



AUDIT, BEST VALUE AND COMMUNITY SERVICES SCRUTINY COMMITTEE

TUESDAY, 17 MARCH 2015

10.00 am COMMITTEE ROOM - COUNTY HALL

MEMBERSHIP - Councillor Mike Blanch (Chair)
Councillors John Barnes (Vice Chair), Jeremy Birch, Laurence Keeley,
Carolyn Lambert, Bob Standley and Francis Whetstone

A G E N D A

- 1 Minutes of last meeting held on 18 November 2014 (*Pages 3 - 8*)
- 2 Apologies for absence
- 3 Disclosure of personal interests
Disclosure by all Members present of personal interests in matters on the agenda, the nature of any interest and whether the Member regards the interest as prejudicial under the terms of the Code of Conduct.
- 4 Urgent items
Notification of matters which the Chair considers to be urgent and proposes to take at the end of the agenda. Any Members who wish to raise urgent items are asked, wherever possible, to notify the Chair before the start of the meeting. In so doing, they must state the special circumstances which they consider justify the matter being considered urgent.

Audit & Risk Items

- 5 External Audit Plan 2014/15 (*Pages 9 - 38*)
- 6 External Audit Plan for the East Sussex Pension Fund 2014/15 (*Pages 39 - 64*)
- 7 External Audit Report on Grants Claim Certification (*Pages 65 - 68*)
- 8 Internal Audit Progress report - Quarter 3 (01/10/14 - 31/12/14) (*Pages 69 - 80*)
- 9 Progress of Staff Transfers and Leavers action plan (*Pages 81 - 84*)
- 10 Updated Anti-Fraud policy framework (*Pages 85 - 136*)
- 11 Strategic risk monitoring Quarter 3 (*Pages 137 - 142*)

Scrutiny Items

- 12 Scrutiny review of the disposal of the former St. Anne's School site, Lewes (*Pages 143 - 174*)
- 13 Suicide Prevention: Beachy Head Infrastructure Report Findings (*Pages 175 - 184*)
- 14 Use of the Public Health Grant Unallocated Reserve to provide one-off funding (*Pages 185 - 188*)

- 15 Update on Atrium Property Asset Management System and running costs of Council buildings (*Pages 189 - 190*)
- 16 Reconciling Policy, Performance and Resources 2015/16 (*Pages 191 - 194*)
- 17 Scrutiny Work Programme (*Pages 195 - 202*)
- 18 Forward Plan (*Pages 203 - 208*)
The Forward Plan to 30 June 2015. The Committee is asked to make comments or request further information. In order to facilitate a full debate at the meeting, the Chair has asked that Members raise any matters in advance of the meeting.
- 19 Any other non exempt items previously notified under agenda item 4

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9 March 2015

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SCRUTINY COMMITTEE FOR AUDIT, BEST VALUE AND COMMUNITY SERVICES

DRAFT MINUTES of a meeting of the Scrutiny Committee for Audit, Best Value and Community Services held at County Hall, Lewes on 18 November 2014.

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- PRESENT - Councillors John Barnes, Jeremy Birch, Michael Blanch (Chair), Carolyn Lambert, Robert Standley and Francis Whetstone
- OFFICERS - Philp Baker, Assistant Chief Executive
Kevin Foster, Chief Operating Officer
Marion Kelly, Chief Finance Officer
Russell Banks, Head of Assurance
Ola Owolabi, Head of Accounts and Pensions
Leatham Green, Assistant Director, Personnel and Training
Laura Langstaff, Head of Procurement
Sarah Mainwaring, Head of HR Services
Harvey Winder, Scrutiny Support Officer
- ALSO PRESENT - Councillor David Elkin, Lead Member for Resources
Councillor Michael Ensor

28. MINUTES

28.1 RESOLVED – to approve as a correct record the minutes of the meeting of the Committee held on 5 September 2014.

29. APOLOGIES FOR ABSENCE

29.1. Apologies for absence were received from Councillor Lawrence Keeley.

30. DECLARATIONS OF INTEREST

30.1. There were no declarations of interest.

31. REPORTS

31.1. Copies of the reports on the matters dealt with in the minutes below are contained in the minute book.

Audit and Risk Items

32. INTERNAL AUDIT PROGRESS REPORT: QUARTER 2 (01/07/14-30/09/14)

32.1. The Committee considered a report by the Chief Operating Officer summarising the key audit findings, progress on delivery of the audit plan and the performance of the internal audit service during Quarter 2.

