received, thereby having a net nil impact on the programme. This work is currently done on the basis of priority one (health and safety) works; identified via condition reports, and essential safeguarding risk mitigation. This is a cash limited budget and therefore category 1 priority works are completed on a 3-year cycle.

(G) Capital Building Improvements (Corporate): This work is currently done on the basis of priority works; identified via condition reports as essential to meet health and safety requirements of corporate assets. There is no specific funding provided for this need and it is therefore funded via borrowing. This is a cash limited budget and therefore category 1 priority works are completed on a 3-year cycle. Pressures arising from academy ambitions are also funded here, therefore reducing the available investment for County Council operational buildings.

(H) IT&D Strategy Implementation: The overarching principle of the IT&D strategy is to ensure that our Information and Communications Technology (ICT) is fit for purpose for delivering modern council services in a digital era and protecting any data held. The update presents an extension of the programme of 2 years to maintain the 10-year planning horizon. Estimates provided of £8.6m in 2030/31 and £9.9m in 2031/32 to cover basic need items. There is no specific funding provided for this need and it is therefore funded via general internal resources.

- Compliance (£1.0m in 2030/31; £0.4m in 2031/32)
- Cyber Defence (£0.9m in 2030/31; £0.6m in 2031/32)
- IT core provision (£4.2m in 2030/31; £0.9m in 2031/32)
- Staff Technology Refresh (£2.5m in 2030/31; £8.0m in 2031/32)

(I) Schools Delegated Capital: This budget represents capital works delegated to schools through specific DfE Devolved Formula Capital grant funding and other contributions from schools, therefore having a net nil impact on borrowing. This programme has been extended within the MTFP period so it is reflected in the programme, with a proposed budget based on historic annual costs.

(J) Integrated Transport Schemes: The integrated transport programme delivers the objectives of the County's Local Transport Plan, which is complemented by five-year implementation plans, delivering priority schemes. The programme is provided at grant level, supported by external funding (such as S106 and CIL) approved via variations to the programme and has been extended to 2031/32 based on estimated grant levels.

The budget also includes annual revenue contributions of £150k (2021/22 to 2023/24) and £100k (2024/25 onwards) to support the programme. These revenue contributions are to be removed, with a corresponding reduction in capital expenditure, thereby having a net nil impact on the programme. This would reduce the amount of capital budget from internal resources available to deliver implementation plans, however, it is anticipated that repurposing the revenue budget towards 'pipeline' activity will support progression of schemes and the leveraging of additional external funding towards unfunded priority schemes.

(K) Highways Maintenance (includes plus 3% normal inflation annually on roads): The Highway Maintenance budget includes carriage resurfacing as well as capital maintenance of footways, drainage replacement, street signs and street furniture, crash barriers and soft landscaping (trees and verges). The budget has been extended to maintain current condition target levels including annual normal inflation increases of 3% annually, being greater than the level of grants received. Highways Maintenance covers a number of specific areas:

- **Highways Structural Maintenance**: The programme was modelled to maintain the Council's currently agreed road condition targets and to ensure that highways drainage is adequate to meet the needs of maintaining safe roads and, as the occurrence of extreme weather events increases, is able to cope with those events.
- **Bridges/Structures Strengthening**: Investment in these assets is for priority health and safety works and is maintained at current levels to ensure the safety of road users.
- **Street Lighting & Traffic Signals:** Investment in these assets is for priority health and safety works and is maintained at current levels to ensure the safety of road users.

It is anticipated that this would protect against any decline in the condition of these highway assets, which could lead to the loss of the DFT incentive grant and an increased level of third party claims, putting further pressure on limited resources.

Most highways maintenance and repairs identified throughout this paper do not have significant equality impacts, but issues relating to street lighting, pavement condition and clear signage have the potential for disproportionate impacts on people sharing specific characteristics (specifically age, disability). Prioritisation of repairs is based on assessment of physical condition, focused on avoiding health and safety concerns. The completed detailed condition surveys enable assessment of places and assets that are in greatest need of repair and where risks to health and safety are identified. No further EqIA is needed on these proposals. EqIA on the Highway's reprocurement process will identify and address equality impacts arising from implementation of these principles.

The Department for Transport (DfT) announced the allocation of highways maintenance funding to local authorities for the financial year 2021/22 in February 2021, plus a more recent announcement was made of additional funding towards traffic signal maintenance and upgrading schemes. The Council's share being £13.525m, which represents an increase of £3.189m compared to that originally assumed in the capital programme. Although funding in 2021/22 has increased, the 'block' element, which has historically had multiple year settlements and is usually used for longer term planning purposes, has reduced over time, with the remaining funding made up of time-limited funds.

Details provided at the Spending Review 2021 did not give any clear indication of future years allocations or funding formula. Further updates to Formula Grant assumptions will be made once the detailed implications of announcements as part of the Spending Review 2021 are known, noting that changes in funding formula could change the level of grants anticipated and impact on the level of borrowing required.

(L) Highways Basic Need Uplift: Carriageway condition continues to exceed the Council's performance targets of 8% (A Roads), 9% (B&C Roads), 15% (Unclassified) being of "red" condition. Modelling predicts that whilst the current level of investment is sufficient to stem the rate of deterioration in the short term, roads will deteriorate faster in the medium to long term. However, it is not until 2027 that road condition is predicted to decline below (be worse than) the current performance targets.

To stem the rate of deterioration, and change the current basic need target to maintain current road conditions of 4% (A Roads), 4% (B&C Roads), 14% (Unclassified) being "red" over the next 10 years, would require investment of a further additional £3.1m per year.

(M) Highways Structures – Essential Maintenance: The current approved programme for highways structures was set at a level to support priority health and safety works to ensure the safety of road users, however noting that structures would increasingly become "at risk", at which point there would be options available to manage the position, ranging from ongoing monitoring to load restriction or full closure. Since the current budget was approved in 2020, the need for essential project specific expenditure totalling £6.5m for safety purposes over the next five years has been identified, relating to the following highest priority structures:

- Refurbishment and painting of Newhaven Swing Bridge (£1.1m)
- Iden Lock bridge bearing replacement (£1.3m)
- Shinewater bridge bearing replacement and refurbishment (£4.1m)

(N) Street Lighting – Essential Maintenance: The Council invests in the annual maintenance of streetlights and traffic signals, to ensure that stock is adequate to meet the needs of maintaining safe roads and is replaced with modern, energy efficient alternatives at the end of its useful life. Additional investment is needed to address a backlog of life-expired street lighting columns, totalling an additional upfront £8.8m over four years.

Street Lighting - Reduced Annual Requirement: Addressing the backlog as described above would enable the future capital budget requirement for street lighting to be reduced from £1.5m to £0.8m per year from 2026/27 onwards, whilst maintaining the current basic need principles of ensuring stock is adequate to meet the needs of maintaining safe roads.

(O) Rights of Way: The County Council has a statutory duty to maintain bridges and path surfaces so that they can be safely used by the public. The proposed level of investment is at current levels, increased for normal inflation of 3% annually. There is no funding to support this investment need so it is all funded from internal resources.

(P) Climate Emergency Works: To reach carbon net zero by 2050 at the latest in an appropriate and cost-efficient way, extensive works to decarbonise ESCC's estates operations will be necessary.

One off funding in 2021/22 has been approved to kick start carbon reduction. This includes revenue investment in specialist staff, commissioning net zero modelling, solar PV and low energy lighting schemes and to decarbonise when replacing boilers in the planned programme of replacement works, over the next 2 years.

Within the proposed programme an annual investment of £3.0m per annum over the life of the MTFP has then been included, it is anticipated that this will add to the 2021/22 investment by continuing to (a) support the current programme and uplift planned critical works from like-for-like replacements to those achieving a greater level of decarbonisation. For example, transitioning away from gas-fed heating systems and the use of energy efficient lighting. (b) Future proofing the estate by enabling works that will facilitate later delivery of decarbonisation, for example, the upgrading of insulation sufficient to enable later installation of air source heat pumps or uplifting the cost of roofing works to ensure the loading capacity can sufficiently cater for PV insulation and/or roof-positioned plant associated with switching to heat pumps (or other) and solar panels. (c) Decarbonisation projects which can demonstrate operational and financial benefit and/or decarbonisation opportunities taken to enhance the current approved programme, likely to be best suited to support larger capital building projects. (d) to support planning application requirements where reasonable adjustments are requested that facilitate carbon reduction across the Councils estate but also across East Sussex, for example the installation of vehicle charging points or solar panels. (e) Supporting the outcome of the net zero modelling.

Proposals outlined are not assessed as having impacts on people sharing legally protected characteristics. Any specific future proposals for changes in regard to staff changing (for example) commuting patterns will need to take account of specific needs, such as reliance on private vehicle use for some disabled people. No further EqIA needed on these proposals.

(Q) Reports were approved at Cabinet in November that set out proposals to spend identified one off funding on highways and climate change:

- **Climate Emergency Work:** An investment bid towards one-off resources for additional budget to support the council's climate emergency works. This includes £0.768m capital investment in-year (2021/22) funded from existing resources (underspending within the CET department) and £2.819m capital investment in 2022/23 funded from a reserve established for one-off investment.
- **Highways Investment Bid - Visually Better Roads:** An investment bid for one-off resources of £5.8m towards additional highways investment, in addition to current condition target-based budgets. This includes investment in addressing non-intervention level potholes, maintaining the current condition of pavements, increasing the regularity of refreshing road marking and replacing aging road signs to visually improve highway assets.

This page is intentionally left blank

Equality Impact Assessment for CAPITAL PROGRAMME 2022-23 to 2031-32

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

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

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

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

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

This means that in setting the Capital Programme, the three equality aims set out above have to be considered as a relevant factor alongside financial constraints and all other relevant considerations. Due to the ongoing financial pressures the Council is facing, the current capital programme focusses on a strategy to deliver core need as efficiently as possible. As agreed, service developments and investment opportunities that are outside core need are required either to be match funded or produce a business case that demonstrates benefits. Approved bids are added to the programme in line with current variation policy and financial regulations. Members must consider the equalities impacts, as identified, of agreeing this capital programme. Specifically, Members need to take account of what the potential impacts of spending on this proposed programme will be for the communities in East Sussex, and take the same account of equality impacts if proposing amendments or alternative spending. It will be open to

Directors and Lead Members at the time of taking those decisions to spend more on one activity and less or none on another, with due reference to equality impacts. Where further assessment of equality impact is needed to assess more detailed plans, this has been indicated, and Directors and Lead Members will need to further consider these impacts and their implications for decisions.

The EA does not require the use of a specific template for an equality impact assessment (EqIA); however the cases considering the public sector equality duty have held that a documented process is the best way to demonstrate that the equalities impacts have been identified and considered, proportionate to the impacts identified. All proposals have been assessed for their equality impacts. Where a project which was included in the Capital Programme is likely to have disproportionate impacts upon people sharing protected characteristics, officers have considered the consequences of that particular project or bid and have summarised these impacts for Members to consider and identified potential mitigating actions. Where impacts are potentially greater and a full EqIA has been conducted these are available as background documents. Members must read the full version of the EqIAs and take their findings into consideration when determining these proposals.

CAPITAL PROGRAMME 2022/23 to 2031/32	
Proposal	**Summary of equality impact assessment**
Adult Social Care	
House Adaptations (Adults): Older People's/Learning Disability (LD) Service Improvements	No disproportionate equality impacts are identified. Requests for this fund are based upon individual assessment of need, and comprehensively screened to ensure they meet the agreed defined criteria for funding. Older People's/LD Service Improvements EqIA, updated in February 2021, is attached.

Greenacres	No disproportionate equality impacts are identified. The pandemic has resulted in delays for the service to be fully tenanted, and any proposed spend or carry forward to next financial year will not impact staff or clients in any ways different to the current service model that has already been agreed. No further equality impact assessment is required.
Business Services	
SALIX Contract	No disproportionate equality impacts are identified in relation to this programme. Funding for this scheme was agreed previously. Programme relates solely to carbon reduction measures in schools and ESCC buildings, identified and prioritised based on energy consumption. No further equality impact assessment is required.
Property Agile Works	No disproportionate equality impacts are currently identified in relation to this programme. Funding for this project was agreed previously. Project is for works to County Hall car park. As part of the initial evaluation process the need for an EqIA will be considered.
Core Programme - Schools Basic Need	A full EqIA was completed in January 2021 and is attached.
Special Educational Needs (SEN)	The EqIA for the schools' basic need capital programme includes information about the need for more SEN places. In addition, we consulted parents/carers and school communities on our Special Educational Needs and Disability (SEND) place planning strategy in May / June 2021. Respondents agreed with our priorities for provision and also identified further gaps in SEND provision across the county. Schools Basic Need EqIA, completed in January 2021, is attached.

SEND Provision (Grove Park / Beacon Academy)	The EqIA for the schools' basic need capital programme includes information about the need for more SEN places. In addition, we consulted parents/carers and school communities on our SEND place planning strategy in May / June 2021. Respondents agreed with our priorities for provision and also identified further gaps in SEND provision across the county. Schools Basic Need EqIA, completed in January 2021, is attached. A full EqIA specifically for the Grove Park proposal will be undertaken if funding is approved in the capital programme
Special Provision in Secondary Schools	No disproportionate equality impacts are identified. Project has been completed. Remaining spend relates to completion costs and there are no equality impacts arising from the remaining funding. No further equality impact assessment is required.
Disability Children's Homes	Initial assessment of equality impacts identifies that changes are expected to improve provision for disabled children and young people and their families/carers. Plans for the site respond to the changing profile and needs of the disabled children and young people currently requiring full-time accommodation or respite care. There may also be changes to address current staff shortages and need to travel between locations: these plans are still in development and appropriate consultation will be undertaken. Each stage of the development process will include engagement and ongoing review of any equality impacts that are highlighted, recognising that changes in provision can have greater impacts on disabled children and young people and their families. Due to the nature of the project, the equality assessment will continue throughout, in response to feedback.
Westfield Lane (delivered on behalf of CSD)	No disproportionate equality impacts are identified. Work on Westfield Lane has been completed. Remaining spend relates to completion costs and there are no equality impacts arising from the remaining funding. No further equality impact assessment is required.

