**Appendix 10**

## National and Local Outlook

### 1. Impact of demographic and housing growth projections

1.1 The population of East Sussex is projected to continue to grow. Compared with 2016, by 2020 there will be:

- 9,400 more people living in the county (+2%), with the largest growth in those aged 65+;
- 950 more people aged 85+ will live in Wealden (+16%) compared with just 90 (+3.6%) more in Hastings;
- Little change in child numbers, following the birth rate peak in 2010/11;
- A general decrease in the working age population (aged 18-64); and
- 250,700 households in the county (+3.3%) with the largest number of new households in Wealden (3,300).

1.2 There is predicted to be a countywide increase in the numbers of older people (those aged 65+) of 9,767 (+7.1%); across the county, the picture varies:

- Eastbourne: 1,305 more (+5.2%), biggest increase in those aged 75-84 (+9.1%);
- Hastings: 1,345 more (+7.6%), small rise in those aged 65-74 (+3.8%) and 85+ (+3.6%), but there will be a 16.9% increase in those aged 75–84;
- Lewes: 1,867 more (+7.3%), biggest increase in those aged 85+ (13.7%);
- Rother: 1,830 more (+6.2%), small rise in those aged 65-74 (+2.2%) but 12.8% rise in those aged 75-84; and
- Wealden: 3,419 more (+8.5%), 16.2% rise in those aged 75-84 and a 15.9% rise in those aged 85+.

### 2. Summary of national developments and issues impacting locally on people and Council finances

<u>Future of Local Government funding and the Government's four year funding offer</u>

2.1 The Government has announced plans to change the ways that Local Authorities are funded with 100% of business rate generated in an area being used to fund the Local Authorities. The Government has indicated this will be implemented in full from 2020. It is not clear, however, if some aspects will come into force earlier.

2.2 Historically, the formula for funding Local Government included an element to recognise the relative needs of authorities across the country. In 2013, the funding formula was amended to give Authorities the power to keep half of their business rates income.

2.3 In early 2016, the Rt Hon Greg Clark MP, Secretary of State for Communities and Local Government, announced a four year funding offer to Local Government to enable planning over the period leading up to the implementation of full local retention of business rates in 2020. Local Authorities have until 14 October 2016 to confirm if they wish to accept the multi-year funding offer. Members will be updated in September.

2.4 It is unclear, at this stage, how the full implementation of business rates retention will impact on the four year offer.

2.5 The plan for Local Authorities to be funded through 100% retention of the business rates generated in their area poses a number of challenges for Local Government and specifically, East Sussex:

- The current formula includes an element based on need – the new plans do not include a link to a needs differential (ie demographics, additional cost of rurality, etc).
- Business rates retention is volatile – it can be affected by downturns in the economy or the movement/failure of a large business.

- The impact of appeals against business rates without a "safety net" for Local Government could have a significant impact on future levels of funding where they are high value or high volume.
- An objective of the reforms is to provide an incentive for Local Authorities to promote growth by allowing retention of the additional business rates raised from new developments. As the most significant growth will likely take place in major cities, it could lead to an imbalance in Local Authority funding, for areas like East Sussex, without some sort of equalisation system.
- East Sussex is, unlike many of its neighbouring areas in the South East, a net importer of business rates (ie. East Sussex currently receives more from Government than is raised within the county).

| Year | £ raised in East Sussex area | £ received from Government | £ imported |
|---|---|---|---|
| 2015/16 | £127m | £180m | £53m |
| 2016/17 | £130m | £150m | £20m |

As Government believes that 100% retention of business rates will provide Local Government (as a sector) with more funding, it is proposing, in order for this to be cost neutral, to add new responsibilities to Local Government. The detail of these changes is unknown at this stage, but they are expected to be a specific challenge to those Local Authorities that will potentially have access to less money in the new arrangements and within the context of increasing demand for services.

2.6 It is anticipated that a form of redistribution of business rates is needed within the new arrangements but the detail is unclear at this stage. The Local Government Association (LGA) and the Department for Communities and Local Government launched a steering group to oversee the reforms to move to full business rate retention. While there are plans for a consultation during the summer 2016, it is anticipated that there will be some uncertainty for a number of years. The Leaders of the East Sussex Borough, County and District Councils and the Leaders of the South East Seven Councils have agreed to work together to engage with Government and the LGA to ensure the views of the county/counties (and similar areas) are considered.

<u>Devolution</u>

2.7 Councils, public sector organisations and Local Enterprise Partnerships across East Sussex, Surrey and West Sussex are working in partnership, as the Three Southern Counties (3SC), to negotiate a devolution deal with Government that serves the needs of the residents, businesses and communities of the area.

2.8 The unique 3SC offer to Government is centred on the economy and infrastructure based on the following focus areas:

- Fiscal – exploring opportunities for the 3SC to have access to funding to deliver the partnership's priority outcomes with certainty and pace;
- Housing and Planning – working to ensure the relationships exist, the land is made available and freedoms and flexibilities are in place to deliver 34,000 new homes, 58,000 new jobs and additional opportunities on surplus brownfield land;
- Infrastructure – ensuring the infrastructure (physical and digital) meets current and future needs of the 3SC area, to enable the housing and employment growth; and
- Skills – meeting the skills gap across the 3SC to allow businesses to grow.

2.9 The 3SC area has a different economic profile from those which have already signed deals with Government, in that the area is a net contributor to the economy of the country. A devolution deal which offers the area greater benefit from the income generated within it will help to maintain the growth the UK economy needs and enable the area to have the infrastructure necessary to support that growth and maintain the quality of life of local people.

2.10 A number of the 3SC partners are also collaborating on a programme of public sector transformation (redesigning public services to ensure they are fit for purpose and as effective as possible) and to explore opportunities for double devolution (Local Government tiers working together to ensure services are provided in the most efficient way). The East Sussex Borough, County and District Councils are discussing what double devolution could mean for the county. These discussions are taking place in parallel to the substantive devolution discussions.

2.11 To secure the freedoms and flexibilities sought by the 3SC, the partnership will undertake a review of governance and implement arrangements for the appropriate level of democratic accountability. The partners recognise that pursuit of continued economic growth means working together in a more formal way and this requires a system of collective, binding, decision making at a strategic level. Government considers a Combined Authority with a Mayor as the "gold standard" for governance of devolution arrangements. The 3SC has committed to undertaking a governance review with a view to determining the appropriate level of governance arrangement for the devolution deal that is ultimately agreed with Government.

2.12 Adur and Worthing Councils, Brighton & Hove City Council, Lewes District Council and Mid Sussex District Council are also pursuing a devolution deal with Government as the Greater Brighton Economic Board (GBEB). All partners are apprised of both sets of devolution proposals and, where practical and beneficial, collaboration is taking place.

2.13 The Cities and Local Government Devolution Act makes provision for the establishment and constitution of Sub-National Transport Bodies (SNTB) for any area in England (outside of Greater London) to oversee the delivery of strategic infrastructure and transport needs in their area. Discussions with officials at the Department for Transport indicate that creation of an SNTB is required if the 3SC area is to have the influence sought over infrastructure investment and that such an SNTB would need to cover a geography larger than that covered by the 3SC (to provide a commensurate scale to other SNTBs). The DfT has asked the 3SC partnership to assist in the development of the proposals for an STB for the South East, namely, Transport for the South East (TfSE).

2.14 The 3SC and prospective partners are collaborating to explore the opportunities to develop TfSE, including, the geographic footprint, the potential remit and the membership and governance arrangements.

Referendum on the UK's Membership of the European Union

2.15 The referendum on the UK's membership of the European Union (EU) took place on 23 June 2016. Whilst the outcome of the referendum is now known its effects and implications in the medium term are not yet clear. The Council will need to monitor the situation closely.

Refugees and Asylum Seekers

2.16 In September 2015, the Government committed to resettling up to 20,000 Syrian refugees in the UK during this Parliament (by 2020). Those resettled under the Syrian Vulnerable Persons Relocation Scheme will receive “Humanitarian Protection” leave to stay for five years. Those resettled will have recourse to public funds, will be able to work and access services in the UK.

2.17 Government will meet the support, health and education costs of those resettled for the first year from arrival. Additional costs, including Local Authority costs to cover administration of the scheme will also be covered. Funding for costs incurred in years two to five after resettlement borne by a Local Authority will be at a lower level and will be calculated on a per capita basis. Existing funding mechanisms will be used to provide funding for schools and health services required by placements.

2.18 Government funding will cover a range of measures to assist the support and orientation of this refugee group. The requirements placed upon Local Authorities in return for the funding include:

- Assisting with registration for and collection of Biometric Residence Permits following arrival;
- Registering with local schools, English language and literacy classes;
- Attending local Jobcentre Plus appointments for benefit assessments;
- Registering with a local GP;
- Advising on and referring to appropriate mental health services and to specialist services for victims of torture, as appropriate; and
- Providing assistance with access to employment.

2.19 If East Sussex were to accept the number of refugees in line with its population as a percentage of the UK, that would amount to 200 over the course of the current Parliament. The number of individuals that could be resettled in each borough/district Local Authority area would therefore be 40 individuals over the five year period. In addition, Hastings Borough Council has further committed to resettle an additional 60 individuals, if possible, bringing the total to between 200 and 260 individual Syrian refugees across the county.

2.20 On 4 May 2016, the Government announced that it will be resettling unaccompanied children from other European countries into the UK, with the number of children supported under this scheme to be agreed in partnership with Local Authorities. The Minister announced on 21 April that an additional 3,000 "children at risk" and their families would be resettled in the UK from the Middle East and North Africa over the lifetime of this Parliament, with the same funding levels as the current Syrian scheme. It is expected that only a small number of this cohort will be unaccompanied children. These arrangements will need to be designed in the best interests of children and young people, and local services must have the capacity to meet their needs. The LGA is working with Government and other partners to provide more detail of funding, process and timescales as a matter of urgency. The Home Office will write to all Councils with further information including long-term funding arrangements.