32.2. The following key points emerged from the discussion around Individual School Audits:

- The Committee expressed concern that Bishop’s Bell Church of England School received ‘minimal assurance’ and that the school was providing management support to other schools.
- Officers explained that the School Risk Review Group (SSRG) has members from both Internal Audit and the Children’s Services Department. This means that:
 - Internal Audit will inform the Children’s Services Department of any school that has received a ‘partial assurance’ (or less) audit opinion;

- The Children’s Services Department will alert Internal Audit to schools that are thought to pose a high risk to the Council, which helps Audit to prioritise its audit plan.
- Internal Audit helps to ensure that school governors are aware of potential risks to their schools by:
 - emailing the full audit report for each school to the personal emails of all of the school’s governors with a standard paragraph explaining that it is expected of them that they will discuss the report at full governor meetings;
 - picking out themes that appear in school audits and compiling them into a quarterly bulletin to governors that highlights common themes and issues and the best way to seek assurance from within their own schools;
 - providing a 90 minute training session for business managers and governors to highlight specific areas of risk within their school and how best to reduce them;
 - recommending that schools develop and implement a whistleblowing policy and flagging it as a weakness in an audit reports if they do not.

32.3. RESOLVED – 1) to note the report and its appendices;

2) to note the Committee’s approval for Internal Audit’s methods of reporting risk to governors;

3) to request an update on the follow up review of Denton Nursery School;

4) to recommend that Members actively look for possible candidates for LEA governors in their division (and that this advice is included in member induction training);

5) to agree that the Chair will meet with the Director of Children’s Services to discuss the most effective way that the Committee could help to address the ongoing issues around individual school audits; and

6) to request a report from the Chief Operating Officer on the progress of the action plan to tackle weaknesses in the Council’s process for managing staff transfers and leavers, now that it has twice received ‘partial assurance’ from Internal Audit, for the 17 March Committee meeting.

33. AUDIT ANNUAL LETTER AND FEE UPDATE 2013/14

33.1. The Committee considered a report by the Chief Operating Officer on the Annual Audit Letter and Fee Update 2013/14.

33.2. RESOLVED – 1) to note the report and its appendices.

34. STRATEGIC RISK MONITORING: QUARTER 1

34.1. The Committee considered a report by the Chief Operating Officer summarising the current strategic risks faced by the Council, their status and risk controls and responses for Quarter 1.

34.2. RESOLVED – 1) to note the report to and its appendices;

2) to recommend that the description for the “Schools” strategic risk also includes the potential reputational risk to the Council from the underperformance or failure of educational providers such as academies; and

3) to recommend that the “Roads” strategic risk includes the word “unsubstantiated” before “third party claims” to make it clear that the Council is attempting to repudiate unsubstantiated claims for damages rather than genuine ones.

35. ASSESSING AND REPORTING ON AUDIT COMMITTEE EFFECTIVENESS

35.1. The Committee considered a report by the Chief Operating Officer providing further information on how audit committee effectiveness can be assessed and reported in line with Chartered Institute of Public Finance and Accountancy (CIPFA) good practice.

35.2. The Committee agreed that, although other audit committees produce an annual report, it would be unnecessary to carry out a reflective session every year. Instead, it would be more effective to hold ad hoc sessions when relevant.