Core Programme - Capital Building improvements	No EqIA needed as spend is prioritised according to agreed Capital Programme priorities.
Core Programme - IT & Digital Strategy implementation	EqIAs have been completed in 2021 on this project and are attached.
Children's Services	
House Adaptations for Disabled Children's Carers Homes	No equality implications are identified. The Disabled Facility Grant (DFG) is allocated by central Government direct to District and Borough Councils. The grant is intended to provide for adaptations to the homes of adults and children with disabilities. Where the needs of young people cannot be met by the DFG then the councils can approach ESCC for additional capital funding (with a fixed maximum). Each application is assessed against previously agreed criteria to ensure fair allocation of resource. No further equality assessment is required.
Schools Delegated Capital	No disproportionate equality impacts are identified. Schools delegated capital is funding that comes into the LA for maintained schools and then delegated to each school via a formula to be used for small capital works. No further equality impact assessment is required.
Communities, Economy & Transport	
Broadband	No disproportionate equality impacts are identified. Equality impacts were assessed prior to contract award for each of the three infrastructure delivery contracts (2013, 2015 and 2018) and prior to becoming a “top up” funder to DCMS’s Gigabit Voucher Scheme (2020). No disproportionate impacts were identified, as eligibility is based on technical criteria relating to properties not occupiers. No further equality impact assessment is required.

Salix Solar Panels	No disproportionate equality impacts are identified. Programme relates solely to solar panel installation on ESCC buildings. No further equality impact assessment is required.
Bexhill and Hastings Link Road (BHLR)	No disproportionate equality impacts are identified. Work on the Link Road has been completed. Remaining spend relates to completion costs and there are no equality impacts arising from the remaining funding. No further equality impact assessment is required.
BHLR Complementary Measures	Equality Impact Assessments are completed for each scheme in this programme. Impacts may vary according to the detail of the project.
Economic Intervention Fund - Grants	No disproportionate equality impacts are identified. Grants are offered to expanding or relocating businesses, thus the applicants are generally established companies. Efforts to improve equality access earlier in the business life cycle, at pre-start or start-up stage, are addressed elsewhere in the Economic Development service. An EqIA is not required at this time but this will be reassessed at the point of re-contracting (2023).
Economic Intervention Fund - Loans	No disproportionate equality impacts are identified. The ESI Loan fund is a revolving self-financing fund from an original allocation from the capital programme and the Government’s Regional Growth Fund eight years ago. As with the grants it is aimed at supporting existing businesses grow or relocate to the county and is delivered in partnership with Locate East Sussex, our commissioned Inward Investment service. No further equality impact assessment is required.

Stalled Sites	No disproportionate equality impacts are identified. This is a residual fund originally allocated in 2015. It is open to owners of sites that are undeveloped due to difficult site constraints and helps with funding site investigation and business cases and in some cases provides loans for pre-development work. The eligibility is based on the site not the owners. Applications also come from local authorities. No further equality impact assessment is required.
Upgrading Empty Commercial Properties	Project now closed. Remaining spend relates to completion costs and there are no equality impacts arising from the remaining funding. No further equality impact assessment is required.
Community Match Fund	Equality Impact Assessments are completed for each project within this fund. Impacts may vary depending on the project funded. Funding for this scheme was agreed previously. Funding allocation is per agreed annual spend and follows agreed spend criteria.
Newhaven Port Access Road	No disproportionate equality impacts are identified. Note: this project is concluding and has followed previously agreed plans. No further equality impact assessment is required.
Real Time Passenger Information	No disproportionate equality impacts are identified. The project is now nearing completion. No further equality impact assessment is required.
Queensway Depot Development (Formerly Eastern)	No disproportionate equality impacts are identified. The project is to develop a new building. Any requirements in relation to building accessibility will be considered in planning stages. No further equality impact assessment is required.
Hailsham Household Waste Recycling Site (HWRS)	No disproportionate equality impacts are identified. The project relates solely to an expansion of the site. No further equality impact assessment is required.

The Keep	1. Internal maintenance, flooring and furniture: No equality impacts are identified as there will be no changes to accessibility within the building. No further assessment required. 2. Building Maintenance System (BMS): No equality impacts are identified as the BMS regulates only temperature and humidity of building. No further assessment required. 3. Foyer improvements: Changes to physical layout have the potential to impact on disabled people and others with limited mobility. An EqIA will be completed as part of the planning process to ensure ongoing accessibility of the physical layout. This will also allow exploration of options for wider engagement with groups and communities. 4. There is potential for some impacts on disabled people in relation to access to and exit from the alternative research spaces, but proposed mitigations minimise these impacts. A full EqIA will be completed if this proposal is accepted. 5. Security improvements: No disproportionate equality impacts are identified. No further equality assessment is required.
Other Integrated Transport Schemes	EqIAs are completed for each project in this programme. Impacts may vary according to the detail of the project. Impacts and actions are identified in the specific EqIA for each project
Exceat Bridge Replacement (Formerly Maintenance)	An EqIA was completed for this project in 2020 and is attached. Work on this project is ongoing and impacts identified in the EqIA remain accurate.
Emergency Active Travel Fund - Tranche 2	No disproportionate equality impacts are identified. Continuation of agreed programme is to upgrade existing cycling and walking routes. No further equality impact assessment is required.
Core Programme - Libraries Basic Need	No disproportionate equality impacts are identified at this time. An EqIA will be completed for each refurbishment once initial scoping has been completed. This would allow for any alterations to be made prior to full specifications being drafted for tender and would ensure that we have an accurate assessment of works proposed.

Core Programme - Highways Structural Maintenance	No disproportionate equality impacts are identified. Maintenance of public highways and public rights of way across the county is a statutory requirement of the County Council under the Highways Act. Priorities are defined based on the overarching principle of 'Asset Condition', which is that the Council ensures that it is investing in its assets to maintain a basic level of condition, which allows the Council to deliver its Priority Outcomes, meeting any security and health and safety requirements. All potential projects are assessed against agreed criteria. No further equality impact assessment is required.
Core Programme - Bridge Assessment Strengthening	No disproportionate equality impacts are identified. As traffic continues to increase on our roads there is requirement for a programme of bridge strengthening and replacement to ensure they remain safe. Priorities are defined based on the overarching principle of 'Asset Condition', which is that the Council ensures that it is investing in its assets to maintain a basic level of condition, which allows the Council to deliver its Priority Outcomes, meeting any security and health and safety requirements. All potential projects are assessed against agreed criteria. No further equality impact assessment is required.
Core Programme - Street Lighting and Traffic Signals - life expired equipment	No disproportionate equality impacts are identified. Programme ensures that street lighting is adequate and, as the existing stock comes to the end of its life, it is replaced with modern, energy efficient, technology that also addresses the issue of light pollution. Also ensures that the maintenance of traffic signals is adequate to meet the needs of maintaining safe roads and that meet the needs of all users. Priorities are defined based on the overarching principle of 'Asset Condition', which is that the Council ensures that it is investing in its assets to maintain a basic level of condition, which allows the Council to deliver its Priority Outcomes, meeting any security and health and safety requirements. All potential projects are assessed against agreed criteria. No further equality impact assessment is required.

Highways Structural Maintenance – Basic Need Change	Equality assessment as for Core Programme - Highways Structural Maintenance, above.
Bridge Assessment Strengthening – Essential Maintenance	Equality assessment as for Core Programme - Bridge Assessment Strengthening, above.
Street Lighting Backlog	Equality assessment as for Core Programme - Street Lighting and Traffic Signals - life expired equipment, above.
Core Programme - Rights of Way Surface Repairs and Bridge Replacement Programme	No disproportionate equality impacts are identified. Programme maintains and protects the public's right to use the 2000 miles (3,500km) of footpaths, bridleways and byways in East Sussex. Priorities are defined based on the overarching principle of 'Asset Condition', which is that the Council ensures that it is investing in its assets to maintain a basic level of condition, which allows the Council to deliver its Priority Outcomes, meeting any security and health and safety requirements. All potential projects are assessed against agreed criteria. No further equality impact assessment is required.
Highways Investment Bid	Improved condition of road markings/lines/signs may be of benefit to visually impaired cyclists and pedestrians and also to some drivers as they will all be easier to read. Whilst older and disabled people might use all pavements across the county, and therefore this is not a specific criterion in the prioritisation of maintenance, the condition of pavements does potentially have significant disproportionate impacts on older and disabled people. Improvements here will enable more independence and reduce trips and falls. All projects will still be assessed and prioritised on an objective basis, against Council maintenance policies, and using the Council's Asset Management approach to maintenance. No further equality impact assessment is required.

Climate Emergency Works	No disproportionate equality impacts are identified. Proposals relate to reducing the County Council's own corporate carbon emissions. No further equality impact assessment is required.
Local Enterprise Partnership (LEP)/South East Local Enterprise Partnership (SELEP) schemes	LEP funding is allocated for specific, defined projects, and the council's role in these varies, whether that be lead, partner or funding manager. In the course of the development of the project business case and the delivery of the project, the promoting local authority ensures that any equality implications are considered as part of their decision-making process and where possible identify mitigating factors where an impact against any of the protected characteristics has been identified. Criteria for some funding is set externally (for example, by government) and cannot be influenced by the council. Teams will continue to ensure that equality impacts and actions are identified in LEP funded projects as appropriate, in line with the council's role in the projects and the scope to influence. Projects where the County Council is the lead will be subject to the same EqIA processes that apply to all projects in the capital programme.

This page is intentionally left blank

Capital Strategy 2022/23 to 2042/43

Date: Last Approved February 2021

Document summary

With a scope of 20 years, the Capital Strategy 2022/23 to 2042/43 sets the framework in which the capital programme is planned and allows the Council to prioritise the use of resources to support the long-term priorities.

Contents

1. Purpose of the Strategy

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

1.2 The Capital Strategy supports the Council Plan, which is our vision for a basic but decent level of service for East Sussex, in a difficult financial climate, set out under the following priority outcomes:

- Driving sustainable economic growth
- Keeping vulnerable people safe
- Helping people help themselves
- Making best use of resources in the short and long term

1.3 The Strategy prioritises investment in assets that support the objectives of the Council Plan.

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

2. Technical Background

2.1 The Capital Strategy is framed within the following statute and guidance:

Legislation

Local Government Act 2003

- Chapter 1:
    - 1.1 – Power to Borrow
    - 1.3 – Affordable borrowing limit
    - 1.12 – Power to invest
    - 1.15 – Regard to guidance issued

Professional Codes

CIPFA Professional Codes

- Prudential Code 2021
- Treasury Code of Practice 2021

Guidance

Government and CIPFA guidance

- Minimum Revenue Provision 2018
- Local Government Investments 2018

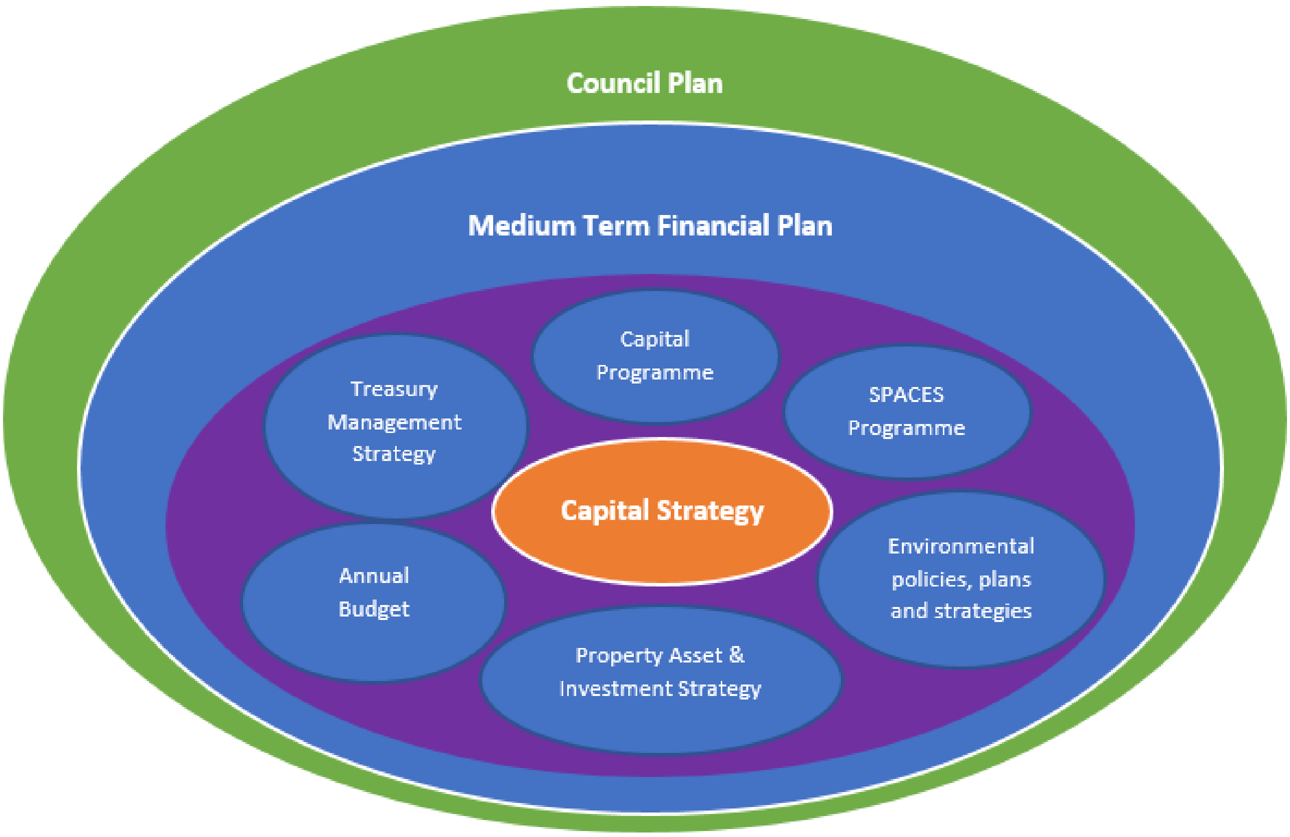
2.2 In response to a growing number of authorities increasing their use of non-financial investments (such as commercial property portfolios) to generate income to compensate for reducing resources supporting the delivery of their core services, the Prudential Code was updated in 2017. The revised code and guidance sought to increase transparency and to provide a single place to assess the proportionality of this activity in comparison to an authority's core services.