2.21 No firm offer has been made to Government to date to accept any refugees under the scheme and the Authorities in East Sussex are working together to learn from areas which piloted the scheme in the first phase and to ensure that the needs of any people resettled can be met, including the availability of suitable housing and education provision.

2.22 The arrangements for asylum seekers are different than those under the Government's Syrian Refugee Scheme. Unlike Syrian refugees who have been granted leave to remain, asylum seekers (from a range of countries) are a group accommodated directly by the Home Office while their applications are assessed. In such cases, the Home Office commissions accommodation and support directly through a specialist provider and Local Authorities are not asked to contribute in any way. Asylum seekers are not, in the main, allowed to work and do not have any recourse to other public funds (benefits etc.). There are, at present, three dispersal areas in the South East, including Hastings. Within Hastings, about 100 people are accommodated at any one time and tend to be single males rather than families. The Home Office is wishing to open up further areas in the South East for asylum placements.

**Workforce Planning**

National Living Wage

2.23 The National Living Wage (NLW) was introduced on April 1 2016 and requires employers to pay all employees over the age of 25 £7.20 per hour, rising to at least £9 per hour by 2020. The NLW is based on achieving 60% of median UK earnings by 2020, and therefore, the actual rate will change when set each year. The National Minimum Wage continues to apply to employees under the age of 25.

2.24 East Sussex County Council (ESCC) implemented the local East Sussex Single Status pay and grading arrangements in April 2003, which established a local pay spine and salary points. In order to meet the new statutory NLW in April 2016, 174.4 full time equivalent staff required an uplift in pay. A 1.69% increase was, therefore, implemented costing £600,000. In addition, agreement has now been reached on the National Joint Council (NJC) Pay Award for 2016-18 and provides for a 1% increase in both 2016/17 and 2017/18 for employees on NJC spinal column point 18 and above (equivalent to Single Status spinal column point 11 and above in 16/17 and Single Status spinal column point 12 and above in 17/18). To take account of the necessary adjustments to meet the requirements of the NLW, staff on NJC points 6 to 17 will receive more than this, with equivalent Single Status grades receiving increases over two years of 9.7% (for the lowest spinal column points) through to 2% (for higher points).The increase in the bottom pay point will give an hourly rate of £7.52 this year and £7.78 in April 2017.

2.25 In future years, as the NLW increases, further pay scales will be impacted. Assuming a 1% uplift is applied each year, in line with the Governments' pay policy for the public sector, Single Status Grades 2 to 4 (which cover spinal column points 2 to 10) would all be below the NLW by 2020, impacting approximately 4,660 staff.

2.26 Set against this background, ESCC will consider the national direction of travel and the best options for implementing the NLW in the long-term while maintaining pay structure differentials. This could potentially include carrying out a review of the current pay and grading system.

Apprenticeship Levy

2.27 As of 6 April 2017, employers with an annual wage bill over £3m will be required to pay an apprenticeship levy. The levy will be 0.5% of an organisation's annual bill, minus a £15,000 allowance organisations will receive from the Government to offset the levy. The levy will be collected by Government and, in return, employers will receive electronic vouchers that can be exchanged with local providers for training of apprentices. Vouchers can be used for apprenticeship training only; they cannot be used for wages or expenses. Government has plans to establish an Institute for Apprenticeships to advise on apprenticeship standards.

2.28 The Government has also consulted on the introduction of a 2.3% of workforce target for public sector bodies with a headcount of more than 250 to ensure that they recruit enough apprentices to meet the Government's election pledge to introduce 3m apprenticeships by 2020. The consultation suggested that Local Authority controlled schools will be included within the headcount and, therefore, the target.

2.29 Public sector bodies will have a duty to publish information annually on their progress towards meeting their target. The introduction of the target is reliant on the passing of the Enterprise Bill which is currently in the "ping pong" stage of the House of Lords.

2.30 At present, ESCC has on average 26 full time equivalent (FTE) non-schools apprentices in post and 31 FTE schools apprentices. If the 2.3% Government target were to be applied to ESCC, the number of apprentices employed would increase from 57 to approximately 295.

2.31 Based on 2015/16 payroll figures, it is forecast that ESCC would face in 2016/17 an apprenticeship levy cost of approximately £1,222,150. Of the total pay bill, around 55% relates to schools based staff and it is assumed that the schools share of the levy will be passported to each school. In addition, ESCC will also face indirect financial costs in the form of staff resource necessary to: manage recruitment and retention of apprentices, retain and support apprentices in post and manage the digital voucher system.

2.32 The LGA is lobbying Government to oppose the introduction of a top down target based approach to apprenticeships fixed on existing employment numbers. Work is currently underway to identify the most cost effective, beneficial and practical approach to implementing the levy, should ESCC be required to do so.

**Children's Services**

Academisation

2.33 The March 2016 White Paper "Educational Excellence Everywhere", set out that every school will be expected to become, or be in the process of becoming, an academy by 2020, with all converted by 2022. The Paper outlines a number of mechanisms for academy conversion, including: using Regional Schools Commissioners' (RSC) powers to forcibly convert schools judged to be "inadequate" by Ofsted and new powers for the Secretary of State for Education to ensure underperforming schools are converted to academies "to a faster timescale"; and a new duty on Councils to facilitate the process of all maintained schools becoming academies. If schools have not started the process of becoming academies by 2020, they will be directed to do so by the Secretary of State. Currently in East Sussex, of 192 schools, 46 are academies (24%): 23 primary schools, 13 secondary schools, 8 special schools, 1 all through school and 1 Pupil Referral Unit.

2.34 Schools will continue to receive financial support to become academies but there are no current proposals for Government to reimburse Councils for the cost of conversion. The estimated cost to the Council of schools in East Sussex that are not currently academies becoming so is £2.3m. It is intended that when a school becomes an academy and the Council owns the land, the land will be transferred to the Secretary of State who will then grant a lease to the academy trust. If the land is owned by the school, a Diocese or a charitable trust, it will not be transferred.

2.35 Once schools have transferred to academies, authorities will lose responsibility for employment of staff, ownership and asset management of school buildings, and responsibilities relating to the governance, organisation and curriculum. Local Authorities will continue to have three main responsibilities:

- ensuring every child has a school place;
- ensuring the needs of vulnerable pupils are met; and
- acting as champions for all parents and families.

2.36 Concerns have been raised about whether Authorities will have adequate powers to properly discharge their remaining education duties. In response, since the publication of the White Paper, the Secretary of State has suggested that concessions will be put in place to enable Councils to carry out their education duties, including granting Authorities the power to direct academies to provide places for young people with Special Educational Needs and Disabilities (SEND).

2.37 Other concerns have been raised about the accountability of academies to parents and the local community as they are out of the control of democratically elected Local Authorities. The Paper outlines that multi-academy trusts (MATs) will no longer be required to reserve places for elected parents on governing boards, although a new duty will be placed on academies to ensure they listen to the views and needs of parents. Improvements will also be made to the MATs' complaints system, Government will consider how parents may raise concerns with RSCs, and a new online Parent Portal will be established in 2017 to provide key information on schools. Since publication of the White Paper, the Secretary of State has also suggested that a concession could be introduced, granting high performing Authorities the power to establish MATs.

2.38 On May 6 2016, the Secretary of State announced that Local Authority controlled schools that are "good" or "outstanding" will not be required to convert to academies. However, academy conversion will continue where it is clear that the Local Authority can no longer viably support its remaining schools because too many schools have converted to academies, or where the Local Authority consistently fails to meet a minimum performance threshold across its schools. The precise implications of these changes to the proposals are not yet clear and are unlikely to be so until the draft legislation is published later in the year.

<u>Fair Funding Formula</u>
2.39 The White Paper also outlines a new centralised fair funding formula for schools, on which the Department for Education (DfE) carried out a consultation. Local Authorities currently receive a Dedicated Schools Grant (DSG) from the DfE to fund education provision within their area, and Authorities use a local funding formula to determine the level of funding each school receives.

2.40 The consultation, launched in March, outlines how the Government will replace the current system with one new National Funding Formula (NFF) which will determine the level of grant schools receive directly from DfE. The formula is intended to rectify disparities in the level of funding schools receive across the country. The formula will be constructed on the following factors:
- a basic pupil formula weighted by age;
- funding for additional pupil needs (whether pupils come from deprived backgrounds, have low prior attainment, or English as an additional language);
- a lump sum payment with extra funding for small schools in sparsely populated areas; and
- adjusted funding based on the school's location.

2.41 The transition to NFF will take place over a two year period. From 2017/18, the DfE will implement the NFF to determine the funding Local Authorities receive, which Authorities will distribute to schools according to their local formula. Schools will receive funding directly from the DfE from 2019/20. A second phase of consultation is planned for later this year and will cover how Government proposes to balance the different factors in the NFF and the impact on funding for individual areas and schools. It is therefore currently not possible to precisely quantify the impact of the formula locally. Provision has, however, been made in the Medium Term Financial Plan (MTFP) at this stage, for an additional DSG pressure of a minimum of £3m (although this could be as much as £7m) based on initial analysis of the Local Authority element of this funding, noting it is unclear how much Government will allocate.

2.42 In addition to DSG, Authorities also receive Education Services Grant (ESG) which funds services for schools. The consultation proposes that ESG is abolished. DSG is currently divided into three blocks: a schools block, high needs block and early years block. It is proposed that a fourth central schools block will be created to replace ESG. At present, ESG is split into two elements: "general funding" (£77 per pupil in 2016/17) to fund duties that Local Authorities are responsible for delivering (ie. school improvements, HR and financial advice) and "retained funding" (£15 per pupil in 2016/17) to fund duties Local Authorities provide for all pupils (ie. education welfare and Capital Programme). It is proposed that the "general funding" element of ESG is removed. It is therefore considered prudent to assume in the MTFP that the existing grant of £4.4m will be reduced to zero from 2017/18.

2.43 To help with the transition from the current arrangements to the NFF, the DfE has confirmed the minimum funding guarantee (which ensures individual schools' budgets do not fall below a given percentage from one year to the next) will remain in place for 2017/18 and 2018/19, although the percentage levels at which this will be set have not been confirmed. The DfE will also launch an "invest to save" fund in 2016/17 to help schools manage the transition.