35.3. RESOLVED – 1) to note the report and its appendices;

2) to agree that it is not necessary to carry out an annual exercise to review and assess the effectiveness of the Committee; and

3) to agree that the whole Committee should hold an additional one hour session to reflect on its performance using the CIPFA checklist as a guide. Future sessions should be held on an ad hoc basis.

36. CIPFA AUDIT COMMITTEE GUIDANCE

36.1. The Committee considered a report by the Chief Operating Officer outlining the proposed role of the Audit, Best Value & Community Services Scrutiny Committee in the appointment and dismissal of the head of internal audit, in accordance with the most recent CIPFA audit committee guidance.

36.2. RESOLVED – 1) to agree the recommendations as set out in paragraphs 3.1.1 and 3.1.2.

Scrutiny Items

37. PROCUREMENT PERFORMANCE UPDATE

37.1. The Committee warmly welcomed a report by the Chief Operating Officer providing an update on the ongoing development of Procurement and Category Management.

37.2. In addition to the information outlined in the report, the Head of Procurement provided the following information in response to questions from the Committee:

- The targeted procurement savings for 2014/15 of £10.5m – to be achieved through improving procurement practices – includes:
 - revenue savings already assumed to be part of the Reconciling Policy, Performance and Resources (RPPR) savings plans that require procurement-related activity;
 - identified areas of revenue savings that form part of, and support, service plans;
 - approximately £3m savings that are already built into the capital budget.
- Slippage in the 2014/15 savings programme for the capital budget will likely occur when procurement for large projects overrun. If this happens, the savings will be realised in 2015/16 instead.
- The Procurement Service is now identifying procurement savings targets for 2015/16. An early draft of these savings will be provided to the Audit, Best Value & Community Services Scrutiny Committee's RPPR Board on 9 December 2014.
- The Procurement Service is focussed on making sure that individual departments across the Council adhere to a consistent, standardised approach to procuring goods and services. This means that, although the Procurement Service will continue to directly procure services worth more than £100,000, most services will be procured by individual departments based on guidelines produced by the Procurement Service.

- The detailed plans of how a standardised procurement approach will be achieved will be set out in the Procurement Service Category Management Strategy and the Savings Sign off Approach, which are currently being drafted.

37.3. RESOLVED 1) to note the report and appendices;

2) to welcome the Procurement Service's commitment to encouraging the procurement of local services;

3) to request for the 9 December RPPR Board a briefing on the identified procurement savings for 2015/16;

4) to request a report on the Category Management strategy and the Savings Sign Off Approach at a future committee meeting.

38. SPEND ON AGENCY WORKERS IN EAST SUSSEX COUNTY COUNCIL

38.1. The Committee considered a report by the Chief Operating Officer summarising the latest information available about the use of agency workers via Comensura.

38.2. In addition to the information outlined in the report, the Assistant Director, Personnel and Training provided the following information in response to questions from the Committee:

- There is no 'correct' number of agency staff that the Council should employ, but the Council will continue to try to reduce the number as far as possible, for example through:
 - better demand management (so that agency staff are only hired if there is a clear need for them);
 - filling vacancies with full time staff on 1 or 2 year contracts rather than with agency staff;
 - encouraging Council staff to shadow agency staff who are brought in for their specialist skills;
 - filling vacancies with secondments and apprenticeships;
 - working with partners in Surrey County Council to help fill skill gaps that would otherwise be filled with agency staff.
- The Council maintains a bank of casual workers to cover vacancies for statutory posts in the Adult Social Care Department (ASC) that require immediate filling if a member of staff goes off sick. Casual workers offer a number of benefits over agency staff when recruiting to statutory posts, these include:
 - trained in-house to a high standard;
 - of a known quality and reliability;
 - have developed relationships with many ASC clients.
- Casual workers are not on zero hour contracts and have the same legal rights as agency staff. They are workers who want the flexibility to choose their own working hours. Maintaining a bank of casual workers has an administrative cost.
- Very few staff are on long term sick leave (only 101 in the entire Council payroll of 14,000 staff). However, the number of staff on short term sick leave is still high, with up to a third of all agency staff assigned to ASC covering short term sickness. Most short term sickness is for stress and musculoskeletal issues.
- A pilot is underway in the Children's Services Department called the "Management Stress Awareness for Managers training course", with the intention to roll it out to ASC at a later date. It involves trained staff meeting with managers to identify the most common causes of stress in their workplaces and to help identify solutions such as coaching sessions.