2.3 The Strategy is completed in line with best practice as outlined within the Chartered Institute of Public Finance and Accountancy (CIPFA) revised 2021 Treasury and Prudential Code, it:

- Applies a long-term approach.
- Explores external influence on Capital Strategy e.g. Local Enterprise Partnership (LEP).
- Examines Commercial activity/ambition.
- Determines implications of Treasury Management Strategy.
- Ensures Council Plan priorities drive capital investment.
- Examines available resources and capacity to deliver.
- Assesses affordability against ambition and address any gap.
- Identify capital financing principles.
- Demonstrate integration with other strategies and plans.
- Produce a 10-year capital investment plan, with actions, timescale, outputs and outcomes; plus a 3-year funded programme in line with the Medium Term Financial Plan (MTFP).
- Identify risks and mitigation.
- Outline Governance, monitoring processes and procedures.

3. Reconciling Policy, Performance and Resources Framework

3.1 The Capital Strategy is an integrated part of the Council's planning framework, Reconciling Policy, Performance and Resources (RPPR). It will have an impact on, and will be impacted by, the other strategies and documents both internally and externally: Internally this includes:



Name	Description
Council Plan	Sets ambitions and plans for each of the four overarching priority outcomes: driving sustainable economic growth; keeping vulnerable people safe; helping people help themselves; and making best use of resources.
Medium Term Financial Plan	The Medium Term Financial Plan covers up to the next three years, it is updated each year to encompass any economic or political impacts.
Capital Planned Programme	The programme sets out for the coming 10 years the programme of capital investment that supports delivery of the Council's priority outcomes updated each year to maintain the 10-year horizon.
Annual Budget	The annual budget details the intended revenue (current) expenditure for the next financial year, it allows the Council to set its Council Tax rate for that year. Including any impact from planned investment.
Treasury Management Strategy	Setting out the acceptable limits on ratings, investment periods, amounts to be invested and the borrowing strategy.
Property Asset & Investment Strategy	The key purpose of the Strategy is to deliver an ongoing net income stream to the Council with investment defined as allocating money in the expectation of some benefit in the future.
SPACES Programme (Strategic Property Asset Collaboration in East Sussex)	A well-established multi organisation partnership that has been delivering property and land co-location and collaboration projects across East Sussex and Brighton & Hove since 2011.
Environmental policies, plans and strategies	The County Council agreed a Climate Emergency Action Plan in June 2020 and is also a partner in the Environment East Sussex Board, which has developed an Environment Strategy for East Sussex.
Capital Strategy	With a scope of 20 years, the strategy sets the framework in which the capital programme is planned and allows the Council to prioritise the use of its resources to support the long term priorities.

3.2 In addition to the internal framework there are a number of external organisations and partners who inform our capital strategies, these include, but are not limited to:

- South East Local Enterprise Partnership (*SELEP*);
- Coast to Capital Local Enterprise Partnership;
- District and Borough Councils via their Local Plans: There is a new requirement for contribution receiving authorities to publish an annual 'Infrastructure Funding Statement' (IFS). Each authority IFS will improve provides transparency, increased accountability and promoted infrastructure delivery through publication of Section 106 (S106) and Community Infrastructure Levy (CIL) monies held, including details on allocations and spending. Districts and boroughs will also provide future spending priorities on infrastructure linked to their Local Plans with a statement on projects or types of infrastructure they intend will be funded by CIL. Providing the opportunity to actively bring processes together on monitoring, spending and promote delivery. The Council will continue to work in partnership with its districts and boroughs on infrastructure planning and delivery though the IFS and Local Plan reviews;
- Local Planning Authorities, such as District and Borough Councils and the South Downs National Park Authority may impose planning conditions to specific schemes.
- East Sussex Clinical Commissioning Group;
- Brighton University;

- SPACES *(Strategic Property Asset Collaboration in East Sussex Programme)* is a partnership that includes East Sussex County Council (ESCC), all District and Borough Councils, Brighton & Hove City Council, three emergency services, representatives from the voluntary and community sector, NHS including Clinical Commissioning Groups (CCGs), Trusts and NHS Property Services and some central government departments such as Probation Services, Job Centre Plus (Department for Work and Pensions - DWP) and Department for Transport (DfT).

3.3 The Council will actively seek opportunities to engage with other partner organisations to achieve positive outcomes for our residents, using all available forums to develop connections that can be utilised to achieve mutually beneficial approaches to deliver capital projects.

4. Principles

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

4.2 The strategy sets the strategic direction for next 20 years and is supported by a 10 year planned programme. Published as a separate document, the Capital Programme will be updated annually through the RPPR process, to ensure that the Council continues to focus on the right priorities and is able to react to changes in circumstances.

4.3 The Prudential Code requires that authorities demonstrate that they make capital expenditure and investment decisions in line with services objectives and have proper stewardship arrangements, provide value for money, are prudent, sustainable and affordable.

4.4 To ensure that the Council meets the requirements, it will:

- **Ensure capital expenditure contributes to the achievement of the Council's Priority Outcomes.** Capital is considered annually as part of the RPPR process, which underpins the financial planning process;

- **Ensure investment decisions make best use of resources**. A capital and treasury model is in place to ensure that the impact of capital expenditure and use of resources is understood and a holistic view taken;

- **Have a clear framework for making capital expenditure decisions.** Basic need provides a platform that **must** be funded. Other decisions require a business case that meet certain criteria to be approved (see Appendix B);

- **Ensure a corporate approach to generating capital resources is established. T**he approach to providing funding for capital is set out in section 5 of this strategy**;**

- **Prioritise the implementation of key risk management tools.** Including the liability benchmark, an additional prudential indicator into the 2022/23 Treasury Management Policy and Strategy and follow the core principles of the codes;

- **Have access to sufficient long-term assets to provide services.** The Council use statistical information, including population trends and housing development plans along with asset condition surveys and regular valuations of our assets to help plan long-term need**.**

4.5 **Basic Need -** The strategy focusses on the delivery of basic need for the Council to continue to deliver our services as efficiently as possible. Basic need for the purposes of the capital strategy is provided below, and further detail is provided in in Appendix A*:*

- **Place:** ensuring we can deliver services by planning for future need.
- **Asset Condition:** maintaining our assets to an agreed level.
- **ICT Strategy:** ensure that our ICT is fir for purpose for delivering modern council services in a digital era and protecting data.
- **Climate Change:** supporting the Council's aim of reaching carbon neutrality from our activities as soon as possible and in any event by 2050 in an appropriate and cost-efficient way.

4.6 **Investment Projects** - In addition to the basic need programme the Council will consider business cases where a clear payback or funding stream can be demonstrated. Any payback will reduce borrowing in the year it is received and contribute to the sustainability of the programme.

4.7 **Capital Loans –** Where loans to third parties that are being used to fund expenditure that is classed as capital in nature, the loans will be accounted for as capital expenditure and will therefore be approved as part of the capital programme. Capital loans to third parties will only be considered where there is an agreed terms of repayment, and repayments will be treated in accordance with the Council's Treasury Management Strategy.

5. Funding

5.1 The Councils Capital Programme is funded from a range of sources including:

- **Prudential Borrowing** – The introduction of the Prudential Code in 2004 allows the Council to undertake unsupported borrowing itself. This borrowing is subject to the requirements of the Prudential Code for Capital Expenditure for Local Authorities. This has revenue implications for the Council in the form of financing costs, including Minimum Revenue Provision, which will be considered via the annual RPPR process.
- **External Grants for Specific Purposes** – these include grant allocations categorised for specific purposes to deliver specific schemes or outcomes. Where the Council is already funding a scheme or targeted outcome from council funding streams such or borrowing or capital receipts, then such grants will be used to reduce the use of council funding in the defined order outlined at 5.2.
- **External Grants for Non-Specific Purposes** – grant allocations for the delivery of the Council's capital plans (most often from government departments), that are categorised as non-specific. Any grants attracted are used to fund the approved Basic Need capital programme and reduce the Councils need to borrow.
- **Infrastructure Contributions (Section 106 and Community Infrastructure Levy) -**

  S106 Contributions – some projects within the Capital Programme are funded by contributions from private sector developers. Where applicable we request contributions for infrastructure such as roads and transport, schools, libraries, household waste recycling centres and rights of way relating to development that has an impact in East Sussex.

  Community Infrastructure Levy (CIL) - CIL is a standard charge on developments used to fund a wide range of infrastructure that is needed because of the development. The Charging Authorities (District & Borough Councils) are required to produce a CIL Charging Schedule, which sets out the rates of CIL to be charged on development, East Sussex County Council can then approach the Charging Authority to drawdown some or all of the CIL to fund infrastructure projects.

  Infrastructure Contributions represents an important source of funding as it can act to facilitate leverage of additional external funding crucial to meet the County's infrastructure requirements. The capital strategy will seek to maximise the use of Infrastructure Contributions to fund basic need requirements and unfunded infrastructure schemes (via net nil variation), and for future planning purposes, the capital programme will include a reasonable funding target for future years. This target has an inherent risk of not being secured, and will therefore be reviewed annually for reasonableness and, if necessary, actions taken to reduce the target whilst not increasing the need to borrow.

- **Other External Contributions** - Other organisations and partners such as may from time to time make a contribution towards the delivery of a specific capital project. The same principles will apply as to External Grants for Specific Purposes (see above).
- **Reserves and Revenue Set Aside** – The Council can use revenue resources to fund capital projects, where these have been approved as part of the budget setting process or an approved business case. This includes specific reserves, payback from invest to save schemes and revenue contributions (CERA).
- **Capital Receipts** – The Council can generate capital receipts through the sale of surplus assets such as land and buildings. The Council seeks to maximise the level of these resources, which will be available to support the Council's plans. This funding source will be prioritised to fund assets with the shortest useful life, such as IT equipment, to reduce the requirement to borrow for assets that attract a greater annual Minimum Revenue Provision cost.
- **Capital Reserve** – The Council has set aside funds in a reserve that can be drawn upon to fund capital schemes, however reserves can only be used once and therefore are a finite resource. The purpose of the Capital Reserve is to support the Council's Capital Programme and to reduce the need to borrow. This funding source will be prioritised where possible and appropriate to fund assets with the shortest useful life, such as IT equipment, to reduce the requirement to borrow for assets that attract a greater annual Minimum Revenue Provision cost.
- **New Homes Bonus** – New Homes Bonus is a (non-specific) revenue grant given by Central Government to Councils which is based on the number of homes build or brought back into habitation in the previous year and is payable for four years. New Homes Bonus can be used to fund revenue or capital expenditure. This will be decided annually through the RPPR process.

5.2 The application of these funding sources to capital expenditure incurred during the year will be applied in the following order where possible to minimise revenue implications:

a. Scheme specific income e.g. specific grants, S106 contributions, Community Infrastructure Levy and Other External Contributions
b. Reserves and Revenue set aside funding where agreed;
c. Non-Specific grants
d. New Homes Bonus
e. Capital Receipts
f. Capital reserve (dependant on allocations for any specific items of investment set aside for future years)
g. Borrowing

5.3 **Leasing** - Lease obligations are similar to borrowing as they have an ongoing revenue budget commitment. Leasing will be considered following due diligence over the life of the asset, comparing the financial and non-financial benefits and risks to the Council owning and delivering such assets itself.

6. Environmental, Social and Governance (ESG) Considerations

6.1 Environmental, Social and Governance (ESG) considerations are relevant in capital decision making in order to support the Council's strategies. ESG requirements will need to be supported within the business case (see Section 4), and once approved, any capital items will enter the programme via the variation process.

6.2 In October 2019 the County Council declared a Climate Emergency and set a target of achieving carbon neutrality from its activities as soon as possible and in any event by 2050, in line with the new target for the UK agreed by Parliament in 2019. The County Council agreed a Climate Emergency Action Plan in June 2020. In accordance with the Climate Emergency Action Plan, where possible, officers will support these strategies through identifying a programme of energy efficient projects linked to capital programmes and embed low carbon outcomes in where appropriate in capital contracts.