2.44 The NFF consultation also outlines that the DfE expects Local Authorities to step back from running school improvement from the end of the 2016/17 academic year, and that Authorities may need to consider providing school improvement as a traded service.

High Needs Funding Reform

2.45 Alongside the proposed introduction of a schools NFF, the Government has also consulted on a proposed High Needs National Funding Formula (HN NFF) for children and young people with SEND. Under the Children and Families Act 2014, Local Authorities have a duty to assess the needs of young people with SEND in their area and secure effective provision for those with high needs. The proposal for a HN NFF is based on research published by the Government in July 2015 which demonstrated that children and young people with a similar description of needs and circumstances might be assessed and attract very different levels of funding in different areas of the country.

2.46 At present, Authorities receive funding for SEND education provision through the "high needs block" as part of the DSG. Authorities decide how to use the funding locally. Alternative provision (education provision for those who have been permanently or temporarily excluded, or those with medical or health needs) is also funded through the DSG high needs block. Due to the important decisions Local Authorities make in relation to commissioning for SEND needs locally, Government will continue to allocate high needs funding to Local Authorities, rather than to schools, but will do so through a new HN NFF.

2.47 It is proposed that the new formula will be based on a number of measures, grouped into four factors:

- Population factor – number of children and young people in the 2 to 18 age range;
- Health and disability factors – disability living allowance recipients and children not in good health;
- Low attainment factors – pupils not achieving Level 2 in reading at the end of Key Stage 2 and pupils not achieving 5 A*-G GCSEs at Key Stage 4; and
- Deprivation factors – pupils eligible for free school meals and the Income Deprivation Affecting Children Index.

2.48 All of the measures outlined above are based on children and young people with high needs resident in a Local Authority area. However, because some high needs funding is used by Local Authorities to fund schools in their area (irrespective of where the pupils come from), an additional formula factor is also included, which provides each Authority with a basic pupil/student entitlement amount for each child or young person in a school within their area that is funded from the high needs funding block. It is also proposed that an area cost adjustment is made to reflect higher costs (ie. for labour) in some parts of the country.

2.49 Under the new formula, allocation of alternative provision funding will solely be based on an area's overall pupil population and deprivation measures.

2.50 As with the schools' NFF, there is a risk from the proposals to ESCC's HN DSG funding, but this is not quantifiable at this point. The consultation proposes that changes to HN funding are made gradually and that for the first five years the HN NFF will also factor in an Authorities' current spending on SEND, based on 2016/17 planned spending levels, to give Authorities time to plan for changes to their funding.

Children and Social Work Bill

2.51 The Children and Social Work Bill, announced in the Queen's Speech in May, will:

- include measures to boost adoption rates by requiring courts and Social Workers to take account of a child's need for stability up to the age of 18;
- establish a new specialist regulator for social work to enable a clear focus on standards and effective training and development;
- outline standards for how Local Authorities should act as a "corporate parent" to support children in care;
- include a duty on Local Authorities and schools to promote educational achievement for adopted children and those in long-term care; and
- allow Authorities to pilot new and innovative approaches to children's social care.

2.52 The Bill will also introduce a Care Leavers' Covenant placing a duty on Local Authorities to consult on and publish an outline of the services and standards of treatment young people are entitled to expect locally when they leave care. This will include the right to a Personal Adviser up to the age of 25 who will help them move into adulthood.

2.53 The LGA has welcomed the Bill and its potential to support the work of Local Authorities and make a difference to the lives of vulnerable children and young people. The LGA has, however, cautioned that adoption is not right for every child and that it is important to remember that many children and young people have a positive experience of the care system. They also emphasise that sufficient funding must be provided for new duties placed on Authorities.

New Homes Bonus

2.54 The Government has consulted on potential changes to the distribution of the New Homes Bonus (NHB). Following the Spending Review, there will be a reduction of £800m in the national NHB pot and there will be reductions in NHB payments from 2017/18 onwards. The result of the consultation is awaited.

Policing and Crime Bill

2.55 The Policing and Crime Bill currently before Parliament will require emergency services to collaborate and makes provision for Police and Crime Commissioners (PCCs) to manage fire and rescue services in their areas. The PCC for Sussex has written to the Chair of the East Sussex Fire Authority to ask for co-operation in exploring whether or not there is a sound business case for transferring the service under the responsibility of the PCC.

## 3. Local developments and issues impacting on residents and Council finances

Customer Experience Project

3.1 In 2015, a Customer Project Board was set up to undertake a review of ESCC's relationship with its customers, with a focus on identifying strengths and weaknesses in relation to customer experience, understanding what other Local Authorities and the private sector are delivering in terms of customer experience, and making recommendations for ways in which improvements can be made to the quality and consistency of customer experience across the Council. The review has taken into account the current financial climate and recognises the need to make the best use of resources, but has also sought to ensure that opportunities are identified to benefit both customers and the Council.

3.2 In order to ensure that the project has, at its heart, a One Council approach to customers, the Board consists of senior officers from each department. This approach has enabled the Board to take an overview of customer experience from a wide range of service perspectives, and to ensure that future work supports the Council's priority outcomes and complements other corporate programmes, such as digital principles, East Sussex Better Together and Orbis/Orbis Public Law. The review also recognises that not all services are delivered directly and, irrespective of the service provider, customers rightly expect the same quality of service from ESCC. The Board will make recommendations for both short and medium-term actions that the Council can take to deliver improvements in the quality and consistency of customer experience across the organisation. The recommendations will include how the customer experience can be measured in future and how to ensure good governance of this essential element of the Council's work.

<u>Digital Projects</u>

3.3 Four digital exemplar projects are being undertaken in 2016 as part of ESCC's digital transformation. Each of the projects applies digital thinking and innovation to business activity to improve both efficiency and the experience of residents or customers. The projects are designed to increase the Council's knowledge and capability in applying large-scale data to improving business intelligence and in designing services around the needs of users. The learning from each project will be carefully analysed and disseminated across the Council to increase its ability to derive the maximum benefit, including efficiency, from the opportunity that digital brings to the public sector and its partners. The projects are:

- Rebuilding the school appeals process;
- Predicting demand for high-cost care;
- Extending digital customer management to schools' finance; and
- Visualising spending on transport.

<u>Orbis</u>

3.4 Throughout 2015/16, ESCC has been expanding and embedding its partnership working with Surrey County Council (SCC) in relation to all business services through developing the Orbis partnership. On 15 April 2015, the partnership officially launched Orbis, which included the brand and the vision for Orbis and the new Orbis Leadership Team (managing business services functions at ESCC and SCC). The first meeting of the Orbis Joint Committee took place on 29 June 2015, at which the terms of reference were agreed. Work has been taking place with Brighton & Hove City Council (BHCC) to integrate it into Orbis as a "founding partner" as the ongoing due diligence process continues.

3.5 The Orbis Business Plan sets out the vision to be the "compelling alternative, a trusted partnership delivering value to customers and residents through our expertise, innovation and passion". The Plan outlines how Orbis will deliver seamless and resilient business services, whilst providing savings to the Authorities. The Plan sets out savings of £8.3m (12.8%) per annum by 2018/19 for the partnership, with the ESCC revenue budget share being £2.4m (sharing benefits and investments in a 70:30 ratio [to SCC and ESCC respectively] will ensure both organisations can be satisfied that value for money is assured). The bringing together of services will create sufficient scale to drive shared efficiencies, enable skills and knowledge to be shared, and technology investment that could otherwise be prohibitively expensive for each organisation alone. This will enable the front line services to focus on providing services to residents, whilst also achieving efficiencies.

3.6 Orbis is expected to grow by bringing in public sector partners and from income opportunities through the provision of services to public sector clients. It intends to become a major influencer in the public sector in relation to the provision of business services and will pursue wider collaboration with other partnerships and Local Authorities.

3.7 Areas of progress include the signing of the Inter Authority Agreement (which provides the legal basis for the partnership and will form the contract between ESCC and SCC), the appointment of key senior officers, and the development of the Orbis People Strategy.

3.8 The focus over the three years 2016/17 to 2018/19 will be to continue to integrate individual services and cross-cutting functions, as well as the enabling IT and systems to support the partnership, in line with the phased approach set out in the transition plan. This brings both financial and non-financial benefits.

3.9 Orbis will continue to be flexible to support and drive ESCC organisational change, such as 3SC devolution, East Sussex Better Together and responding to the Education White Paper. The partnership will work to future proof its operating model, and, where necessary, will adapt in response to changes that impact the ability to trade and operate.

Orbis Public Law

3.10 Orbis Public Law (OPL) is the ambitious partnership between the legal departments of B&HCC and the County Councils of East Sussex, Surrey and West Sussex with a vision to be a single, resilient, sustainable, cost effective Legal Service with a public service ethos and an ability and ambition to grow.

3.11 By working together, the four partners will be able to make savings in excess of those achievable in isolation, whilst still delivering a good service to their Councils. The single Legal Service aims to achieve a total saving of 10% (approximately £1m) of net operating costs by 2019/20. Other aims are to create a resilient, flexible, single Legal Service with a critical mass of expertise and to provide a quality, cost-effective service for customers.

3.12 The Strategic Business Plan has been approved by the four Councils, and OPL launched on 4 April 2016. The implementation is a staged approach with a fully integrated service commencing with the property, contract and procurement areas of legal practice.

3.13 Alongside setting up this partnership, the team is developing a business case to create Orbis Public Law Ltd as a jointly owned Alternative Business Structure to enable the partnership to work for organisations beyond the core service provided to the four Councils.

3.14 A decision on the business case, including the impact of the Education White Paper, will be taken in 2016/17.

Income Generation

3.15 Over the last two years, ESCC has been progressively focusing on looking at ways of optimising the income that could be generated from adopting a commercial approach. Work has focused across four core areas: corporate initiatives, traditional fees and charges, potential commercial activity and culture.