- Investing in sickness reduction is not an example of 'Invest to Save'. This is because tackling sickness absence rates requires an ongoing investment in trained staff who can address the causes. If the funding for the trained staff is withdrawn, sickness rates will usually start to increase.

38.3. RESOLVED – (1) to note the report and its appendices; and

2) to congratulate the Personnel and Training Service for its outreach work into other departments, in particular its recruitment of a pool of casual staff and its efforts to reduce short and long-term sickness.

39. SCRUTINY WORK PROGRAMME

39.1. The Committee considered a report by the Assistant Chief Executive setting out the Committee's planned programme of work for the forthcoming year.

39.2. RESOLVED – 1) to note the work programme;

2) (in addition to work requested during previous items) to request an update report on the SPACES programme and the progress on the implementation of the asset management software, Atrium.

40. FORWARD PLAN

40.1. The Committee considered the Forward Plan for the period 1 November 2014 to 28 February 2015.

40.2. RESOLVED – to note the Forward Plan.

The meeting ended at 12.10pm. The next meeting of the Committee will be held on **17 March 2015**.

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Report to: **Audit, Best Value and Community Services Scrutiny Committee**

Date: **17 March 2015**

By: **Chief Operating Officer**

Title of report: **External Audit Plan 2014/15**

Purpose of report: **To inform the Committee of the content of the Council's external audit plan for 2014/15**

RECOMMENDATIONS

The Committee is recommended to consider and comment upon the External Audit Plan for 2014/15.

1. Background

- 1.1 The Plan confirms the 2014/15 core external audit fee as £111,429. This is unchanged from the 2013/14 fee. The fee is based on a number of assumptions, including the Council providing the auditors with complete and materially accurate financial statements, with good quality supporting working papers, within agreed timeframes.

2. Supporting Information

- 2.1 The attached East Sussex County Council (ESCC)'s external audit plan sets out in more detail the work the external auditors will conduct in order to audit the Council's 2014/15 accounts. The Plan now reflects any relevant issues that have arisen as a result of the audit of the 2013/14 account and other work carried out by KPMG e.g. the Value for Money assessment.
- 2.2 KPMG initial risk assessment has not identified any significant risks that are specific to the Council. Areas of audit focus either due to their size, level of judgement or their influence on other balances within the financial statements are:
- Accounting for Local Authority Maintained Schools;
 - Fraud risk from management override of controls;
 - Fraud risk over revenue recognition.

3. Conclusion and reasons for recommendations

- 3.1 KPMG overall audit approach remains similar to last year with no fundamental changes. Officers will continue to liaise with KPMG to ensure that their work is delivered as efficiently and effectively as possible and that internal and external audit plans are complementary and make best use of audit resources. The Plan will be reported to Cabinet for approval on 21 April 2015.

KEVIN FOSTER
Chief Operating Officer

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Local Member(s): All
Background Documents
None

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cutting through complexity

External Audit Plan 2014/15

East Sussex County Council

March 2015

The contacts at KPMG in connection with this report are:

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This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. The Audit Commission has issued a document entitled *Statement of Responsibilities of Auditors and Audited Bodies*. This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. We draw your attention to this document which is available on the Audit Commission's website at www.audit-commission.gov.uk.