6.3 To ensure that the costs and benefits of any potential projects is balanced with the social, economic and environmental implications of carbon reduction initiatives, the following should be considered.

- Energy efficiency measures should be considered at the start of any capital project and included in the whole project costs when establishing a business case;
- Where possible, ESG schemes should be integrated within existing funded programmes, e.g. boiler replacement programme with carbon low carbon replacements as part of the capital building maintenance programme;
- A whole building approach should include whole life costings which will range from shorter to longer term pay back periods, and it may be possible to use short term savings to subsidise longer term improvements.
- Scheme Specific Funding, such as external grants and Section 106/CIL contributions should be considered and actively sought to fund projects. This should include lobbying of government departments to provide funding for low carbon measures, such as the Department of Education when funding new schools and major improvements.

7. Equalities Impact

7.1 Following the introduction of the Equality Act 2010 ('the EA') a public authority must, in the exercise of its functions, have due regard to the need to – (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the EA; (b) advance equality of opportunity between persons who share a relevant protected characteristic (as defined by the EA) and persons who do not share it; (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

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

7.3 This means that in setting the Capital Programme, the three equality aims set out above have to be considered as a relevant factor alongside financial constraints and all other relevant considerations. The EA does not require a specific template or format for this assessment however, cases considering the public sector equality duty have held that an Equality Impact Assessment (EqIA) is the best way to demonstrate that the equalities impacts have been identified and considered.

7.4 Where a capital project is added to the Capital Programme, officers will demonstrate that the equalities impacts have been assessed and considered by carrying out an initial high level EqIA. This will identify whether a further EqIA is required if the proposal is agreed. Where EqIAs are in place for existing projects in the capital programme, these must be reviewed and refreshed annually as part of the RPPR process.

8. Debt, Borrowing and Treasury Management

8.1 A requirement under the Chartered Institute for Public Finance and Accountancy (CIPFA) Code of Practice for Treasury Management in the Public Services is to prepare a Treasury Management Policy and Strategy setting out the Council's policies for managing investments and borrowing. The Local Government Act 2003 and supporting regulations requires the Council to 'have regard to' the Prudential Code and to set Prudential Indicators to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

8.2 The Local Government Act 2003 permits local authorities to borrow to finance capital expenditure provided that the plans are affordable, prudent and sustainable in the long term. The Treasury Management Policy and Strategy and the Capital Programme identifies a borrowing need. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes so that sufficient cash is available to meet the capital expenditure plans.

8.3 Under the Prudential Code and Treasury Management Code, the Council is required to set parameters around its borrowing and treasury activity, including an authorised borrowing limit for each year which cannot be breached. Additionally, when funding capital expenditure through borrowing, the Council is required to set aside a sum from revenue each year to repay the debt, known as the Minimum Revenue Provision (MRP).

8.4 To ensure the separation of the core treasury function under security, liquidity and yield principles (SLY), and the policy and commercialism investments usually driven by expenditure on an asset, the Capital Strategy is reported separately from the Treasury Management (TM) Strategy. Therefore, the debt related to the activity and the associated interest costs, payback period, Minimum Revenue Provision policy or for non-loan type investments, the cost against the current market value and the financial risks are part of the Treasury Management Policy and Strategy.

8.5 The proposed capital programme investment has consideration directly to the Treasury Management Strategy. A specific model developed for this purpose continues to be used and updated to remain currents so that it remains responsive to any treasury management risks, such as interest rate volatility. Any borrowing required is within the limits set by the Treasury Management Strategy, which sets out the acceptable limits on ratings, investment periods, amounts to be invested and the borrowing strategy.

8.6 The Treasury Management revenue budget currently holds capacity due to the following items, but it is anticipated that this capacity will dimmish and cease over time as the need to borrow to finance the capital programme increases.

- Capacity is held for a capital programme risk provision (approved annually as part of the RPPR process).
- Slippage in the capital programme will create temporary capacity in MRP budgets.
- The Treasury Management Strategy seeks to maximise return on investments (commensurate with the Council's risk appetite) and allow for an appropriate level of internal borrowing.

Subject to annual consideration as part of the Council monitoring process, any underspends within the Treasury Management revenue budget will be reinvested into the capital programme (managed through the Capital Reserve), to reduce the need to borrow and significantly increase the Treasury Management revenue budget in the future.

9. Commercial Activity

9.1 The Council's Property Asset Disposal and Investment Strategy was approved at Cabinet on 24 April 2018. The key purpose of the Strategy is to deliver an ongoing net income stream to the Council with investment defined as allocating money in the expectation of some benefit in the future, providing the framework and template for the Council's approach to considering the commercial opportunities that exist, or can be created, in order to drive value for residents and businesses.

10. Governance

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

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

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

10.3 Departmental Capital Boards/sub boards exist for the school basic need programme, Property Maintenance and related projects; Communities, Economy and Transport; and Information, Technology and Digital. There is also a CIL & Section 106 Working Group that reports to the CSAB.

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

10.5 Governance arrangements, including risk management (see section 10), will be reviewed to ensure that it remains fit for purpose and is in line with best practice.

11. Risk

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

11.2 The Council is exposed to a range of risks that could be triggered by local, national or global events resulting in, for example:

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

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

11.4 The Council aims to minimise its exposure to unwanted risks – risks that are avoidable and which carry no commensurate reward for the Council – through a range of cost effective mitigation strategies.

11.5 To ensure that risks to the delivery of the capital programme, a structured framework of planning and monitoring is maintained as detailed in section 9, which is intended to identify those schemes at risk of non or late delivery.

11.6 The Council maintains a contingency at a corporate level, to mitigate possible risks arising from the capital programme. Control of this contingency is maintained by the CSAB, which operates within the normal governance arrangements (see section 9).

11.7 As part of capital planning, a number of potential projects or needs for additional funding maybe identified, these are added to a register of such schemes, with the risks and impacts analysed. The CASB will review these on a regular basis and commission further work as necessary to bring the business cases forward if risk is deemed to have developed to a point where further action is required.

12. Skills and Knowledge

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

Appendix 1: Basic Need Definitions

Place

The overarching principle of "Place" is that the Council ensures that it is investing in its assets to meet future need. The areas of agreed investment are:

Schools Basic Need Programme

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

The programme will recognise the potential need for additional primary school places in areas of new housing development together with the increase in secondary school places required for those children already at primary school, which reflects an historic increase in births.

Special Educational Needs and Disability (SEND) Place Planning

Local authorities have a statutory duty to ensure there are sufficient good school places for all pupils, including for those with Special Educational Needs and Disabilities (SEND). Provision is an area of pressure for the Council, with forecasted growth in need through to 2030.

SEND requirements will be considered on a business case basis giving consideration of alternative provision (such a providing within the independent sector) and the ongoing impact on revenue budgets to ensure value for money before being approved as basic need, and a formal governance process via gateways.

Economic Development including Place Shaping

A Council's priority outcome is to drive sustainable growth. Working with our partners, the Council will include in its capital programme schemes that support this outcome.

The Council will consider, as part of the "Other Investments" outside of basic need, schemes that will provide long-term benefits and demonstrate payback of the initial investment.

House Adaptations

House adaptions for both adults and children are an important element of allowing people to remain in their homes (District & Boroughs) or in accommodation, which meets their needs (County).

Working alongside our partners in Districts and Boroughs to ensure Disabled Funding Grant is utilised, along with our own resources, to provide the best outcomes for our residents.

Integrated Transport

The integrated transport delivers the objectives of the County's Local Transport Plan, which is complemented five-year implementation plans, delivering priority schemes. The schemes to be delivered are only added to the capital programme when external grant or contributions have been secured.

Climate Change

To achieve the Council's aim of reaching carbon net zero by 2050 at the latest in an appropriate and cost-efficient way, extensive works to decarbonise ESCC's estates operations will be necessary. The capital strategy will support an annual programme of energy efficiency projects linked to capital maintenance programmes, and consider the identification of additional resources required to meet actions identified in climate emergency plans, based on a robust process for identifying, prioritising and delivering projects.

Asset Condition

The overarching principle of "Asset Condition" is that the Council ensures that it is investing in its assets to maintain a basic level of condition, which allows the Council to deliver its Priority Outcomes, meeting any security and health and safety requirements. The areas include:

Highways Structural Maintenance

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

Road condition, and the ability to prevent the formation of potholes, has long been a priority for Members, and, in recent years, the focus of the Capital Maintenance Programme has been to improve the overall condition of the carriageway through programmes of preventative patching and carriageway resurfacing. The capital strategy will support the basic need target of maintaining road condition at 4% (A Roads), 4% (B&C Roads), 14% (Unclassified) being in "red" condition, based on a method of survey and analysis prescribed by the Department for Transport.

We receive many requests to install physical features to prevent driving or parking in unsuitable places. All requests are assessed by the Road Safety team and will not be taken forward unless the location meets the criteria used by our scoring system.

If we can improve safety by making minor changes, this will be carried out as part of the highway's maintenance programme. However, more complex improvements, such as traffic calming schemes, pedestrian crossings or cycle lanes are funded from our budget for transport improvements and undergo a strict scoring process.

To ensure that highways drainage is adequate to meet the needs of maintaining safe roads and, as the occurrence of extreme weather events increases, is able to cope with those events

Bridge Strengthening/Street Lighting/Traffic Signals

As traffic continues to increase on our roads there is requirement for a programme of bridge strengthening and replacement to ensure they remain safe.

To ensure that street lighting is adequate and, as the existing stock comes to the end of its life, it is replaced with modern, energy efficient, technology that also addresses the issue of light pollution.

To ensure that the maintenance of traffic signals is adequate to meet the needs of maintaining safe roads and that meet the needs of all users.

Rights of Way

Maintaining and protecting the public's right to use the 2000 miles (3,500km) of footpaths, bridleways and byways in East Sussex.

Real Bus Information

Real Time Passenger Information (RTPI) has been introduced in East Sussex to help provide better, more reliable information about bus services. The County Council continues to work with neighbouring local authorities and bus operators to roll out the system, which enables live bus times (real time information) to be displayed on electronic RTPI signs installed at a number of major bus stops and also on the Traveline website, text messages and smartphone apps.

Building Maintenance - schools

Work related to legislation, statutory requirement, health and safety and urgent repair work, as identified via the condition surveys and plans that ensure that schools are maintained at a minimum requirement, including the provision of temporary classrooms, plans based on birth rates and population projections are included in the Place section above.

Building Maintenance – non schools

Work related to legislation, statutory requirement, health and safety and urgent repair works. The money spent on capital will avoid higher running costs helping to reduce the cost of occupancy of corporate buildings.

Libraries

To maintain libraries in a safe and suitable condition from which to deliver the outcomes of the Libraries Strategic Commissioning Strategy.

Energy Efficient Projects

Where funding from Salix can be attracted that pays back the investment, these will be added to the capital programme.

IT&D Strategy Programme

The overarching principle of the IT&D strategy is to ensure that our Information and Communications Technology (ICT) is fit for purpose for delivering modern council services in a digital era and protecting any data held.

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

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

In order to stay ahead of business user expectation, investment in developing current systems is fundamental. Failure to keep pace with technological development will, in the short-term, paralyse Council infrastructure. The current development activity will become the future operational activity. Failure to build upon the technology investments already made will leave the Council ill prepared for the future, compromising the ability of the infrastructure to support the business in achieving its goals, making it difficult to share business information securely with partners and access it more flexibly across traditional boundaries.

Appendix 2: Business Case Guidance

B1. The Council does not prescribe how a business case should be made but a template is available for services to use as necessary. There are also some basic principles.

B2. The 5-Case Business Case model, as recommended by HM Treasury, sets out some basic questions that all business cases should answer.

The Strategic Case

- **Is the proposal needed?**
    - Will it further the Council's objectives?
    - Is there a clear case for change?

The Economic Case

- **Is it value for money?**
    - Have a range of options been considered?
    - Is it the best balance of cost, benefits and risk?

The Commercial Case

- **Is it viable?**
    - Is there a supplier who can meet our need?
    - Can we secure a value for money deal?

The Financial Case

- **Is it affordable?**
    - Are the costs affordable and realistic?
    - Is there funding available and is it supported?
    - Is there a clear payback?

The Management Case

- **Is it achievable?**
    - Are we capable of delivering the project?
    - Do we have robust systems and processes in place?