3.16 The key activities include:

Corporate Initiatives

- Work has, to date, generated additional annual revenues of over £5.5m, primarily through corporate initiatives such as reviewing the Treasury Management policy, revision to the Council Tax reduction scheme and introduction of a Business Rate pooling arrangement delivered by the Borough and District Councils in East Sussex, the costs towards which ESCC have contributed.

Traditional Fees and Charges

- A fees and charges benchmarking exercise has been completed against other County Councils with similar population and geographical characteristics. Initial analysis indicates that ESCC is performing well in terms of generating income per head of population and that there are no new significant additional services for which ESCC could charge;

Other Commercial Activity

- ESCC has developed/refreshed a number of trading initiatives which will, over time, generate new income opportunities, including, Orbis/Orbis Public Law, Services to Schools and Buzz Active;
- A review of ESCC's property portfolio has been completed and a new investment strategy is being implemented which will maximise the financial returns that the assets can generate; and
- Commercial opportunities to optimise the income that can be generated from Council assets or activities are under regular review. This has included the investment in solar energy through Solar PV installations on corporate buildings which will generate £15,000 per year (or £300,000 over the initial 20 year investment period).
- Establishing a new advertising/sponsorship contract based on highways and property related assets;
- Advertising on the ESCC website; and
- Setting up a commercial software application to facilitate an on-line market place for conducting Community Transportation activity.

Culture

- A programme of activities is ongoing to ensure that the culture within ESCC continues to be commercial in terms of generating income for the organisation.

<u>Strategic Property Asset Collaboration in East Sussex</u>

3.17 Strategic Property Asset Collaboration in East Sussex (SPACES) is a programme of work between Local Authorities, emergency services, health services and the community and voluntary sector in East Sussex and Brighton & Hove. The programme was formed in 2011 as part of the East Sussex Strategic Partnership with the aim of facilitating co-location and collaboration on property based activity.

3.18 The programme aims to achieve £30m in capital receipts, £10m reduction in revenue costs and a 20% reduction in $CO_2$ emissions. To date, £1.1m of net benefit has been identified for ESCC.

3.19 43 outcomes have been delivered to date and around 20 co-location projects are in progress at any one time. Types of outcomes include land swap, additional service provision, joint procurement, space provision, joint disposal and co-location. There are also a number of workstreams looking to make changes across the county and city, such as setting up shared hot desk work spaces for all partner organisation staff and aligning customer services activity to benefit customers. Detail of outcomes and benefits are reported to Cabinet quarterly.

3.20 In the last year, the partnership submitted a successful bid to the third phase of One Public Estate, the central Government Estate Programme. There is an intention to submit a further bid for Phase 4 in due course. SPACES also received a certificate of excellence from the Improvement & Efficiency Social Enterprise (IESE).

3.21 The programme continues to evolve through identifying both strategic and tactical opportunities for collaboration between the partners.

Health and Social Care Integration

3.22 There is a growth in the number of older people in the county and the associated need for more care to help with increasingly complex conditions. ESCC is working with the Clinical Commissioning Groups (CCGs) across the county to try to improve the way that health and social care works together to improve outcomes for residents. East Sussex Better Together is a transformation partnership between East Sussex County Council, Eastbourne, Hailsham and Seaford CCG and Hastings & Rother CCG. High Weald Lewes Havens (HWLH) CCG is developing a partnership called "Connecting For You" to co-ordinate the plans of the CCG and ESCC with partners and stakeholders to implement the NHS Five Year Forward View and to ensure high quality, sustainable services into the future that best meet the population needs of HWLH.

East Sussex Better Together

3.23 East Sussex Better Together (ESBT) aims to develop a fully integrated health and social care system in East Sussex by 2018, ensuring every person enjoys proactive, joined-up care and support that enables them to live as independently as possible. Good progress has been made to develop the overall vision, pathways and redesign in the following areas:

- A model of care has been developed describing the services and support required throughout the whole cycle of a person's care and support – from prevention through to bedded care, mental and physical health, primary and secondary services.
- Health and Social Care Connect – a new phone and triage service to help people receive care and support faster and ensure professionals refer people to the right services at the right time was launched in the spring of 2016.
- From May 2016 there has been a Single Point of Advice for families that need targeted early help services. This will provide a single gateway for referrals of children to both social care and early help and a formal link to Child and Adolescent Mental Health Services (CAMHS) will be developed. Referrals which need social care intervention will be forwarded to one of the two Multi-Agency Safeguarding Hubs (MASH).
- A new integrated delivery model has been introduced for children aged 0-5 bringing together Children's Centre Services and Health Visiting. Key community services for children and young people have been largely configured from April 2016 to match the geographical localities adopted for ESBT Integrated Locality Teams for Adult Services; recognising the benefits of promoting synergy across Adult's and Children's Services. Services for children over 5 have been organised on a geographical basis and opportunities for greater synergies across the whole 0-19 age range will be explored.
- The East Sussex Local CAMHS Transformation Plan was approved in November 2015 which will provide an additional £1m funding for children's mental health (approximately a 20% increase in investment). Key elements of the plan include:
  - additional speciality capacity in Accident & Emergencies when young people present in crisis;
  - more Primary Mental Health Workers to support young people and families whose needs can be met at a lower level without speciality clinical services;
  - work with schools to strengthen their ability to help children and young people with lower level mental health problems; and
  - enhanced services for women with post-natal depression, recognising the significant impact this has on infant mental health.
- A review of Children's Integrated Therapy Service has been undertaken which brings together physiotherapy, occupational therapy and speech and language therapy for children and young people across the county. It is jointly commissioned by ESCC and CCGs. The outcomes of the review will feed into future commissioning planning.
- Work is taking place with CCG colleagues to move towards a single Designated Medical Officer (DMO) role. This role will provide strategic, clinical oversight of services for children and young people with SEND.

- The ESCC SEND Joint Commissioning Team has been engaged in the Start Well, Live Well, Age Well element of ESBT, to ensure families' needs are included.
- A new pathway plan has been developed to support young people aged 16-25 with their transition into adulthood and employment.
- A new urgent care service model has been designed to provide urgent care hubs in emergency departments and extend access to community-based seven-day urgent care services.
- Work is taking place with health and social care providers to embed "prevention" into the care pathway, for example, through rolling out Making Every Contact Count (a conversational approach to improving lifestyles and reducing health inequalities through behavioural change). This will provide patients and clients with brief advice on the impact of lifestyle on health, and, where appropriate, referral on to relevant services.
- Locality Link Workers have been appointed to help shape the way that health and social care teams support their clients to access community services and support and to shape the support that is available in communities. Working alongside local voluntary and community organisations, they will be a key point of contact and ensure that community organisations and locality teams work well. Their role will be to identify the assets in local communities (buildings, people and key businesses) and make sure that locality staff are aware of them.

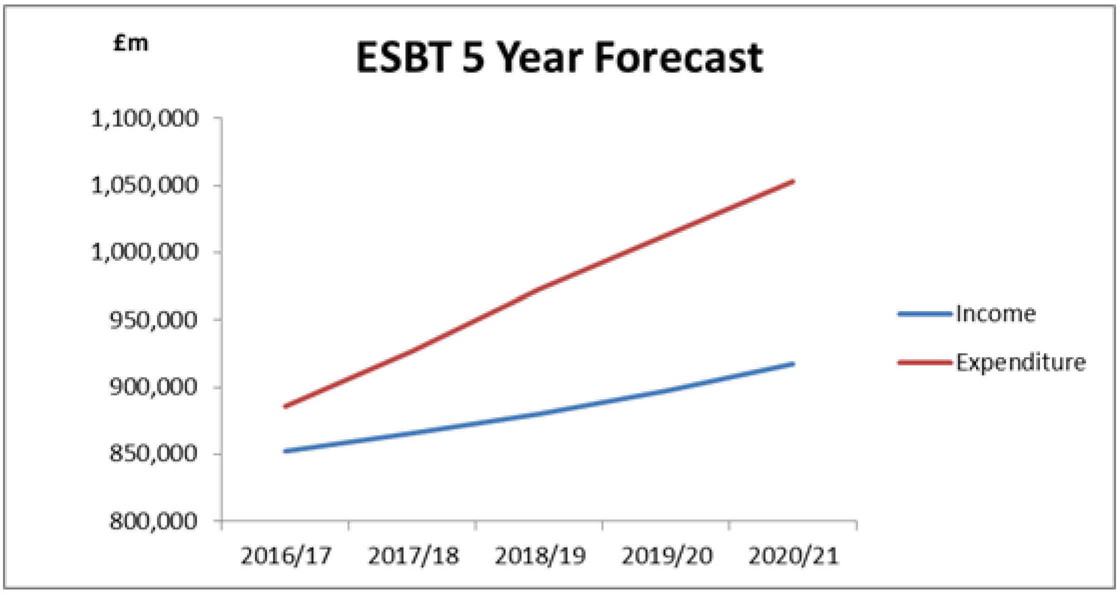
3.24 The progress made by ESBT is reported to the Health and Wellbeing Board and a joint Sub-Committee of the East Sussex Health, Overview and Scrutiny Committee (HOSC).

3.25 Work has also begun in the following areas:

- Working with communities to support them to identify, strengthen and grow the resources and capabilities that exist within them to maintain and improve their health and wellbeing. This forms part of the work on developing community resilience.
- Whole system approaches to primary prevention, self-care and self-management and assistive technology.
- Planned care – looking at the ways this can be streamlined for patients and clinicians, ensuring local people have choice and are able to make informed decisions about their care.
- Prescribing medicines – bringing together clinicians and pharmacists to develop ways of working with local patients to ensure they receive effective medicines as and when they need them.

3.26 There is likely to be a funding gap of £135m by 2020 in health and social care in the ESBT area. In order to help bridge this gap and create a fully integrated service quickly it will be necessary to integrate planning, funding and budget setting processes across health and social care to enable care and support funding and provision to be aligned against a common set of outcomes. Experience nationally and internationally suggests that an Accountable Care model is the best way to achieve the improvements that are needed in the health of the population, the quality of the care they receive and the efficiency with which it is delivered.