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Philip Johnstone, the appointed engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact Trevor Rees on 0161 246 4000, or by email to trevor.rees@kpmg.co.uk, who is the national contact partner for all of KPMG's work with the Audit Commission. After this, if you are still dissatisfied with how your complaint has been handled you can access the Audit Commission's complaints procedure. Put your complaint in writing to the Complaints Unit Manager, Audit Commission, 1st Floor, Fry Building, 2 Marsham Street, London, SW1P 4DF or by email to complaints@audit-commission.gsi.gov.uk. Their telephone number is 03034448330.

This document describes how we will deliver our audit work for East Sussex County Council.

Scope of this report

This document supplements our *Audit Fee Letter 2014/15* presented to you on April 29 2014. It describes how we will deliver our financial statements audit work for East Sussex County Council ('the Authority'). It also sets out our approach to value for money (VFM) work for 2014/15

We are required to satisfy ourselves that your accounts comply with statutory requirements and that proper practices have been observed in compiling them. We use a risk based audit approach.

The audit planning process and risk assessment is an on-going process and the assessment and fees in this plan will be kept under review and updated if necessary

Statutory responsibilities

Our statutory responsibilities and powers are set out in the *Audit Commission Act 1998* and the Audit Commission's *Code of Audit Practice*.

The Audit Commission will close at 31 March 2015. However, our audit responsibilities under the *Audit Commission Act 1998* and the *Code of Audit Practice* in respect of the 2014/15 financial year remain unchanged.

The *Code of Audit Practice* summarises our responsibilities into two objectives, requiring us to audit/review and report on your:

- *financial statements (including the Annual Governance Statement):* providing an opinion on your accounts; and
- *use of resources:* concluding on the arrangements in place for securing economy, efficiency and effectiveness in your use of resources (the value for money conclusion).

The Audit Commission's *Statement of Responsibilities of Auditors and Audited Bodies* sets out the respective responsibilities of the auditor and the Authority.

The Audit Commission will cease to exist on 31 March 2015. Details of the new arrangements are set out in Appendix 4. The Authority can expect further communication from the Audit Commission and its successor bodies as the new arrangements are established. This plan restricts itself to reference to the existing arrangements.

Structure of this report

This report is structured as follows:

- Section 2 includes our headline messages, including any key risks identified this year for the financial statements audit and Value for Money arrangements Conclusion.
- Section 3 describes the approach we take for the audit of the financial statements.
- Section 4 provides further detail on the financial statements audit risks.
- Section 5 explains our approach to VFM arrangements work.
- Section 6 provides information on the audit team, our proposed deliverables, the timescales and fees for our work.

Acknowledgements

We would like to take this opportunity to thank officers and Members for their continuing help and co-operation throughout our audit work.