This page is intentionally left blank

Appendix 9 - Fees and Charges over 2.5% for those identified at Q3 2021/22 as part of RPPR

Dept	Service	Description	Current (£)	Proposed (£)	Movt (£)	Movt (%)
Children's Services	PT22 Trade Union Facilities Scheme - cost recovery for TU release time.	Price per pupil	2.64	2.76	0.12	4.5%
Children's Services	Performance Improvement: Training Courses – This service provides a range of training to schools across East Sussex. It also hires out equipment.	EVC Non SLA Central (pp)	180.00	200.00	20.00	11.1%
		EVC SLA Central (pp)	122.00	140.00	18.00	14.8%
		EVC update Non SLA Central (pp)	120.00	150.00	30.00	25.0%
		EVC Update SLA Central (pp)	80.00	100.00	20.00	25.0%
		Visit Leader Non SLA (theory/practical) (pp)	180.00	200.00	20.00	11.1%
		Visit Leader SLA (theory/practical) (pp)	122.00	140.00	18.00	14.8%
		Visit Leader Non SLA (theory)	420.00	500.00	80.00	19.0%
		Visit Leader SLA (theory)	225.00	300.00	75.00	33.3%
		Outdoor Learning Cards Non SLA	420.00	500.00	80.00	19.0%
		Outdoor Learning Cards SLA	225.00	300.00	75.00	33.3%
		Governor / Mgt Bd Roles / Resp Non SLA	120.00	150.00	30.00	25.0%
		Governor / Mgt Bd Roles / Resp SLA	84.00	100.00	16.00	19.0%
		Exeant and Risk Assessment SLA	115.00	125.00	10.00	8.7%
Children's Services	SLES Work Experience - Providing a work experience service to maintained and academy secondary schools with East Sussex to enable them to manage the process of arranging their work experience placements including undertaking pre-placement HS checks on businesses hosting a student.	Work Experience Service - Academic Year Subscription	310.00	350.00	40.00	12.9%
		Health and Safety Assessment and Support (Subscriber rate)	15.50	16.00	0.50	3.2%
		Bespoke matched placements (Subscriber rate)	68.00	70.00	2.00	2.9%
		Health and Safety Assessment and Support (Non Subscriber rate)	25.00	26.00	1.00	4.0%
		Matched Placement Service (Non Subscriber rate)	62.00	64.00	2.00	3.2%
		Out of Area Health and Safety Check (student coming in to ES)	62.00	64.00	2.00	3.2%
		Out of Area Health and Database Check (student coming in to ES)	32.00	34.00	2.00	6.3%
Communities, Economy and Transport	Registration - The Service is responsible for registering all births, deaths and still-births, and for registering and conducting all civil marriages and civil partnerships that occur within East Sussex, in addition to providing citizenship ceremonies for all of the county's new British citizens. The team also retains responsibility for the custody of all registers dating back to 1837, and licences over 100 Approved Marriage Premises (AMP) located across the county.	Surcharge for AMP/Registrar's Office (RO) ceremony 5.01pm-9.59pm	175.00	195.00	20.00	11.4%
		Surcharge for AMP/RO ceremony 10pm-8.59am	275.00	295.00	20.00	7.3%
		AMP Licencing (3 years)	2,095.00	2,195.00	100.00	4.8%
		RO Marriage/Civil Partnership (CP) - Mon-Thu	155-375	165-385	10.00	2.7%-6.5%
		RO Marriage/CP - Fri	280-500	290-510	10.00	2.0%-3.6%
		RO Marriage/CP - Sat	280-500	290-510	10.00	2.0%-3.6%
		RO Marriage/CP - Sun	320-500	330-510	10.00	2.0%-3.1%

Appendix 9 - Fees and Charges over 2.5% for those identified at Q3 2021/22 as part of RPPR

Dept	Service	Description	Current (£)	Proposed (£)	Movt (£)	Movt (%)
Communities, Economy and Transport	Trading Standards protects consumers and traders in East Sussex. The service enforces government legislation, offers advice to businesses and consumers, provides licences and inspections for businesses and investigates offences and prosecutes offenders.	Accredited Financial Advisor Advice. This increase brings the fee to a rate that covers the additional costs of maintaining a Financial Investigator.	50.00	82.00	32.00	64.0%
Communities, Economy and Transport	ROW & Countryside Parks - Various income streams at resulting from enforcing Rights of Way access and income from activities at our Countryside Parks.	RoW s31 deposit	376.00	387.00	11.00	2.9%
		RoW s31 declarations for renewing declarations	172.00	177.00	5.00	2.9%
		RoW s31 declarations for additional optional documents	57.00	59.00	2.00	3.5%
		Public Path diversions - S.119 Highways Act	2,550.00	2,626.00	76.00	3.0%
Communities, Economy and Transport	Transport Development Control. The team is responsible for: -Providing highway authority advice in the preparation of Local Plans by Borough & District Councils; -Site supervision and management of developer led improvement schemes and development; -Providing the statutory highway comments on planning applications and pre-application enquiries; -Presenting evidence at appeals; -Securing development transport contributions and highway improvements; -Travel Plans, negotiating Section 38/278 agreements; -Responding to Local Land Charge Searches; -Maintaining the Highway Terrier, and producing highway land information; -The team also provides Section 184 licences for dropped kerbs and new accesses.	Design Check & Inspection fee for Sec 278 legal agreements. Includes Highways Act (also includes Traffic Signs fee), Construction Traffic Management Fee and Traffic regulation order.	305.00	315.00	10.00	3.3%
			510.00	525.00	15.00	2.9%
		Pre-application service for planning applications:				
		11-30 Dwellings	450.00	465.00	15.00	3.3%
		31-50 Dwellings	900.00	930.00	30.00	3.3%
		51-80 Dwellings	1,365.00	1,405.00	40.00	2.9%
		81-199 Dwellings	2,240.00	2,310.00	70.00	3.1%
		200+ Dwellings	3,195.00	3,290.00	95.00	3.0%
		CON29 searches in relation to property transactions. Methodology for calculating the rate is set out by government and the outcome of court cases:				
		Related to small scale developer-led highway works which do not warrant a full legal agreement, licenced under S171 Highways Act - 10% of works cost subject to min fee as presented right.	295.00	305.00	10.00	3.4%
		Highway Extent and related queries:				
		Highway Extent queries - for provision of a highway extent and plan which can involve investigation	35.70	37.00	1.30	3.6%
		Copy Agreement - is for electronic copies of either a Sec 38 or Sec 278 agreement	10.70	11.00	0.30	2.8%

Appendix 9 - Fees and Charges over 2.5% for those identified at Q3 2021/22 as part of RPPR

Dept	Service	Description	Current (£)	Proposed (£)	Movt (£)	Movt (%)
Communities, Economy and Transport	Transport Monitoring - speed surveys and traffic counts.	12 hr one camera classified turning count (CTC)	535.00	549.00	14.00	2.6%
		12 hr multiple camera CTC	945.00	975.00	30.00	3.2%
		12 hr link survey (single carriageway)	270.00	279.00	9.00	3.3%
		12 hr link count (dual carriageway)	360.00	374.00	14.00	3.9%
		12 hr CTC with pedestrians	630.00	649.00	19.00	3.0%
		12 hr single pathway pedestrian & cyclist count	299.00	310.00	11.00	3.7%
		12 hr two pathway pedestrian & cyclist count	475.00	489.00	14.00	2.9%
		7 day temp automatic survey	410.00	422.00	12.00	2.9%
		12 hr journey time survey with 2 timing points	750.00	779.00	29.00	3.9%
		12 hr journey time survey with 4 timing points	1,500.00	1,545.00	45.00	3.0%
		Manual journey time, 2 vehicle split day	850.00	875.00	25.00	2.9%
		Sale of pre-existing dataset	95.00	98.00	3.00	3.2%
Communities, Economy and Transport	Traveller Sites in Hailsham, Maresfield, Polegate, Robertsbridge and Bridies Tan.	Rentals - all sites except Bridies Tan	66.11	68.00	1.89	2.9%
		Rental - Bridies Tan	54.00	64.00	10.00	18.5%
Communities, Economy and Transport	Flood Management: The focus of the Flood Risk Management service is on surface water, minor watercourse and groundwater flooding. The team is responsible for Ordinary Watercourse consenting, responding to general land drainage enquiries, and is involved in identifying funding streams to deliver flood alleviation/management schemes in the county.	Land Searches	14.00	16.00	2.00	14.3%
		Data provision	113.42	130.00	16.58	14.6%
		Pre application hourly review	97.52	110.00	12.48	12.8%

This page is intentionally left blank

Report to:	**Cabinet**
Date:	**25 January 2022**
By:	**Chief Operating Officer**
Title of report:	**Treasury Management Policy and Strategy 2022/23**
Purpose of report:	**This report proposes the Treasury Management Policy and Strategy for 2022/23. The Council is also required to set Prudential Indicators as set out in the Prudential Code which are included in this strategy for approval.**

RECOMMENDATIONS

Cabinet is recommended to recommend Council to:

1) approve the Treasury Management Policy and Strategy Statement for 2022/23;
2) approve the Annual Investment Strategy for 2022/23;
3) approve the Prudential and Treasury Indicators 2022/23 to 2024/25; and
4) approve the Minimum Revenue Provision (MRP) Policy Statement 2022/23 at Appendix A (Section 3).

1. Background

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

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

1.3 The Treasury Management Policy and Strategy Statement (TMSS) for 2022/23 is presented in **Appendix 'A'** to this report. The strategy includes the Treasury Management Policy Statement, the Treasury Management Strategy Statement, the Annual Investment Strategy, Prudential and Treasury Indicators for the next three years and the annual Minimum Revenue Provision (MRP) Policy Statement.

1.4 The 2022/23 TMSS has been prepared within the context the financial challenge being faced by the County Council over the Medium Term Financial Plan and seeks to compliment the Council Plan 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 2022/23;
- 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

1.5 The 2022/23 Investment Strategy has been set in the context of diminishing returns and opportunities in the current economic environment. However markets are forecasting marginal Bank of England (BoE) interest rate increases that should improve returns into 2022/23. The average rate of return for 2020/21 was 0.72% and for the first six months of 2021/22 was 0.39%.

1.6 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, has limited the scope for new investments over the last two years. Actions to explore the available options for Short Dated Bond Funds and Multi Asset Funds have been paused but will be explored during 2022/23 if deemed appropriate and if the council has sufficient available cash to invest in longer term instruments.

1.7 During 2021/22 within the framework of the current Treasury Management Strategy an opportunity was undertaken to place a deposit that had an Environmental Social & Governance (ESG) focus. A sustainable fixed term deposit with Standard Chartered was placed; this investment aligns the Council's deposit to sustainable investing within the bank's strategy.

1.8 The market for green and broader ESG investments is still relatively immature, which reduces the ability to actively invest in products that support the Council's aspirations. However, research and the consideration of the suitability of ESG investment products will continue into 2022/23.

Borrowing Strategy

1.9 The Borrowing Strategy and the Capital Programme identifies a borrowing need of £130m over the next 3 years (between 2022/23 and 2024/25). The Council currently has sufficient 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 and borrowing will be undertaken where it is felt there is a significant risk of steep increases in borrowing rates.

1.10 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, which had been increased by 1.00% in October 2019. The standard and certainty margins were reduced by 1.00% 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.

1.11 The budget within the Medium Term Financial Plan (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

1.12 The Treasury Management budget within the Medium Term Financial Plan (MTFP) supports the cost of borrowing which includes MRP provision and interest. It is reviewed and updated for changes in the capital programme as part of the RPPR process. Modelling has estimated an additional £1.3m requirement in 2024/25 to reflect the net revenue impact of the revised Capital Strategy and Programme in terms of the cost of borrowing and the setting aside of MRP.

2. Supporting Information

Treasury Management Reporting

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

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

2.2 This Council meets this requirement with the Treasury Management Annual Report 2020/21 and mid-year report 2021/22 presented to Cabinet on 14 December 2021. Additionally, the treasury management monitoring position is reported to Cabinet as part of the Reconciling, Policy, Performance and Resources quarterly monitoring.

Update to Treasury and Prudential CIPFA Code 2023/24

2.3 CIPFA published the revised Treasury and Prudential codes on 20th December 2021 to ensure Local Authorities can implement the code changes in a smooth and orderly fashion, with formal adoption not required until 2023/24. CIPFA is proposing a soft implementation, with full expected implementation by the required date. The Council will have regard to these codes of practice when it prepares the Treasury Management Strategy Statement and Annual Investment Strategy, and also related reports during the financial year.

Update to the Capital Framework: Minimum Revenue Provision. The Department for Levelling Up, Housing and Communities (DLUHC).

2.4 The DLUHC is proposing to make changes to the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (the 2003 Regulations). There is a consultation open which closes on 8 February 2022. The Council will feed into this consultation and report on the results in due course.

2.5 The Government has identified that some Councils are not sufficiently complying with their statutory MRP duty and is proposing changes to regulations to make sure that practices are prudent and consistent across the sector. The Council is compliant with the proposed changes, with a minor adjustment needed for MRP provision on loans. It is therefore considered that the proposed changes will not have any significant impact.

Economic Background

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

3. Conclusion and recommendations

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

3.2 Cabinet recommends the 2022/23 Treasury Management Policy and Strategy Statement for approval by Council.

PHIL HALL
Chief Operating Officer

Contact Officer: Haley Woollard, Principal Accountant (Treasury & Taxation)
Tel. No. 01273 291246
Email: Haley.Woollard@brighton-hove.gov.uk
Local Member(s): All

BACKGROUND DOCUMENTS

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

Appendix A

TREASURY MANAGEMENT POLICY AND STRATEGY 2022/23

East Sussex County Council

CONTENTS

1. INTRODUCTION

1.1 Background

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

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

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

CIPFA defines treasury management as:

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

1.2 Reporting Requirements

1.2.1 Capital Strategy

The CIPFA 2017 Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report, to provide the following:

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

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

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

1.2.2 Treasury Management reporting

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

a. **Prudential and treasury indicators and treasury strategy** (this report) - The first, and most important report is forward looking and covers:

- the capital plans, (including prudential indicators);
- a minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time);
- the treasury management strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
- an investment strategy, (the parameters on how investments are to be managed).

b. **A mid-year treasury management report –** This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision.

c. **An annual treasury report –** This is a backward looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

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

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

1.3 Treasury Management Strategy for 2022/23

The strategy for 2022/23 covers two main areas:

Capital issues

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

Treasury management issues

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

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

1.4 Treasury Management Policy Statement

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

i) This Council defines its treasury management activities as:

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

ii) This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Council, and any financial instruments entered into to manage these risks.

iii) This Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance management techniques, within the context of effective risk management.