Future resource use in ESBT localities under no change scenario




3.27 Accountable Care models incentivise the delivery of improved health outcomes and quality of care, whilst containing costs and improving efficiency. This is achieved by making a provider (or group of providers) jointly accountable for meeting a set of outcomes for a defined population over a period of time and for an agreed cost, through a contract with a commissioner.

3.28 The exact details of how the model would be structured, the services that would be in scope, and the financial commitment and risk involved are being developed and will be detailed in the business case which will considered by Cabinet in autumn 2016. Cabinet agreed the core principles and characteristics of an Accountable Care model for East Sussex at its meeting on 24 May 2016. This framework will be used to evaluate the options for an Accountable Care model during the development of the business case.

3.29 A wide range of stakeholders will be engaged in discussions as the Accountable Care model is developed to help ensure that there is a consensus on the principles and characteristics needed locally. Officers from East Sussex Healthcare Trust, Sussex Partnership Trust, the Local Medical Committee and Healthwatch are all participating in early discussions, with the wider endorsement of the Health and Wellbeing Board.

3.30 It is anticipated that a test phase year for an Accountable Care model will take place in 2017/18. A number of key steps need to be completed in advance of that year:

- Designing and developing a single planning and commissioning process across the ESBT health and social care economy. To support this, a Strategic Investment Plan is being developed which will enable collective decision-making about the best use of the £850m which will be available in 2016/17 (recognising the funding gap arising from pressures in the system of £50m). This will set out how ESBT will shift existing investments away from institutional to community-based care within overall resources.
- Work has begun on locality planning and commissioning arrangements to support the Integrated Locality Teams. Engagement events have been held with communities and key stakeholders to inform how those teams can best support the needs within specific communities. As a part of this, consideration is being given to options for the way the Voluntary and Community Sector is funded as providers of care, support and wellbeing in community settings, building on the Commissioning Grants Prospectus process that has been used for the last four years.

3.31 The 2016/17 Better Care Fund (BCF) for East Sussex is £43.5m, allocated to support:

- Protecting Adult Social Care services that benefit health services: £9.7m
- Disabled Facilities Grants to Borough and District Councils: £5.6m
- Care Act implementation: £1.5m
- Supporting and developing Carers' Services: £4.7m
- Maintaining reablement services: £2.2m
- Funding the development of health and social care services: £19.8m (including a focus on commissioning out of hospital services: £10.9m)

3.32 The 2016/17 BCF will be delivered via two Section 75 pooled budgets, with resources allocated:

- ESCC/ESBT: £31.2m
- ESCC/HWLH: £12.3m

3.33 For subsequent years, the BCF allocation for East Sussex is £0.3m in 2017/18, £7.8m in 2018/19 and £14.9m in 2019/20. As the BCF is to be used for investment in social care services, it is not included in the MTFP.

Highways Contract

3.34 In December 2015, Cabinet approved the award of a new highway maintenance contract to the joint venture organisation Costain Ch2m. The new, seven-year contract commenced on 1st May 2016, replacing the previous arrangements with Kier, Colas and Siemens. The new provider will be responsible for maintaining the East Sussex highway network, including roads, pavements, gullies and ditches, streetlights, traffic lights, highway bridges and structures, as well as winter gritting. The provider will also deliver local transport and highway improvement schemes.

3.35 The joint venture has a long-standing and successful relationship that includes over seven years working together on several of Highways England contracts in the north and east of England. In addition to the ESCC contract, Costain Ch2m has also recently won the Highways England contract for Kent, East and West Sussex and part of Surrey, managing the motorway and trunk road network, bringing joint working/shared facilities opportunities.

3.36 Approximately 200 staff joined Costain Ch2m from ESCC, Kier, Colas and Siemens, including 85 highways staff from ESCC. The new highways service will be managed by a new, smaller ESCC client comprising four teams: Asset Management, Service Development, Contract and Commercial Management and Performance and Compliance. The role of the team will be to ensure that Costain Ch2m delivers to the contract specification and achieves the County Council's desired outcomes. The new contract is outcome based and customer focused; containing specific standards and performance measures that will be published to ensure the new joint venture delivers the required outcomes. The service on the ground will look very similar – pot holes will continue to be filled and grass verges will be cut but the new contract will enable it to be done in a more cost effective and efficient way.

3.37 The new highway maintenance contract is designed around the principles of asset management, promoting a business-like way to highway maintenance, and prioritising maintenance based on need. It builds upon the work that the Highways Service has done in recent years to improve the condition of the county's roads, to make better use of resources and to deliver efficient and effective highway maintenance.

3.38 The new contractor is committed to delivering better and more consistent communications with local residents and Borough, Parish and Town Councils, providing accurate information and publishing maintenance programmes. Costain Ch2m is introducing much improved systems and information technology, including a new website, ensuring Councillors, local Councils and residents can readily access information that will provide an up to date and detailed picture of what is taking place, where and why.

Economic Development
3.39 Government has re-confirmed it commitment to Local Enterprise Partnerships (LEPs) as the key vehicles for delivering growth and to the LEP boundaries currently in place. A number of the constituent members of the South East LEP (SELEP) have expressed a dissatisfaction with the current geographic footprint of SELEP and Rt Hon Greg Clark MP, Secretary of State for Communities and Local Government, has indicated that any change to LEP boundaries would need to be by consensus and that an emphasis would be placed on the views of businesses. Work continues with SELEP and Team East Sussex to secure funding to deliver economic development projects for the county.

3.40 In April 2016, Government announced the third round of Local Growth funding (LGF) for LEPs, and, through Team East Sussex, ESCC is developing and prioritising a range of projects which will seek to secure funding. This will be in addition to funding secured in the initial LGF rounds for:
- North Bexhill Access Road;
- Queensway Gateway Road;
- Newhaven Flood Defences;
- A22/A27 Junction Improvements;
- Sovereign Harbour site infrastructure;
- Swallow Business Park; and
- North Bexhill site infrastructure.

3.41 The work of Skills East Sussex has begun in earnest, bringing together businesses and education providers in order to help ensure that young people in the county are better equipped with the skills that business need both currently and in the future. Work is being carried out to assess the skills "supply" in East Sussex and any gaps in provision in the key growth areas in the community. Detailed work has been carried out on a number of the strong and growing sectors in East Sussex, and funding has also been secured to recruit School Enterprise Advisors who are working directly with schools to identify initiatives and opportunities for employer engagement in school careers activities.

3.42 Funding has been secured through SELEP for the East Sussex Growth Hub (Business East Sussex) for 2016/17 and 2017/18 which equates to £113,000 per year in addition to the South East England Development Agency "legacy" funding of around £112,000 which is also allocated for business support activity, to top-up and expand the delivery of the current service.

3.43 Work continues on the delivery of the superfast broadband programme for East Sussex, and, as the first contract with BT has been completed, the second contract commences. The project is one of 44 across the UK, all of whom signed contracts with BT for the delivery of Next Generation Access infrastructure, and the East Sussex project will mean that by 2016, alongside existing commercial broadband rollout plans:
- 96% of all properties in the county will have access to superfast broadband of at least 24 megabits per second (mbps); and
- Every property in East Sussex will have a basic broadband offering of at least 2mbps.

3.44 The second contract has recently commenced, and will cover an additional 5,000 premises, and take up of fibre broadband is currently running at 25.6% against the national target benchmark for all projects of 20%.

3.45 The East Sussex Invest (ESI) programme continues to inject £1.3m of capital annually into generating business growth and job creation through the provision of grants and loans to businesses. The money can be used for one-off capital projects, such as upgrading or extending premises, buying new equipment or machinery or developing software. The previous and current rounds of ESI have supported 169 businesses, creating 736 new jobs with an investment of £4.975m that has levered in £21m of match funding from local businesses.

3.46 The Catalysing Stalled Sites (CaSS) capital fund has been employed to positive effect, with a number of funding awards to develop pipeline projects to secure LGF, and work is also taking place with a wide range of partners to develop bids to secure European funding as and when the "call for projects" is issued by Government. This includes the development of a pan-SELEP bid to effectively double the level of funding afforded to inward investment services. The contract for inward investment service (known as Locate East Sussex) has recently been extended and, if the bid is successful, a new, enhanced service will be tendered.

Draft Countryside Access Strategic Commissioning Strategy

3.47 The draft Countryside Access Strategic Commissioning Strategy sets out how the County Council proposes to secure the best outcomes for East Sussex residents for the future management of the rights of way network and countryside sites, through its understanding of need, matching supply with need, and making the most effective use of all available resources. Two broad models are proposed in the Strategy:

- A recommendation that the maintenance of the public rights of way network is managed in-house. This includes the maintenance, enforcement and legal record keeping activities associated with public rights of way. In a small number of areas, modifications that may benefit how the Council will meet need and make best use of its resources have been identified. These include how ESCC prioritises Public Health objectives, communicates and works with those developing new paths and the delivery of the volunteer service.
- A recommendation to change the way countryside sites are managed. It is proposed that, by changing how the sites are managed, there may be an improvement in the way need is met. By working to change how the sites are managed by engaging partners experienced in the management of countryside sites, community involvement, conservation and visitor engagement, it is hoped that there will be improvements in what each of the sites has to offer across all three areas of health and wellbeing, conservation and sustainable economy.

3.48 Public consultation on the draft Strategy began on 6 May 2016. The results of the consultation will be presented to Cabinet later this year.

Libraries Strategic Commissioning Strategy

3.49 In December 2015, Cabinet approved work on the Libraries Transformation Programme, one element of which is the creation of a Strategic Commissioning Strategy to consider all aspects of the Library and Information Service. The outcome of this Strategy will determine the future nature and configuration of the library service in East Sussex.

3.50 The Strategy will be based on a robust assessment of the needs of residents of the county as a whole and within specific communities, and the development of the draft Strategy will be guided by priority outcomes informed by the needs assessment. In addition, it will enable the development of a strategy which will outline what is required in future and how this can be delivered. A focus on priority outcomes will enable the development of a modern, sustainable library service while making the best use of all available resources.