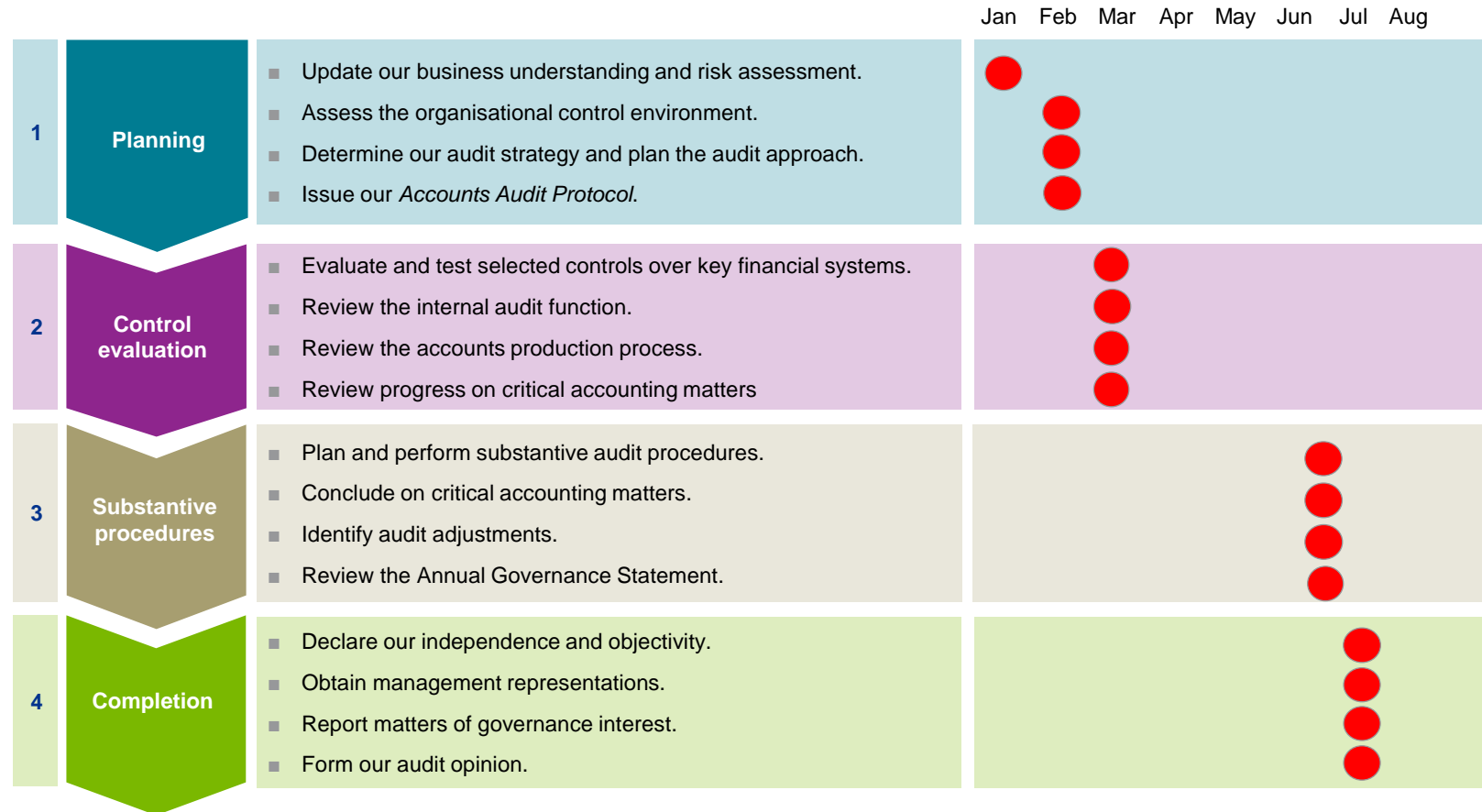
<p>Audit approach</p>	<p>Our overall audit approach remains similar to last year with no fundamental changes. Our work is carried out in four stages and the timings for these, and specifically our on site work, have been agreed with Marion Kelly, Chief Finance Officer and her team.</p> <p>Our audit strategy and plan remain flexible as risks and issues change throughout the year. We will review the initial assessments presented in this document throughout the year and should any new risks emerge we will evaluate these and respond accordingly.</p>
<p>Key financial statements audit risks for the Council</p>	<p>We have completed our initial risk assessment for the financial statements audit and have identified the following significant risks:</p> <ul style="list-style-type: none"> ■ Accounting for Local Authority Maintained Schools – Accounting for school assets owned by third parties ■ Fraud risk from management override of controls (required by ISAs) ■ Fraud risk over revenue recognition (required by ISAs) <p>This risk and other areas of audit focus are described in more detail on pages 10 to 12. We will assess these risk areas as part of our interim work and conclude this work at year end.</p>
<p>VFM audit approach</p>	<p>We have completed our initial risk assessment for the VFM conclusion and have identified the following risk:</p> <ul style="list-style-type: none"> ■ Expenditure relating to the Bexhill – Hastings Link Road project <p>This is described in more detail on pages 13 to 17. We will assess these risk areas as part of our interim work and conclude this work at year end.</p>
<p>Audit team, deliverables, timeline and fees</p>	<p>We have refreshed our audit team this year with Philip Johnstone replacing Tamas Wood as the Engagement Director and Charlotte Goodrich replacing Samantha Maloney as the Engagement Manager. Scott Walker will continue as the Assistant Manager for the audit.</p> <p>Our main year end audit is currently planned to commence on 8 June 2015. Upon conclusion of our work we will present our findings to you in our <i>Report to Those Charged with Governance (ISA 260 Report)</i>.</p> <p>The planned fee for the 2014/15 audit is £111,429 for the audit of the Authority financial statements. This is unchanged from the position set out in our <i>Audit Fee Letter 2014-15</i>.</p>