1.5 Current Treasury Position

A summary of the Council's borrowing & investment portfolios as at 30th November 2021 and forecast at the end of the financial year is shown in **Table 1** below:

Table 1	Actual at 30 November 2021			Forecast to 31 March 2022		
	£'000	% of portfolio	Average Rate	£'000	% of portfolio	Average Rate
Investments						
Banks	174,000	55%	0.26%	160,000	55%	0.30%
Local Authorities	80,350	25%	0.66%	70,000	24%	0.60%
Money Market Funds	59,650	18%	0.04%	55,000	19%	0.10%
CCLA Pooled Property Fund	5,000	2%	3.80%	5,000	2%	3.75%
Total Investments	**319,000**	**100%**	**0.38%**	**290,000**	**100%**	**0.40%**
Borrowing						
PWLB loans	222,000	95%	4.67%	220,000	95%	4.65%
Market loans	12,900	5%	4.00%	12,900	5%	4.00%
Total external Borrowing	**234,900**	**100%**	**4.64%**	**232,900**	**100%**	**4.62%**

2. BORROWING STRATEGY

The capital expenditure plans of the Council are set out in the Capital Strategy Report being considered by Full Council on 8 February 2022. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes so that sufficient cash is available to meet the capital expenditure plans.

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

The Council's primary objective is to strike an appropriate balance between securing cost certainty, securing low interest rates. The Council's cumulative need to borrow is known as the Capital Financing Requirement (CFR). The CFR and the actual level of external borrowing will differ according to decisions made to react to expected changes in interest rates and the prevailing economic environment. Where a decision to defer borrowing (or internally borrow) is made, the Council will be under borrowed. Where a decision to borrow in advance of need to secure cost certainty, the Council will be overborrowed.

On 25 November 2020 the Chancellor announced the conclusion to the review of margins over gilt yields for 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 assets primarily for yield in its three year capital programme. The reduction in future borrowing costs will be factored into the funding of the capital programme which contains no such assets for yield purchases.

While this authority will not be able to avoid borrowing to finance new capital expenditure, to replace maturing debt and the rundown of reserves, there will be a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

There is £32m expected to be funded via borrowing in the 2021/22 Capital Programme. No new external borrowing is expected to be undertaken to fund this, and this will be funded through cash balances. This is expected to increase the Council's under-borrowed position compared to its CFR from £32m at 31 March 2022 to £40m by 31 March 2023.

2.1 Borrowing Strategy for 2022/23

The Council's Capital Programme 2022/23 to 2024/25 forecasts £258m of capital investment over the next three years with £132m met from existing or new resources. The increase in the Council's borrowing need over this period is therefore £126m as shown in **Table 2** below.

2021/22 Projected £m	Table 2	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	Total £m
88	Capital Expenditure	102	77	79	258
	Financed by:				
(56)	New & existing resources	(62)	(39)	(31)	(132)
32	**Borrowing Need**	**40**	**38**	**48**	**126**

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

2021/22 Estimate £m	Table 3	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m
237	External Debt at 1 April	233	263	292
(4)	Expected change in Debt	30	29	38
233	**External Debt at 31 March**	**263**	**292**	**330**
255	CFR* at 1 April	280	313	342
32	Borrowing need (Table 2)	40	38	48
(7)	MRP	(7)	(7)	(10)
280	**CFR* at 31 March**	**313**	**344**	**380**
47	**Under / (Over) borrowing**	**50**	**52**	**50**

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

Table 2 demonstrates that the Council has a borrowing need of £126m over the next three years. The strategy will initially focus on meeting this borrowing need from internal borrowing; avoiding external borrowing by utilising the Council's own surplus funds. Modelling of the movement of reserves and the Council's capital expenditure plans demonstrates that the Council's long term reserves can support a level of approximately £50m of internal borrowing. This will mitigate the increase in the cost of borrowing and reduce counterparty risk within the Council's investment portfolio by reducing the portfolio size.

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

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

2.2 Policy on Borrowing in Advance of Need

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

2.3 Debt Rescheduling

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

The reasons for any rescheduling to take place will include:

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

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

2.4 Interest Rate Risk & Continual Review

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

Table 4	2022/23	2023/24	2024/25
	£m	£m	£m
Maturing Debt	6	4	5
Debt Subject to early repayments options	6	6	6
Total debt at risk of maturity	**12**	**10**	**11**

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

Against this background and the risks within the economic forecast, caution will be adopted with the 2022/23 treasury operations. The Chief Finance Officer will continue to monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

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

3. MINIMUM REVENUE PROVISION POLICY STATEMENT

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

The policy below reflects a change in the policy as approved and implemented for 2018/19 onwards; The Council is recommended to approve the following MRP Statement for 2022/23 onwards:

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

- Annuity basis over a maximum of 40 years.

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

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

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

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

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

For loans to third parties that are being used to fund expenditure that is classed as capital in nature, the policy will be to charge an MRP over the life of the loan.

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

4. ANNUAL INVESTMENT STRATEGY

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

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

- DLUHC's Guidance on Local Government Investments (the "Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 (the "Code")
- CIPFA Treasury Management Guidance Notes 2018

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

4.1 Annual Investment Strategy for 2022/23

Investments will be made with reference to the core balance and cash flow requirements and the outlook for interest rates.

Bank Rate is likely to remain low for a considerable period with moderate increases forecasted over the next 24 months. Link Asset Services (LAS) forecast assumes that investment earnings from money market-related instruments will be below 1.00% for the foreseeable future. LAS's forecast for Bank Rate (and therefore the rate earned on liquid investments) at each financial year end (i.e. March) are:

2021/22	2022/23	2023/24	2024/25

0.25%	0.75%	1.00%	1.25%

LAS's view on the prospect for interest rates, including their forecast for short term investment rates is appended at Annex B.

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

During 2018/19, £5m was invested in the CCLA Pooled Property Fund which was the first step into utilising the new instruments within the revised strategy. Further investment in property funds was paused during 2020/21 due to a combination of factors. The main consideration, was the uncertain environment of the UK property market coming out of the COVID pandemic. It is therefore not an appropriate time to increase investment balances with property funds.

An options appraisal process was undertaken during 2019/20 to ascertain a) an appropriate level of cash balances that can be invested into longer term instruments and b) which other instruments are most appropriate to expand and diversify the Council's investment portfolio. This work has been also paused during 2021/22 as a result of the economic impact and market uncertainty that remains as a result of the COVID pandemic.

In 2021/22 two fixed term bank deposits totalling £30m were placed with Standard Chartered that are ringfenced within a sustainable lending ESG framework. These investments are assigned to sustainable assets with the aim of addressing the UN sustainable development goals. The offering fulfils the key principle of security, liquidity and yield and is consistent with the banks current other fixed term deposit rates.

Table 5 below summarises the changes since the approved 2017/18 strategy. No further changes are proposed for 2022/23. Each of the new investment products included are described in more detail in Annex E. The inclusion of an investment product category in the strategy does not automatically result in investments being placed – investments will only be placed following a due diligence procedure as described above.

Table 5 - Investment options	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Money Market Funds (Including LVNAV)	✓	✓	✓	✓	✓	✓
Bank Notice Accounts	✓	✓	✓	✓	✓	✓
Fixed Term Bank Deposits	✓	✓	✓	✓	✓	✓
UK Local Authorities	✓	✓	✓	✓	✓	✓
Enhanced Money Market Funds (VNAV)	✓	✓	✓	✓	✓	✓
Building Societies	✘	✓	✓	✓	✓	✓
Pooled Property Funds	✘	✓	✓	✓	✓	✓
Corporate Bond Funds (Including Short Dated Bond Funds)	✘	✓	✓	✓	✓	✓
Multi Asset Funds	✘	✓	✓	✓	✓	✓
Equity Funds	✘	✘	✓	✓	✓	✓

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

- It maintains a policy covering both the categories of investment types it will invest in and the criteria for choosing investment counterparties with adequate security, and monitoring their security;
- It has sufficient liquidity in its investments;
- It receives a yield that is aligned with the level of security and liquidity of its investments;
- Where possible, it actively seeks to support Environmental, Social and Governance (ESG) investment products and institutions that meet all of the above requirements.

The preservation of capital is the Council's principal and overriding priority.

4.2 Investment Policy – Management of risk

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

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

The guidance from the DLUHC and CIPFA place a high priority on the management of risk. This authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -

i) Minimum acceptable credit criteria are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.

ii) Other information: ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.

iii) Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

iv) This authority has defined the list of types of investment instruments that the treasury management team are authorised to use.

   a. **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year. The limits and permitted instruments for specified investments are listed within Table 7.

   b. **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use. The limits and permitted instruments for non-specified investments are listed within Table 8.

v) Lending limits (amounts and maturity) for each counterparty will be set through applying the credit criteria matrix (within Table 7).

vi) This authority will set a limit for the amount of its investments which are invested for longer than 365 days, detailed in the Treasury Indicators in Annex C.

vii) With the exception of the UK, investments will only be placed with counterparties from countries with a specified minimum sovereign rating of AA+ (see paragraph 4.3).

viii) This authority has engaged external consultants, (see paragraph 5.3), to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.

ix) All investments will be denominated in sterling.

x) As a result of the change in accounting standards for 2018/19 under IFRS 9, this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. In November 2018, DLUHC, concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years commencing from 1.4.18.

4.3 Sovereign Credit Ratings

For 2022/23 it is recommended to maintain the policy of lending to sovereign nations and their banks which hold either a AAA or AA+ rating, with the exception of the UK which is currently rated AA- by two of the three rating agencies (Aa2 Moody's). Maximum investment limits and duration periods will remain the same as in the previous strategy at £60 million and one year respectively. The list of countries that qualify using this credit criteria (as at the date of this report) are shown below:

AAA Australia, Denmark, Germany, Netherlands, Singapore, Sweden and Switzerland
AA+ Canada
AA- UK

4.4 Creditworthiness Policy

The Council applies thecreditworthiness service provided by the Link Group. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies which is then supplemented with the following overlays:

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

This weighted scoring system then produces an end product of a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments.

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

Y	*P*	*B*	*O*	*R*	*G*	*N/C*
Up to 5yrs	*Up to 2yrs*	*Up to 1yr*	*Up to 1yrs*	*Up to 6 months*	*Up to 100 days*	*Not to be used*

Typically the minimum credit ratings criteria the Council use will be a Short Term rating (Fitch or equivalents) of F1 and a Long Term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

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

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

All credit ratings are monitored daily. The Council is alerted to changes to ratings of all three agencies through its use of the LAS credit worthiness service. If a downgrade results in the counterparty or investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.

In addition to the use of credit ratings, the Council is advised of information re movements in Credit Default Swap against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list. The counterparties in which the Council will invest its cash surpluses is based on officer's assessment of investment security, risk factors, market intelligence, a diverse but manageable portfolio and their participation in the local authority market.

Table 7 below summarises the types of specified investment counterparties available to the Council, and the maximum amount and maturity periods placed on each of these. A full list of the Council's counterparties and the current limits for 2021/22 are appended at Annex A.

Criteria for Specified Investments

Table 7	Country/ Domicile	Instrument	Min. Credit Criteria/LAS colour band	Max. Amount	Max. maturity period
Debt Management and Deposit Facilities (DMADF)	UK	Term Deposits (TDs)	N/A	unlimited	12 Months
Government Treasury bills	UK	TDs	UK Sovereign Rating	unlimited	12 Months
UK Local Authorities**	UK	TDs	UK Sovereign Rating	£60m	12 Months
Banks – part nationalised	UK	▪ TDs ▪ Deposits on Notice	N/A	£60m	12 Months

Table 7	Country/ Domicile	Instrument	Min. Credit Criteria/LAS colour band	Max. Amount	Max. maturity period
		▪ Certificates of Deposit (CDs)			
Banks	UK	▪ TDs ▪ Deposits on Notice ▪ CDs	Blue	£60m	12 Months
			Orange	£60m	12 Months
			Red	£60m	6 Months
			Green	£60m	100 Days
Building Societies	UK	▪ TDs ▪ Deposits on Notice ▪ CDs	Blue	£60m	12 Months
			Orange	£60m	12 Months
			Red	£60m	6 Months
			Green	£60m	100 Days
Individual Money Market Funds (MMF) CNAV and LVNAV	UK/Ireland/ EU domiciled	AAA Rated Money Market Fund Rating	N/A	£60m	Liqiuid
VNAV MMF's and Ultra Short Dated Bond Funds	UK/Ireland/EU domiciled	AAA Rated Bond Fund Fund Rating	N/A	£60m	Liquid
Banks – Non-UK	Those with sovereign rating of at least AA+*	▪ TDs ▪ Deposits on Notice ▪ CDs	Blue	£60m	12 Months
			Orange	£60m	12 Months
			Red	£60m	6 Months
			Green	£60m	100 Days

**See Paragraph 4.3 for full list of countries that meet these criteria*

*** Local Authorities appear on both Specified and Non-specified investment list – an investment with a LA for up to a year is Specified, and between 1-2 years is Non-specified. The maximum amount that can be lent to any single Local Authority is £60m across both specified and Unspecified Investments*

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

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

*** Local Authorities appear on both Specified and Non-specified investment list – an investment with a LA for up to a year is Specified, and between 1-2 years is Non-specified. The maximum amount that can be lent to any single Local Authority is £60m across both specified and Unspecified Investments*

The maximum amount that can be invested will be monitored in relation to the Council's surplus monies and the level of reserves. The approved counterparty list will be maintained by referring to an up-to-date credit rating agency reports, and the Council will liaise regularly with brokers for updates. Where Externally Managed Funds are not rated, a selection process will evaluate relative risks & returns. Security of the council's money and fund volatility will be key measures of suitability. Counterparties may be added to or removed from the list only with the approval of the Chief Finance Officer. A full list of the Council's counterparties and the current limits for 2022/23 are appended at Annex A.