3.51 The needs assessment is being undertaken along with a wider research programme that includes a review of the current Library Service provision, the property portfolio and accessibility to the service, traded services, use of volunteers, income and funding opportunities, legislation and innovation and good practice.

3.52 It is proposed that the draft Strategy will be presented to Cabinet in mid-2017 and, subject to agreement, publicly consulted on before being finalised and implemented.

## 4. Financial Outlook

Background

4.1 The current Medium Term Financial Plan (MTFP) was agreed at County Council on 9 February 2016. As referenced above, there are a number of areas on which the Government is still consulting and considering and, further detail will be made available over the coming months. Most significantly, these include the four year funding offer (the implication of which remains unclear), the implementation of an Accountable Care Model and the 100% business rate retention. Until the detail of the consultation outcomes is known and there is clarity on what the four year deal offers, there will remain considerable uncertainty about the level of resources available for future years. In addition, within ASC significant savings are reliant on the Accountable Care Model being delivered.

4.2 The latest projections detailed in Figure 1 below show a deficit of £5m over the three year MTFP period and £29.5m by 2020/21. This is within the context of a very uncertain financial outlook and in addition to savings of £64m which have already been planned. Therefore, the total savings requirement for the three year MTFP remains close to the £70m to £90m range as previously identified. The Council will need to continue its dialogue with the CCGs throughout the summer to agree the mechanism for identifying the cash envelope for ESBT and Connecting For You. Work will also be taking place on a number of key cost drivers, including inflation assumptions and Council Tax.

MTFP Update – Local Changes

4.3 There are a number of key areas that have been updated. In addition to DSG and ESG extra pressures noted above (paras 2.41 – 2.46), they are as follows:

MTFP period

4.4 The MTFP has been extended to 2020/21 to match the NHS 3+2 model in preparation for an integrated budget. The first three years of the MTFP are being used to indicate what level of savings need to be firmly planned for; the last two years are more indicative and should be viewed as showing a direction of travel for the County Council. The Spending Review confirmed NHS budgets for 2016/17 to 2018/19 and provided indicative budgets for 2019/20 and 2020/21.

Adult Social Care Precept

4.5 The ASC precepts for 2017/18 and 2018/19 were not included in the previous MTFP as the pressures for those years needed to be re-assessed. ASC pressures have now been reviewed and provision has now been included in the MTFP for the ASC precept at 2% for 2017/18 to 2019/20; although expected pressures are in excess of this.

Adult Social Care Growth and Demography

4.6 Using updated population data, the impact of demographic change across 5 year age bands for the total projected adult population in East Sussex has been assessed. A pressure of £3.3m per annum arises for 2017/18 and 2018/19, rising to £3.4m in 2019/20 and £3.5m in 2020/21. In addition, the demand and cost of services arising from changing needs and the impact of legislative changes (Care Act), is projected to add further costs of £1.8m per annum to 2020/21. There may be a small element of double counting between what is service growth and demographic change, however, the underlying trend is upwards for the foreseeable future.

Care Act

4.7 Government has postponed the implementation of the Care Act to post-2020. This is not within the lifetime of the first three years of the MTFP but impacts on the latter two indicative years and will need to be considered. Very early estimates, now a year old, indicated an impact ranging from low risk of £2.5m, to medium risk of £10.6m, to high risk of £21.3m, but there are many unknowns at this time and the estimates will need to be reviewed based on current data.

Collection Fund surplus/Council Tax base

4.8 The Council Tax base has been increased by 1.5% per annum as in the February Budget and Council Tax report. This is higher than the Borough and District Councils' data, which is of course, prudently based. However, the last two years have seen a Collection Fund surplus significantly in excess of £4m per annum, so an increase of the ESCC estimate from £1m to £2m is considered prudent. The final outturn position for 2015/16 for all Borough and District Councils is still to be collated and work will continue to determine as realistic a picture of likely surpluses and/or an adjustment to Council Tax base forecasts.

Funding the Capital Programme

4.9 It has been assumed that there will be an annual contribution from the Revenue Budget of £6m and that any proceeds from the New Homes Bonus will be used to fund the Capital Programme. In addition, an annual provision has been made of £1m from 2018/19, increasing by £1m each year thereafter to support the requirement to borrow to fund the Capital Programme 2018-2023. Work is ongoing to clarify this requirement.

Treasury Management

4.10 As indicated in the Treasury Management Statement, options are being developed in relation to the Minimum Revenue Provision (to be completed by late summer 2016).

Pensions

4.11 The triennial review of the pension fund will be completed in September/October 2016. It is very likely that the Council will need to increase its contributions and a prudent additional annual 1% increase has been assumed for 2017/18 to 202/21. The outcomes of the valuation will be known in the autumn.

Savings

4.12 The table below sets out the existing savings plans by department:

| Department | 2016/17 | 2017/18 | 2018/19 | Total |
|---|---|---|---|---|
| | | £'000 | | |
| Adult Social Care | 7,955 | 10,093 | 20,000 | 38,048 |
| Business Services/Orbis | 312 | 981 | 1,396 | 2,689 |
| Children's Services (excl. schools) | 4,985 | 3,175 | 4,972 | 13,132 |
| Communities, Economy & Transport | 3,117 | 999 | 894 | 5,010 |
| Governance Services | 180 | 100 | 104 | 384 |
| **Subtotal Departments** | **16,549** | **15,348** | **27,366** | **59,263** |
| Treasury Management | 3,000 | | | 3,000 |
| Capital Programme Management | | 2,000 | | 2,000 |
| **Subtotal Centrally Held Budgets** | **3,000** | **2,000** | **0** | **5,000** |
| **TOTAL SAVINGS** | **19,549** | **17,348** | **27,366** | **64,263** |

Over two thirds of the savings in years two and three are within ASC budgets and are largely reliant on integration with Health.

General Contingency

4.13 The General Contingency has been increased in 2017/18 and 2018/19 to reflect the increase in ASC precept and Collection Fund surplus as it is set as a proportion of total corporate funding less Treasury Management.

Updated MTFP

4.14 The revised MTFP can be found at Figure 1 below. Allowing for the additional pressures identified in this report, the projected deficit by 2018/19 is £5m. Previous years' savings have been included in the 2016/17 base budget. The policy changes which were implemented during the year in ASC achieved their expected impact, but these cost reductions were more than offset by an increase in the numbers of people needing a service and the greater complexity of need for both new and existing clients. The Council has added to the base budget for ASC for 2016/17 to take account of this growth. New growth in demand will, however, bring similar issues in 2016/17, as referred to in the February 2016 RPPR Cabinet report. Dealing with this growth sustainably in the long-term is one of the key goals of the ESBT programme for full integration of health and social care. Work is underway within ASC and more widely in "Single Investment Planning" within ESBT to seek to address this pressure (the pressure of £6m was mitigated for 2015/16 through the Better Care Fund). Further detail is provided in the Quarter 4 report elsewhere on the agenda.

Departmental Pressures

4.15 Pressures are kept under constant review by departments. At this stage, all identified pressures have been mitigated apart from the ASC ongoing budget gap (for 2015/16 this was funded through the Better Care Fund). This was referred to in the February 2016 RPPR Cabinet report (paragraphs 3.11 to 3.12) and mitigations were identified depending on the scale of the pressure by year-end. Current best estimates are that the base budget pressure within ASC will be in the region of £7m; work is well underway within ASC and more widely in "Single Investment Planning" within ESBT to seek to address this pressure.

Reserves

4.16 Taking a One Council approach, reserves have been reviewed as part of the RPPR process. Departments have confirmed their anticipated profiled use of reserves over the MTFP period. The table below provides details of the projected usage and balances.

| | **Balance 01.04.16** | **Projected Net Usage 16/17-18/19** | **Balance 31.03.19** | **Previous Estimated Balance 31.03.19** |
|---|---|---|---|---|
| | **£m** | **£m** | **£m** | **£m** |
| Held on behalf of others or statutorily ring-fenced | 34.7 | (7.3) | 27.4 | 24.4 |
| Corporate Waste | 12.8 | 0 | 12.8 | 12.8 |
| 2018-23 Capital Programme | 24.2 | (20.6) | 3.6 | 20.9 |
| Insurance Risk | 6.6 | (0.2) | 6.4 | 6.4 |
| Strategic Reserves | 28.4 | (19.1) | 9.3 | 11.8 |
| **Total Reserves** | **106.7** | **(47.2)** | **59.5** | **76.3** |

4.17 The total reserves estimated in February 2016 to be held at 31.03.19 have decreased by £16.8m. There are several reasons for this:

- The main movement is for the use of the 2018-2023 Capital Programme reserve based on current estimated profiles of funding and expenditure.
- There is an increase in reserves held on behalf of others or statutorily ring-fenced due to a rise in school balances and an increase in the Public Health reserve, which can only be spent on Public Health purposes. However, currently, Public Health is finalising another round of bids for approximately £5.5m over the next three years, which is not included in the above figures as they are awaiting approval.

- Strategic reserves are estimated to decrease by a further £2.5m. Through review, departments have made a number of minor revisions to their profiled use of reserve, however, in the main this is the result of fully utilising the Orbis set-up reserve.
- The reserves policy provides that election costs are funded from Strategic Reserves, therefore an estimated £1m has been included for 2017/18.

Capital Programme 2013/14 to 2017/18

4.18 At February 2016, ESCC had a gross remaining Capital Programme of £363.4m which, after applying scheme specific income of £100.7m, resulted in a net programme to be financed of £262.8m.

4.19 This has now been updated for the 2015/16 year end position. The remaining Capital Programme for 2016 to 2018 is therefore £205.1m (gross), offset by £45.8m specific resources, resulting in a net budget of £159.3m.

4.20 Following year end, spending profiles within the programme have been updated and agreed with departments. The revised programme across financial years is shown in Figure 2 below.