We undertake our work on your financial statements in four key stages during 2015:

- **Planning** (February to March).
- **Control Evaluation** (March).
- **Substantive Procedures** (June to July).
- **Completion** (July).

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We have summarised the four key stages of our financial statements audit process for you below.



During February and March 2015 we complete our planning work.

We assess the key risks affecting the Authority's financial statements and discuss these with officers.

We assess if there are any weaknesses in respect of central processes that would impact on our audit.

Our planning work takes place in February and March 2015. This involves the following aspects:

Planning

- Update our business understanding and risk assessment including fraud risk.
- Assess the organisational control environment.
- Determine our audit strategy and plan the audit approach.
- Issue our *Accounts Audit Protocol*.

Business understanding and risk assessment

We update our understanding of the Authority's operations and identify any areas that will require particular attention during our audit of the Authority's financial statements.

We identify the key risks including risk of fraud affecting the Authority's financial statements. These are based on our knowledge of the Authority, our sector experience and our ongoing dialogue with Authority staff. Any risks identified to date through our risk assessment process are set out in this document. Our audit strategy and plan will, however, remain flexible as the risks and issues change throughout the year. It is the Authority's responsibility to adequately address these issues. We encourage the Authority to raise any technical issues with us as early as possible so that we can agree the accounting treatment in advance of the audit visit.

We liaise regularly with the finance team to consider issues and how they are addressed during the financial year end closedown and accounts preparation.

Organisational control environment

Controls operated at an organisational level often have an impact on controls at an operational level and if there were weaknesses this would impact on our audit.

In particular risk management, internal control and ethics and conduct have implications for our financial statements audit. The scope of the relevant work of your internal auditors also informs our risk assessment.

Audit strategy and approach to materiality

Our audit is performed in accordance with International Standards on Auditing (ISAs) (UK and Ireland). The Engagement Lead sets the overall direction of the audit and decides the nature and extent of audit activities. We design audit procedures in response to the risk that the financial statements are materially misstated. The materiality level is a matter of professional judgement and is set by the Engagement Lead.

In accordance with ISA 320 (UK&I) '*Audit materiality*', we plan and perform our audit to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. Information is considered material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial statements.

Further details on assessment of materiality is set out on page 6 of this document.

When we determine our audit strategy we set a monetary materiality level for planning purposes.

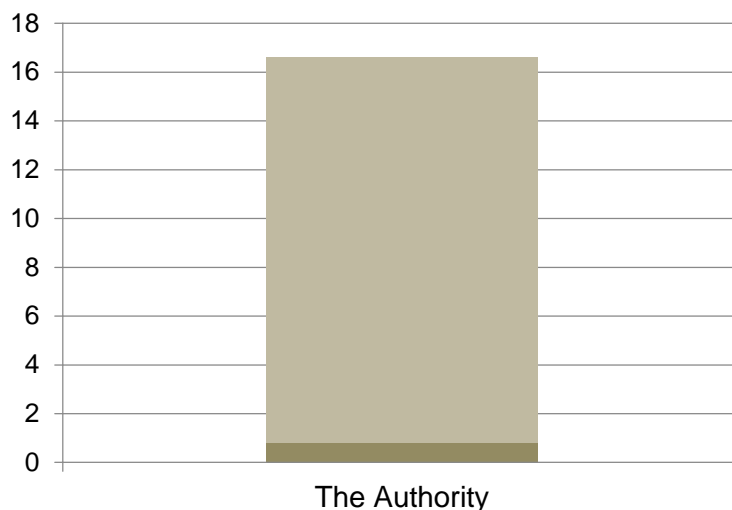
For 2014/15 we have set this at £16.5 million for the Authority based on the prior year financial statements.