5. OTHER TREASURY ISSUES

5.1 Banking Services

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

5.2 Training

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. Training was last provided to Audit Committee members on 19 November 2021 and further training will be arranged as required.

The training needs of treasury management officers are periodically reviewed and training arranged as required.

5.3 Policy on the use of External Service Providers

The Council uses Link Asset Services as its external treasury management advisors.

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

5.4 Lending to Third Parties

The Council has the power to lend monies to third parties subject to a number of criteria. These are not treasury type investments rather they are policy investments. Any activity will only take place after relevant due diligence has been undertaken.

5.5 Updates to Accounting Requirements

- **IFRS9 – local authority override – English local authorities**

  The DLUHC enacted a statutory over-ride from 1 April 2018 for a five year period until 31 March 2023 following the introduction of IFRS 9 and the requirement for any capital gains or losses on marketable funds to be chargeable in year. This has the effect of allowing any capital losses on funds to be held on the balance sheet until 31 March 2023, allowing councils to initiate an orderly withdrawal of funds if required.

- **IFRS 16 – Leasing**

  The CIPFA Code of Practice will incorporate the requirement to account for all leases onto the council's balance sheet. There have been indications that the implementation date for this is going to be set back to 2022/23 due to pressures on staff from the COVID Pandemic.

  Once implemented, this has the following impact to the Treasury Management Strategy:

- The MRP Policy sets out how MRP will be applied for leases bought onto the balance sheet;
- The Council's Capital Financing Requirement authorised limit and operational boundary for 2022/23 onwards has been increased to reflect the estimated effect of this change. These limits can be amended during 2022/23 if required and bought to full Council to amend with the TMSS Mid Year report if the limits need to be increased following some more detailed work on the leases to be bought onto the balance sheet.

Bank with duration colour	Country	Fitch Ratings				Moody's Ratings		S & P Ratings		CDS Price	ESCC Duration	Link Duration Limit	Money Limit
Specified Investments:		L Term	S Term	Viab.	Supp.	L Term	S Term	L Term	S Term		(Months)	(Months)	(£m)
Lloyds Banking Group:													
Lloyds Bank	UK	A+	F1+	a	5	A1	P-1	A+	A-1	35.56	6	6	60
Bank of Scotland	UK	A+	F1	a	5	A1	P-1	A+	A-1	42.64	6	6	
RBS/NatWest Group:													
NatWest Bank	UK	A+	F1	a	5	A1	P-1	A	A-1	-	12	12	60
Royal Bank of Scotland	UK	A+	F1	a	5	A1	P-1	A	A-1	-	12	12	
HSBC Bank	UK	AA-	F1+	a	1	A1	P-1	A+	A-1	39.03	12	12	60
Barclays Bank	UK	A+	F1	a	5	A1	P-1	A	A-1	53.97	6	6	60
Santander (UK)	UK	A+	F1	a	2	A1	P-1	A	A-1	-	6	6	60
Goldman Sachs IB	UK	A+	F1	-	1	A1	P-1	A+	A-1	65.21	6	6	60
Standard Chartered Bank	UK	A+	F1	a	5	A1	P-1	A	A-1	38.03	6	6	60
Nationwide Building Society	UK	A	F1	a	5	A1	P-1	A+	A-1	-	6	6	60
Handlesbanken	UK	AA	F1+	-	1	-	-	AA+	A-1+	-	12	12	60
Non UK Counterparties:													
Australia & New Zealand Banking Group	Australia	A+	F1	a+	1	Aa3	P-1	AA-	A-1+	32.55	12	12	60
Commonwealth Bank of Australia	Australia	A+	F1	a+	1	Aa3	P-1	AA-	A-1+	32.65	12	12	60
National Australia Bank	Australia	A+	F1	a+	1	Aa3	P-1	AA-	A-1+	34.66	12	12	60
Westpac Banking Corp.	Australia	A+	F1	a+	1	Aa3	P-1	AA-	A-1+	35.62	12	12	60
Royal Bank of Canada	Canada	AA-	F1+	aa-	5	Aa2	P-1	AA-	A-1+	-	12	12	60
Toronto Dominion	Canada	AA-	F1+	aa-	5	Aa1	P-1	AA-	A-1+	-	12	12	60
National Bank of Canada	Canada	A+	F1	a+	5	Aa3	P-1	A	A-1	-	6	6	60
Dev. Bank of Singapore	Singapore	AA-	F1+	aa-	1	Aa1	P-1	AA-	A-1+	-	12	12	60
Oversea Chinese Banking Corp	Singapore	AA-	F1+	aa-	1	Aa1	P-1	AA-	A-1+	-	12	12	60
United Overseas Bank	Singapore	AA-	F1+	aa-	1	Aa1	P-1	AA-	A-1+	-	12	12	60

Continued Counterparty list Bank with duration colour	Country	Fitch Ratings				Moody's Ratings		S & P Ratings		CDS Price	ESCC Duration	Link Duration Limit	Money Limit
		L Term	S Term	Viab.	Supp.	L Term	S Term	L Term	S Term		(Months)	(Months)	(£m)
Swedbank AB	Sweden	A+	F1+	a+	5	Aa3	P-1	A+	A-1	-	12	12	60
ABN AMRO Bank	Netherlands	A	F1	a	WD	A1	P-1	A	A-1	-	6	6	60
Rabobank	Netherlands	A+	F1	a+	WD	Aa2	P-1	A+	A-1	-	12	12	60
ING Bank NV	Netherlands	AA-	F1+	a+	WD	Aa3	P-1	A+	A-1	27.05	12	12	60
UBS	Switzerland	AA-	F1+	a+	5	Aa2	P-1	A+	A-1	40.06	12	12	60
Credit Suisse	Switzerland	A	F1	a-	5	A1	P-1	A+	A-1	61.45	6	6	60
DZ Bank	Germany	AA-	F1+	-	WD	Aa2	P-1	A+	A-1	-	12	12	60
Danske Bank	Denmark	A	F1	a	5	Aa2	P-1	A	A-1	33.66	6	6	60

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

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

ECONOMIC OVERVIEW

Provided by Link Asset Services December 2021

UK. The Monetary Policy Committee (MPC) voted 8-1 to raise Bank Rate by 0.15% from 0.10% to 0.25% and unanimously decided to make no changes to its programme of quantitative easing purchases due to finish in December 2021 at a total of £895bn.

The MPC disappointed financial markets by not raising Bank Rate at its November meeting. Until Omicron burst on the scene, most forecasters, therefore, viewed a Bank Rate increase as being near certain at this December meeting due to the way that inflationary pressures have been comprehensively building in both producer and consumer prices, and in wage rates. However, at the November meeting, the MPC decided it wanted to have assurance that the labour market would get over the end of the furlough scheme on 30th September without unemployment increasing sharply; their decision was, therefore, to wait until statistics were available to show how the economy had fared at this time.

On 10th December we learnt of the disappointing 0.1% m/m rise in GDP in October which suggested that economic growth had already slowed to a crawl even before the Omicron variant was discovered in late November. Early evidence suggests growth in November might have been marginally better. Nonetheless, at such low rates of growth, the government's "Plan B" COVID-19 restrictions could cause the economy to contract in December.

On 14th December, the labour market statistics for the three months to October and the single month of October were released. The fallout after the furlough scheme was smaller and shorter than the Bank of England had feared. The single-month data were more informative and showed that LFS employment fell by 240,000, unemployment increased by 75,000 and the unemployment rate rose from 3.9% in September to 4.2%. However, the weekly data suggested this didn't last long as unemployment was falling again by the end of October. What's more, the 49,700 fall in the claimant count and the 257,000 rise in the PAYE measure of company payrolls suggests that the labour market strengthened again in November. The other side of the coin was a further rise in the number of vacancies from 1.182m to a record 1.219m in the three months to November which suggests that the supply of labour is struggling to keep up with demand, although the single-month figure for November fell for the first time since February, from 1.307m to 1.227m.

These figures by themselves, would probably have been enough to give the MPC the assurance that it could press ahead to raise Bank Rate at this December meeting. However, the advent of Omicron potentially threw a spanner into the works as it poses a major headwind to the economy which, of itself, will help to cool the economy. The financial markets, therefore, swung round to expecting no change in Bank Rate.

On 15th December we had the CPI inflation figure for November which spiked up further from 4.2% to 5.1%, confirming again how inflationary pressures have been building sharply. However, Omicron also caused a sharp fall in world oil and other commodity prices; (gas and electricity inflation has generally accounted on average for about 60% of the increase in inflation in advanced western economies).

Other elements of inflation are also transitory e.g., prices of goods being forced up by supply shortages, and shortages of shipping containers due to ports being clogged have caused huge increases in shipping costs. But these issues are likely to clear during 2022, and then prices will subside back to more normal levels. Gas prices and electricity prices will also fall back once winter is passed and demand for these falls away.

Although it is possible that the Government could step in with some fiscal support for the economy, the huge cost of such support to date is likely to pose a barrier to incurring further major economy wide expenditure unless it is very limited and targeted on narrow sectors like hospitality, (as announced just before Christmas). The Government may well, therefore, effectively leave it to the MPC, and to monetary policy, to support economic growth – but at a time when the threat posed by rising inflation is near to peaking.

This is the adverse set of factors against which the MPC had to decide on Bank Rate. For the second month in a row, the MPC blind-sided financial markets, this time with a surprise increase in Bank Rate from 0.10% to 0.25%. What's more, the hawkish tone of comments indicated that the MPC is now concerned that inflationary pressures are indeed building and need concerted action by the MPC to counter. This indicates that there will be more increases to come with financial markets predicting 1% by the end of 2022. The 8-1 vote to raise the rate shows that there is firm agreement that inflation now poses a threat, especially after the CPI figure hit a 10-year high this week. The MPC commented that "there has been significant upside news" and that "there were some signs of greater persistence in domestic costs and price pressures".

On the other hand, it did also comment that "the Omicron variant is likely to weigh on near-term activity". But it stressed that at the November meeting it had said it would raise rates if the economy evolved as it expected and that now "these conditions had been met". It also appeared more worried about the possible boost to inflation form Omicron itself. It said that "the current position of the global and UK economies was materially different compared with prior to the onset of the pandemic, including elevated levels of consumer price inflation". It also noted the possibility that renewed social distancing would boost demand for goods again, (as demand for services would fall), meaning "global price pressures might persist for longer". (Recent news is that the largest port in the world in China has come down with an Omicron outbreak which is not only affecting the port but also factories in the region.)

On top of that, there were no references this month to inflation being expected to be below the 2% target in two years' time, which at November's meeting the MPC referenced to suggest the markets had gone too far in expecting interest rates to rise to over 1.00% by the end of the year.

These comments indicate that there has been a material reappraisal by the MPC of the inflationary pressures since their last meeting and the Bank also increased its forecast for inflation to peak at 6% next April, rather than at 5% as of a month ago. However, as the Bank retained its guidance that only a "modest tightening" in policy will be required, it cannot be thinking that it will need to increase interest rates that much more. A typical policy tightening cycle has usually involved rates rising by 0.25% four times in a year. "Modest" seems slower than that. As such, the Bank could be thinking about raising interest rates two or three times next year to 0.75% or 1.00%.

In as much as a considerable part of the inflationary pressures at the current time are indeed transitory, and will naturally subside, and since economic growth is likely to be weak over the next few months, this would appear to indicate that this tightening cycle is likely to be comparatively short.

As for the timing of the next increase in Bank Rate, the MPC dropped the comment from November's statement that Bank Rate would be raised "in the coming months". That may imply another rise is unlikely at the next meeting in February and that May is more likely. However, much could depend on how adversely, or not, the economy is affected by Omicron in the run up to the next meeting on 3rd February. Once 0.50% is reached, the Bank would act to start shrinking its stock of QE, (gilts purchased by the Bank would not be replaced when they mature).

The MPC's forward guidance on its intended monetary policy on raising Bank Rate versus selling (quantitative easing) holdings of bonds is as follows: -

- Raising Bank Rate as "the active instrument in most circumstances".
- Raising Bank Rate to 0.50% before starting on reducing its holdings.
- Once Bank Rate is at 0.50% it would stop reinvesting maturing gilts.
- Once Bank Rate had risen to at least 1%, it would start selling its holdings.

Prospect for Interest Rates

The Council has appointed Link Group as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. Link provided the following forecasts on 20th December 2021. These are forecasts for certainty rates, gilt yields plus 80 bps.

Link Group Interest Rate View	20.12.21													
	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
BANK RATE	0.25	0.25	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.25
3 month ave earnings	0.20	0.30	0.50	0.50	0.60	0.70	0.80	0.90	0.90	1.00	1.00	1.00	1.00	1.00
6 month ave earnings	0.40	0.50	0.60	0.60	0.70	0.80	0.90	1.00	1.00	1.10	1.10	1.10	1.10	1.10
12 month ave earnings	0.70	0.70	0.70	0.70	0.80	0.90	1.00	1.10	1.10	1.20	1.20	1.20	1.20	1.20
5 yr PWLB	1.40	1.50	1.50	1.60	1.60	1.70	1.80	1.80	1.80	1.90	1.90	1.90	2.00	2.00
10 yr PWLB	1.60	1.70	1.80	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.10	2.20	2.30
25 yr PWLB	1.80	1.90	2.00	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.40	2.40	2.50	2.50
50 yr PWLB	1.50	1.70	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.20	2.20	2.30	2.30

Over the last two years, the coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged at its subsequent meetings until raising it to 0.25% at its meeting on 16th December 2021.