4.21 The Council also holds a contingency of £8.7m (2.4% of gross expenditure). As agreed at County Council in February 2016, the contingency is held to manage a number of risks. These include inflationary pressures on constructions costs, uncertainty regarding delivery of projects, still unknown requirements and the uncertainty regarding the level of Government grants.

4.22 Work has been ongoing to update the Capital Programme, its profile across financial years and the available resources that support it. This work has identified a further £2.6m of available resources. The detail of which is set out in the table below:

| | **£m** |
|---|---|
| The Baird School underspend | 5.1 |
| Other underspend (the Keep, Libraries and Solar) | 0.1 |
| Additional non ring fenced grants (DfT Incentive and BDUK) | 0.1 |
| New Core Need required within existing programme time scales for Ninfield and Frant | (1.6) |
| Pre-planning work | (1.1) |
| Reduction in Schools Condition grant allocation for 2016-17 *less matched reduction in Capital Building Improvements expenditure budget met by funding* | 0 |
| Reduction in LEP funding (moved to 2018-23 programme) *less matched reduction in LEP funded projects* | 0 |
| Reduction in Schools Delegated Capital grant *less matched reduction in Schools Delegated Capital grant expenditure budget* | 0 |
| **Total** | **2.6** |

4.23 A £5.1m underspend has been identified against current core need as the need provided by the Baird School has not materialised. In addition, there is a further underspend on other projects of £0.1m, as well as an additional £0.1m grant provided to support Broadband and core highways need already in the programme. A total of £5.3m newly identified available resource.

4.24 Since February, a number of scheme specific grants (providing a source of finance for equivalent spending) and net nil re-profiles have been confirmed. This includes increased grant towards Schools Delegated Capital and re-profiling of LEP funding between LEP schemes and across the remaining 2016-18 programme and the new 2018-2023 programme. These all have a net nil impact on the programme.

4.25 It is proposed that in the first instance, the newly available resources will be used to finance, in part, new core need identified within the existing programme and pre-planning work amounting to £2.7m and that the remaining £2.6m underspend is put towards the new Capital Programme.

4.26 The additional pre-planning work of £1.1m is early work for the secondary schools and special schools programme that will give greater cost and programme certainty. The intention is that early studies are undertaken that will allow the programme to be more accurate and hence avoid such large slippage. It will allow more certainty on the budgets allocated for each scheme and when work needs to be undertaken. In addition to this, further work will be undertaken to allow planning submissions to be made early in the 2018-2023 programme so that the school places that are required in 2019 and 2020 can be delivered.

4.27 The new schemes of £1.6m identified are Ninfield and Frant Church of England primary schools. Ninfield is required as the planning for the previously installed very old temporary classrooms cannot be renewed and the Parish Council will not renew the lease on the land these are built on. Frant is an increase of 35 places, needed for 2018 and hence the work needs to start as soon as possible to ensure delivery of these spaces.

4.28 Part of the current programme is funded by £78.2m borrowing, as last reported to County Council in February 2016. ESCC has a strategy of using unspent Treasury Management budget to fund the capital programme directly and reducing its borrowing to provide savings. Further savings from postponing the requirement to secure external borrowing with the effect of delaying the impact of debt servicing costs have reduced this to £74.2m. At this point it is not proposed to finance the contingency, so the borrowing is reduced by a further £8.7m to £65.5m.

<u>Financial Conclusions</u>

4.29 The Council remains on track to meet the existing MTFP savings. However, there are considerable uncertainties attached to the MTFP projections and, in reality, the figures could change. Significant unknowns include:

- Risks relating to the establishment of the Accountable Care Organisation (ACO) and the arrangement with High Weald Lewes Havens which poses a risk to achieving savings. However, the ACO offers the possibility of a significant transformation in terms of service outcomes and finance, so not continuing to achieve this would also be a risk;
- The impact of the implementation of 100% business rates retention is unclear;
- The indicative position for the last two years of the MTFP shows that, in the longer term, even after Revenue Support Grant reductions have ceased, work will be needed to fund pressures as well as pensions, pay awards and inflation. It is unclear how any increases above a modest level of inflation will be funded until the issues relating to the devolution of business rates are resolved, especially as the ASC precept currently only covers four years; and
- ESCC will have to consider how to manage this financial risk and volatility in the longer-term and be mindful of holding appropriate contingencies.

4.30 It is not recommended, at this stage, that further savings are sought to meet the funding gap given the significant unknowns. Focused work will continue over the summer on a number of aspects of the MTFP and Members will be updated in September 2016. At that point there will be more information available so that Members can consider the level of future additional savings necessary.

## Medium Term Financial Projections

**FIGURE 1**

| | 16/17 Estimate £million | 17/18 Estimate £million | 18/19 Estimate £million | 19/20 Estimate £million | 20/21 Estimate £million |
|---|---|---|---|---|---|
| **CORPORATE FUNDING** | | | | | |
| Business Rates | (71.400) | (73.493) | (75.823) | *(78.233)* | *(79.798)* |
| Revenue Support Grant | (45.107) | (26.727) | (14.966) | *(3.491)* | |
| Council Tax | (242.566) | (253.183) | (267.124) | *(281.838)* | *(297.369)* |
| Council Tax - Adult Social Care Precept | (4.657) | (4.926) | (5.199) | *(5.488)* | |
| Transition Grant | (2.704) | (2.696) | | | |
| New Homes Bonus | (2.878) | (2.894) | (1.818) | *(1.749)* | *(1.700)* |
| **TOTAL CORPORATE FUNDING** | **(369.312)** | **(363.919)** | **(364.930)** | ***(370.799)*** | ***(378.867)*** |
| **PLANNED EXPENDITURE** | | | | | |
| Net Service Expenditure | 311.234 | 318.341 | 325.794 | *320.194* | *337.025* |
| Pay Award/Inflation/National Living Wage | 11.714 | 10.782 | 15.929 | *11.661* | *12.065* |
| NI - Abolition of Contracted Out | 2.500 | | | | |
| Adult Social Care Growth & Demography | 6.086 | 5.119 | 5.137 | *5.170* | *5.304* |
| Extension of Foster Care to 21 | 1.700 | 0.900 | 0.700 | | |
| Waste Contract | 0.792 | | | | |
| Dedicated Schools Grant | | 3.000 | | | |
| Education Services Grant | 0.664 | 4.400 | | | |
| Apprenticeship Levy | | 0.600 | | | |
| Additional capacity at Residential Children's Homes | 0.200 | | | | |
| Savings | (16.549) | (17.348) | (27.366) | | |
| **NET SERVICE EXPENDITURE** | **318.341** | **325.794** | **320.194** | ***337.025*** | ***354.394*** |
| Treasury Management | 27.566 | 27.566 | 28.566 | *29.566* | *30.566* |
| Funding Capital Programme - base contribution | 6.000 | 6.000 | 6.000 | *6.000* | *6.000* |
| Funding Capital Programme - New Homes Bonus | 2.878 | 2.894 | 1.818 | *1.749* | *1.700* |
| General Contingency | 3.390 | 3.360 | 3.360 | *3.410* | *3.480* |
| Contribution to balances and reserves | 4.097 | (2.801) | 0.648 | *0.648* | *0.648* |
| Pensions | 6.299 | 7.429 | 8.559 | *9.689* | *10.819* |
| Levies | 0.441 | 0.450 | 0.459 | *0.468* | *0.477* |
| Contribution to Collection & Hardship (Districts & Boroughs) | 0.300 | 0.300 | 0.300 | *0.300* | *0.300* |
| **TOTAL CORPORATE EXPENDITURE** | **50.971** | **45.198** | **49.710** | ***51.830*** | ***53.990*** |
| **TOTAL PLANNED EXPENDITURE** | **369.312** | **370.992** | **369.904** | ***388.855*** | ***408.384*** |
| **DEFICIT/(SURPLUS)** | **0.000** | **7.073** | **4.974** | ***18.056*** | ***29.517*** |

**NOT INCLUDED IN FIGURES ABOVE**

| | 16/17 | 17/18 | 18/19 | 19/20 | 20/21 |
|---|---|---|---|---|---|
| Better Care Fund | | (0.286) | (7.814) | *(14.902)* | *(14.902)* |
| Care Act (shown at medium risk for 2020/21) | | | | | *10.577* |

(Full range - low risk £2.5m; medium risk £10.6m; high risk £21.3m)

| | 16/17 Estimate £million | 17/18 Estimate £million | 18/19 Estimate £million |
|---|---|---|---|
| **Council 9th February 2016** | 0.000 | **4.142** | **5.523** |
| Adult Social Care Precept | | (4.926) | (10.125) |
| Council Tax Base & 1.99% re ASC precept | | | (0.173) |
| Additional Collection Fund surplus | | (1.000) | (1.000) |
| Additional Adult Social Care Growth & Demography | | 1.367 | 2.219 |
| Dedicated Schools Grant | | 3.000 | 3.000 |
| Education Services Grant | | 4.400 | 4.400 |
| Additional General Contingency | | 0.090 | 0.130 |
| Capital Programme 2018-23 Borrowing | | | 1.000 |
| **DEFICIT/(SURPLUS)** | **0.000** | **7.073** | **4.974** |

Figure 2

| CAPITAL PROGRAMME 2016-17 - SOC POSITION | Total Budget £'000 | Updated Previous £'000 | 16/17 Updated £'000 | 17/18 Current £'000 | Total Remaining £'000 |
|---|---|---|---|---|---|
| **Adult Social Care** | | | | | |
| Older People's Service Improvements (formerly Opportunities) | 536 | 400 | 136 | | 136 |
| Greenwood, Bexhill-on-Sea | 463 | 424 | 39 | | 39 |
| Extension to Warwick House | 7,331 | 7,212 | 119 | | 119 |
| Social Care Information System | 4,258 | 4,127 | 131 | | 131 |
| LD Service Opportunities | 5,107 | 1,413 | 3,194 | 500 | 3,694 |
| *PSS Grant - 94189* | (1,900) | (848) | (1,052) | | (1,052) |
| Refurbishment of Facilities to meet Care Quality Commission Standards | 374 | 347 | 27 | | 27 |
| House Adaptations | 3,332 | 2,579 | 486 | 267 | 753 |
| | 21,401 | 16,502 | 4,132 | 767 | 4,899 |
| | (1,900) | (848) | (1,052) | | (1,052) |
| | **19,501** | **15,654** | **3,080** | **767** | **3,847** |
| **Business Services** | | | | | |
| Core Back Office Services | 1,470 | 847 | 623 | | 623 |
| The Link | 2,718 | 2,649 | 69 | | 69 |
| SALIX Contract | 2,644 | 2,264 | 380 | | 380 |
| *SALIX Grant - 94106* | (2,085) | (1,705) | (380) | | (380) |
| Property Agile Works | 9,029 | 5,790 | 3,239 | | 3,239 |
| **Core Programme** - Capital Building Improvements | 40,898 | 22,251 | 9,048 | 9,599 | 18,647 |
| **Core Programme** - ICT Strategy Implementation | 11,039 | 7,879 | 2,050 | 1,110 | 3,160 |
| | 67,798 | 41,680 | 15,409 | 10,709 | 26,118 |
| | (2,085) | (1,705) | (380) | | (380) |
| | **65,713** | **39,975** | **15,029** | **10,709** | **25,738** |
| **Children's Services** | | | | | |
| ASDC 2012/13 | 497 | 484 | 13 | | 13 |
| Mobile Replacement Programme | 8,059 | 7,909 | 150 | | 150 |
| Family Contact | 346 | 308 | 38 | | 38 |
| House Adaptations for Disabled Children's Carers Homes | 1,255 | 870 | 294 | 91 | 385 |
| Universal Infant Free School Meals | 1,961 | 1,272 | 689 | | 689 |
| *Free School Meals Grant - 94194* | (1,961) | (1,272) | (689) | | (689) |
| Early Years 2yr Old Grant | 3,031 | 2,774 | 257 | | 257 |
| Schools Delegated Capital | 5,828 | 4,900 | 928 | | 928 |
| *Grant - 94977* | (5,828) | (4,900) | (928) | | (928) |
| **Core Programme** - Schools Basic Need | 85,432 | 54,299 | 19,998 | 11,135 | 31,133 |
| | 106,409 | 72,816 | 22,367 | 11,226 | 33,593 |
| | (7,789) | (6,172) | (1,617) | | (1,617) |
| | **98,620** | **66,644** | **20,750** | **11,226** | **31,976** |
| **Communities, Economy & Transport** | | | | | |
| New Archive and Record Office - "The Keep" - Phase 1 & 2 | 20,207 | 20,120 | 87 | | 87 |
| *Other Contributions - 94642* | (6,958) | (6,948) | (10) | | (10) |
| Rye Library | 87 | 31 | 56 | | 56 |
| *Section 106 - 94327* | (35) | | (35) | | (35) |
| Hastings Library | 8,846 | 2,603 | 6,243 | | 6,243 |
| Newhaven Library | 1,754 | 1,650 | 104 | | 104 |
| Southover Grange (formerly The Maltings) | 1,200 | 156 | 1,044 | | 1,044 |

| CAPITAL PROGRAMME 2016-17 - SOC POSITION | Total Budget £'000 | Updated Previous £'000 | 16/17 Updated £'000 | 17/18 Current £'000 | Total Remaining £'000 |
|---|---|---|---|---|---|
| Library Refurbishment | 1,983 | 1,635 | 348 | | 348 |
| Newhaven Household Waste Recycling Site | 2,041 | 2,037 | 4 | | 4 |
| *DEFRA Waste Infrastructure Grant - 94105* | (2,041) | (2,037) | (4) | | (4) |
| Travellers Site Bridies Tan | 1,348 | 1,314 | 34 | | 34 |
| Broadband | 25,600 | 17,297 | 8,303 | | 8,303 |
| Bexhill and Hastings Link Road | 124,309 | 116,670 | 3,957 | 3,682 | 7,639 |
| *LEP Funding (SELEP)* | (1,586) | (1,586) | | | |
| BHLR Complementary Measures | 1,800 | 989 | 766 | 45 | 811 |
| Reshaping Uckfield Town Centre | 2,500 | 963 | 1,537 | | 1,537 |
| *Section 106 - 94366* | (2,500) | (963) | (1,537) | | (1,537) |
| Exceat Bridge Maintenance | 500 | 33 | 467 | | 467 |
| **Economic Growth & Strategic Infrastructure Programme** | | | | | |
| Economic Intervention Fund | 7,945 | 3,034 | 1,403 | 3,508 | 4,911 |
| *Recycled Loan Repayments* | (700) | (28) | (200) | (472) | (672) |
| Catalysing Stalled Sites | 916 | | 316 | 600 | 916 |
| EDS Upgrading Empty Commercial Properties | 500 | | 250 | 250 | 500 |
| EDS Incubation Units | 1,500 | | 500 | 1,000 | 1,500 |
| North Bexhill Access Road | 16,796 | 6,410 | 6,386 | 4,000 | 10,386 |
| *LEP Funding (SELEP)* | (16,600) | (6,410) | (6,190) | (4,000) | (10,190) |
| Queensway Gateway Road | 6,000 | 1,419 | 4,581 | | 4,581 |
| *LEP Funding (SELEP)* | (5,019) | (1,419) | (3,600) | | (3,600) |
| Newhaven Flood Defences | 1,500 | 300 | 800 | 400 | 1,200 |
| *LEP Funding (SELEP)* | (1,500) | (300) | (800) | (400) | (1,200) |
| Sovereign Harbour/Site Infrastructure | 1,700 | 530 | 1,170 | | 1,170 |
| *LEP Funding (SELEP)* | (1,700) | (530) | (1,170) | | (1,170) |
| Swallow Business Park | 1,400 | 505 | 895 | | 895 |
| *LEP Funding (SELEP)* | (795) | (505) | (290) | | (290) |
| Newhaven Port Access Road | 23,219 | 270 | 5,205 | 17,744 | 22,949 |
| *LEP Funding* | (10,000) | | | (10,000) | (10,000) |
| Street Lighting Invest to Save | 920 | 903 | 17 | | 17 |
| LSTF - ES Coastal Towns | 2,467 | 2,097 | 370 | | 370 |
| *External Contributions - Various* | (459) | (180) | (279) | | (279) |
| LSTF - Travel Choices Lewes | 1,196 | 1,194 | 2 | | 2 |
| Eastbourne and Hastings Light Reduction | 3,704 | 3,695 | 9 | | 9 |
| Eastern Depot Development | 1,586 | 196 | 1,390 | | 1,390 |
| Newhaven Swing Bridge | 1,548 | 1,513 | 35 | | 35 |
| Waste Leachate Programme | 250 | | 250 | | 250 |
| *DEFRA Waste Performance Grant - 94048* | (159) | | (159) | | (159) |
| *DEFRA Waste Infrastructure Grant - 94105* | (26) | | (26) | | (26) |
| **Integrated Transport - LTP plus Externally Funded** | | | | | |
| Hastings and Bexhill Junction Walking & Cycling Package | 250 | | | 250 | 250 |
| Eastbourne/South Wealden Walking & Cycling Package | 2,100 | | 750 | 1,350 | 2,100 |
| *LEP Funding (SELEP)* | (1,850) | (600) | (750) | (500) | (1,250) |
| *Developer and Other Contributions - Various* | (250) | | | (250) | (250) |
| Hastings and Bexhill Junction Improvement Package | 1,893 | | | 1,893 | 1,893 |
| *LEP Funding (SELEP)* | (1,500) | | | (1,500) | (1,500) |
| Hailsham/Polegate/Eastbourne Sustainable Transport Corridor | 2,350 | | | 2,350 | 2,350 |
| *LEP Funding (SELEP)* | (2,100) | | | (2,100) | (2,100) |
| *Developer and Other Contributions - Various* | (250) | | | (250) | (250) |
| Other Integrated Transport Schemes | 46,177 | 37,465 | 5,605 | 3,107 | 8,712 |
| *Developer and Other Contributions - Various* | (19,883) | (15,426) | (2,507) | (1,950) | (4,457) |

| CAPITAL PROGRAMME 2016-17 - SOC POSITION | Total Budget £'000 | Updated Previous £'000 | 16/17 Updated £'000 | 17/18 Current £'000 | Total Remaining £'000 |
|---|---|---|---|---|---|
| Speed Management | 2,948 | 2,826 | 122 | | 122 |
| Terminus Road Improvements | 6,250 | 470 | 5,275 | 505 | 5,780 |
| *External Contributions - Various* | (750) | | (750) | | (750) |
| *LEP Funding (SELEP)* | (3,000) | | (2,495) | (505) | (3,000) |
| **Core Programme** - Highways Structural Maintenance | 103,038 | 66,483 | 18,538 | 18,017 | 36,555 |
| **Core Programme** - Bridge Assessment Strengthening | 16,860 | 14,546 | 1,134 | 1,180 | 2,314 |
| **Core Programme** - Street Lighting - Life Expired Equipment | 7,902 | 6,152 | 867 | 883 | 1,750 |
| **Core Programme** - Rights of Way Surface Repairs and Bridge Replace | 4,617 | 3,752 | 437 | 428 | 865 |
| | 459,707 | 319,258 | 79,257 | 61,192 | 140,449 |
| | (79,661) | (36,932) | (20,802) | (21,927) | (42,729) |
| | **380,046** | **282,326** | **58,455** | **39,265** | **97,720** |
| **Governance** | | | | | |
| Case Management System/Committee Management System | 115 | 83 | 32 | | 32 |
| ICT For Members | 42 | | 42 | | 42 |
| | 157 | 83 | 74 | | 74 |
| | **157** | **83** | **74** | | **74** |
| **Total Gross** | **655,472** | **450,339** | **121,239** | **83,894** | **205,133** |
| **Scheme Specific Resource** | **(91,435)** | **(45,657)** | **(23,851)** | **(21,927)** | **(45,778)** |
| **Total Net** | **564,037** | **404,682** | **97,388** | **61,967** | **159,355** |