As shown in the forecast table above, the forecast for Bank Rate now includes five increases, one in December 2021 to 0.25%, then quarter 2 of 2022 to 0.50%, quarter 1 of 2023 to 0.75%, quarter 1 of 2024 to 1.00% and, finally, one in quarter 1 of 2025 to 1.25%.

Significant risks to the forecasts

- Mutations of coronavirus render current vaccines ineffective, and tweaked vaccines to combat these mutations are delayed, or cannot be administered fast enough to prevent further lockdowns. 25% of the population not being vaccinated is also a significant risk to the NHS being overwhelmed and lockdowns being the only remaining option.
- Labour and supply shortages prove more enduring and disruptive and depress economic activity The Monetary Policy Committee tightens monetary policy too late to ward off building inflationary pressures.
- The Monetary Policy Committee acts too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- The Monetary Policy Committee tightens monetary policy too late to ward off building inflationary pressures.
- The Government acts too quickly to cut expenditure to balance the national budget.
- UK / EU trade arrangements – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.

- Longer term US treasury yields rise strongly and pull gilt yields up higher than forecast.
- Major stock markets e.g., in the US, become increasingly judged as being over-valued and susceptible to major price corrections. Central banks become increasingly exposed to the "moral hazard" risks of having to buy shares and corporate bonds to reduce the impact of major financial market selloffs on the general economy.
- Geopolitical risks, for example in Iran, North Korea, but also in Europe and Middle Eastern countries; on-going global power influence struggles between Russia/China/US. These could lead to increasing safe-haven flows.

The balance of risks to the UK economy: -

- The overall balance of risks to economic growth in the UK is now to the downside, including residual risks from Covid and its variants - both domestically and their potential effects worldwide.

Forecasts for Bank Rate

It is not expected that Bank Rate will go up fast after the initial rate rise as the supply potential of the economy is not likely to have taken a major hit during the pandemic: it should, therefore, be able to cope well with meeting demand after supply shortages subside over the next year, without causing inflation to remain elevated in the medium-term, or to inhibit inflation from falling back towards the MPC's 2% target after the spike up to around 5%. The forecast includes four increases in Bank Rate over the three-year forecast period to March 2025, ending at 1.25%. However, it is likely that these forecasts will need changing within a relatively short timeframe for the following reasons: -

- We do not know how severe an impact Omicron could have on the economy and whether there will be another lockdown or similar and, if there is, whether there would be significant fiscal support from the Government for businesses and jobs.
- There were already increasing grounds for viewing the economic recovery as running out of steam during the autumn and now into the winter. And then along came Omicron to pose a significant downside threat to economic activity. This could lead into stagflation, or even into recession, which would then pose a dilemma for the MPC as to whether to focus on combating inflation or supporting economic growth through keeping interest rates low.
- Will some current key supply shortages spill over into causing economic activity in some sectors to take a significant hit.
- Rising gas and electricity prices in October and next April and increases in other prices caused by supply shortages and increases in taxation next April, are already going to deflate consumer spending power without the MPC having to take any action on Bank Rate to cool inflation.
- On the other hand, consumers are sitting on over £160bn of excess savings left over from the pandemic so when will they spend this sum, in part or in total.
- It looks as if the economy coped well with the end of furlough on 30th September. It is estimated that there were around 1 million people who came off furlough then and there was not a huge spike up in unemployment. The other side of the coin is that vacancies have been hitting record levels so there is a continuing acute shortage of workers. This is a potential danger area if this shortage drives up wages which then feed through into producer prices and the prices of services i.e., a second-round effect that the MPC would have to act against if it looked like gaining significant momentum.
- We also recognise there could be further nasty surprises on the Covid front beyond the Omicron mutation.

- If the UK invokes article 16 of the Brexit deal over the dislocation in trading arrangements with Northern Ireland, this has the potential to end up in a no-deal Brexit.

In summary, with the high level of uncertainty prevailing on several different fronts, we expect to have to revise our forecasts again - in line with whatever the new news is.

It should also be borne in mind that Bank Rate being cut to 0.25% and then to 0.10%, were emergency measures to deal with the Covid crisis hitting the UK in March 2020. At any time, the MPC could decide to simply take away such emergency cuts on no other grounds than they are no longer warranted, and as a step forward in the return to normalisation. In addition, any Bank Rate under 1% is both highly unusual and highly supportive of economic growth.

Forecasts for PWLB rates and gilt and treasury yields

Since the start of 2021, we have seen a lot of volatility in gilt yields, and hence PWLB rates. As the interest forecast table for PWLB certainty rates above shows, there is forecast to be a steady, but slow, rise in both Bank Rate and gilt yields during the forecast period to March 2025, though there will doubtless be a lot of unpredictable volatility during this forecast period.

While monetary policy in the UK will have a major impact on gilt yields, there is also a need to consider the potential impact that rising treasury yields in America could have on our gilt yields. As an average since 2011, there has been a 75% correlation between movements in US 10-year treasury yields and UK 10-year gilt yields. This is a significant UPWARD RISK exposure to our forecasts for longer term PWLB rates. However, gilt yields and treasury yields do not always move in unison.

There are also possible downside risks from the huge sums of cash that the UK populace have saved during the pandemic; when savings accounts earn little interest, it is likely that some of this cash mountain could end up being invested in bonds and so push up demand for bonds and support their prices i.e., this would help to keep their yields down. How this will interplay with the Bank of England eventually getting round to not reinvesting maturing gilts and then later selling gilts, will be interesting to monitor.

There is likely to be exceptional volatility and unpredictability in respect of gilt yields and PWLB rates due to the following factors: -

- How strongly will changes in gilt yields be correlated to changes in US treasury yields (see below). Over 10 years since 2011 there has been an average 75% correlation between movements in US treasury yields and gilt yields. However, from time to time these two yields can diverge. Lack of spare economic capacity and rising inflationary pressures are viewed as being much greater dangers in the US than in the UK. This could mean that central bank rates will end up rising earlier and higher in the US than in the UK if inflationary pressures were to escalate; the consequent increases in treasury yields could well spill over to cause (lesser) increases in gilt yields. There is, therefore, an upside risk to forecasts for gilt yields due to this correlation. The Link Group forecasts have included a risk of a 75% correlation between the two yields.
- Will the Fed take action to counter increasing treasury yields if they rise beyond a yet unspecified level.
- Would the MPC act to counter increasing gilt yields if they rise beyond a yet unspecified level.

- How strong will inflationary pressures actually turn out to be in both the US and the UK and so put upward pressure on treasury and gilt yields.
- How will central banks implement their new average or sustainable level inflation monetary policies.
- How well will central banks manage the withdrawal of QE purchases of their national bonds i.e., without causing a panic reaction in financial markets as happened in the "taper tantrums" in the US in 2013
- Will exceptional volatility be focused on the short or long-end of the yield curve, or both.

The forecasts are also predicated on an assumption that there is no break-up of the Eurozone or EU within the forecasting period, despite the major challenges that are looming up, and that there are no major ructions in international relations, especially between the US and China / North Korea and Iran, which have a major impact on international trade and world GDP growth.

The balance of risks to medium to long term PWLB rates: -

There is a balance of upside risks to forecasts for medium to long term PWLB rates.

A new era – a fundamental shift in central bank monetary policy

- One of the key results of the pandemic has been a fundamental rethinking and shift in monetary policy by major central banks like the Fed, the Bank of England and the ECB, to tolerate a higher level of inflation than in the previous two decades when inflation was the prime target to bear down on so as to stop it going above a target rate. There is now also a greater emphasis on other targets for monetary policy than just inflation, especially on 'achieving broad and inclusive "maximum" employment in its entirety' in the US, before consideration would be given to increasing rates.
- The Fed in America has gone furthest in adopting a monetary policy based on a clear goal of allowing the inflation target to be symmetrical, (rather than a ceiling to keep under), so that inflation averages out the dips down and surges above the target rate, over an unspecified period.
- The Bank of England has also amended its target for monetary policy so that inflation should be 'sustainably over 2%' before starting on raising Bank Rate and the ECB now has a similar policy.
- For local authorities, this means that investment interest rates and very short term PWLB rates will not be rising as quickly or as high as in previous decades when the economy recovers from a downturn and the recovery eventually runs out of spare capacity to fuel continuing expansion.
- Labour market liberalisation since the 1970s has helped to break the wage-price spirals that fuelled high levels of inflation and has now set inflation on a lower path which makes this shift in monetary policy practicable. In addition, recent changes in flexible employment practices, the rise of the gig economy and technological changes, will all help to lower inflationary pressures.
- Governments will also be concerned to see interest rates stay lower as every rise in central rates will add to the cost of vastly expanded levels of national debt; (in the UK this is £21bn for each 1% rise in rates). On the other hand, higher levels of inflation will help to erode the real value of total public debt

Investment and borrowing rates

- **Investment returns** are expected to improve in 2022/23. However, while markets are pricing in a series of Bank Rate hikes, actual economic circumstances may see the MPC fall short of these elevated expectations.

- **Borrowing interest rates** fell to historically very low rates as a result of the COVID crisis and the quantitative easing operations of the Bank of England and still remain at historically low levels. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years.

- On 25.11.20, the Chancellor announced the conclusion to the review of margins over gilt yields for PWLB rates which had been increased by 100 bps in October 2019. The standard and certainty margins were reduced by 100 bps but a prohibition was introduced to deny access to borrowing from the PWLB for any local authority which had purchase of assets for yield in its three-year capital programme. The current margins over gilt yields are as follows: -.

- **PWLB Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB Certainty Rate** is gilt plus 80 basis points (G+80bps)
- **PWLB HRA Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB HRA Certainty Rate** is gilt plus 80bps (G+80bps)
- **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)

PRUDENTIAL AND TREASURY INDICATORS 2022/23 to 2024/25

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

The Prudential Indicators for 2022/23 to 2024/25 are set out in **Table A** below:

Table A	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Capital Expenditure £m (gross) Council's capital expenditure plans	£102m	£77m	£79m
Capital Financing Requirement £m* Measures the underlying need to borrow for capital purposes (including PFI & Leases)	£403m	£427m	£458m
Ratio of financing costs to net revenue stream** Identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against net revenue stream	4.43%	4.67%	4.52%

** From 2022/23, the CFR includes an estimate for leases that will be bought onto the balance sheet under a change in leasing accounting regulations.*

*** the ratio of financing costs to net revenue stream illustrates the percentage of the Council's net revenue budget being used to finance the council's borrowing. This includes interest costs relating to the council's borrowing portfolio and MRP, net of the investment income from the council's investment portfolio.*

The Treasury Management Code requires that Local Authorities set a number of indicators for treasury performance in addition to the Prudential Indicators which fall under the Prudential Code. The Treasury Indicators for 2022/23 to 2024/25 are set out in **Tables B & C** below. These have been calculated and determined by Officers in compliance with the Treasury Management Code of Practice.:

Table B	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Authorised Limit for External Debt £m* The Council is expected to set a maximum authorised limit for external debt. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by Full Council.	£433m	£457m	£488m
Operational boundary for external debt £m* The Council is required to set an operational boundary for external debt. This is the limit which external debt is not normally expected to exceed. This indicator may be breached temporarily for operational reasons.	£413m	£437m	£468m
Principal Sums invested for longer than 365 days	£60m	£60m	£60m

Control on interest rate exposure: **Upper limit for fixed interest rate exposure** Identifies a maximum limit for fixed interest rates for borrowing and investments.	100%	100%	100%
Control on interest rate exposure: **Upper limit for variable interest rate exposure** Identifies a maximum limit for variable interest rates for borrowing and investments.	15%	15%	15%

**From 2021/22 The Authorised Limit and Operational Boundary includes an estimate for leases that will be bought onto the balance sheet under a change in leasing accounting regulations.*

Table C		
Maturity Structure of fixed interest rate borrowing The Council needs to set upper and lower limits with respect to the maturity structure of its borrowing.		
	Lower	Upper
Under 12 months	0%	25%
12 months to 2 years	0%	40%
2 years to 5 years	0%	60%
5 years to 10 years	0%	70%
Over 10 years	0%	90%

ANNEX D

SCHEME OF DELEGATION

1. Full Council

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

i. Treasury Management Policy and Strategy Report
The report covers:

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

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

2. Cabinet

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

3. Audit Committee

- Scrutiny of performance against the strategy.

4. Role of the Section 151 Officer

The Section 151 (responsible) Officer:

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

There are further responsibilities for the S151 Officer identified within the 2017 Code in respect of non-financial investments. They are identified and listed in the Capital Strategy where relevant.

ANNEX E

INVESTMENT PRODUCT GLOSSARY

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

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

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

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

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

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

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

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

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

Short Dated Bond Funds: Funds designed to produce an enhanced return over and above an Ultra Short Dated Fund. The manager may use a wider range of alternative options to try and generate excess performance. These could include different counterparties, instruments as well as longer dated and a proportion of lower rated investments. The return on the funds are typically much higher but can be more volatile than Ultra-Short Dated bond funds, so a longer investment time horizon is recommended.