We will report all audit differences over £0.8 million for the Authority to the Scrutiny Committee for Audit, Best Value and Community Services.

Materiality

The assessment of what is material is a matter of professional judgment and includes consideration of three aspects: materiality by value, nature and context.

- Material errors by value are those which are simply of significant numerical size to distort the reader's perception of the financial statements. Our assessment of the threshold for this depends upon the size of key figures in the financial statements, as well as other factors such as the level of public interest in the financial statements.
- Errors which are material by nature may not be large in value, but may concern accounting disclosures of key importance and sensitivity, for example the salaries of senior staff.
- Errors that are material by context are those that would alter key figures in the financial statements from one result to another – for example, errors that change successful performance against a target to failure.



Materiality for planning purposes has been set at £16.5 million, which equates to approximately 2 percent of gross expenditure.

We design our procedures to detect errors in specific accounts at a lower level of precision.

Reporting to the Audit Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any misstatements of lesser amounts to the extent that these are identified by our audit work.

Under ISA 260(UK&I) *'Communication with those charged with governance'*, we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK&I) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

ISA 450 (UK&I), *'Evaluation of misstatements identified during the audit'*, requires us to request that uncorrected misstatements are corrected.

In the context of the Authority, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £0.8 million for the Authority.

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit Committee to assist it in fulfilling its governance responsibilities.

During March 2015 we will complete our interim audit work.

We work with your finance team and the pensions team to enhance the efficiency of the accounts audit.

We will report any significant findings arising from our work to the Scrutiny Committee for Audit, Best Value and Community Services.

Our on site interim visit will be completed during March. During this time we will complete work in the following areas:

Control Evaluation

- Evaluate and test controls as appropriate over key financial systems identified as part of our risk assessment.
- Review the work undertaken by the internal audit function on controls relevant to our risk assessment.
- Review the accounts production process.
- Review progress on critical accounting matters.

Controls over key financial systems

We update our understanding of the Authority's key financial processes where our risk assessment has identified that these are relevant to our final accounts audit and where we have determined that this is the most efficient audit approach to take. We confirm our understanding by completing walkthroughs for these systems. We then test selected controls that address key risks within these systems. The strength of the control framework informs the substantive testing we complete during our final accounts visit.

Review of internal audit

During our audit we will seek to place reliance on the Authority's high level controls, and as part of our assessment of the overall control environment we will review and discuss the work carried out by Internal Audit.

Where any internal audit findings suggest weaknesses in key controls that could impact on significant account balances, we will adjust our approach to reflect these findings and where necessary perform additional testing to ensure that we can gain sufficient, appropriate audit evidence over those significant associated balances. We don't plan to rely directly on the work of Internal Audit.

Critical accounting matters

We will discuss the work completed to address the specific risks we identified at the planning stage. Wherever possible, we seek to review relevant workings and evidence and agree the accounting treatment as part of our interim work.

If there are any significant findings arising from our interim work we will report these to the Authority in advance of the year end financial statements audits of the Council.

During June and July 2015 we will be on site for our substantive work. We will conduct our work on the Pension Fund at the same time.

We complete detailed testing of accounts and disclosures and conclude on critical accounting matters, such as specific risk areas. We then agree any audit adjustments required to the financial statements.

We also review the Annual Governance Statement for consistency with our understanding.

We will present our ISA 260 Report for the Authority's audit to the Scrutiny Committee for Audit, Best Value and Community Services in September 2015.

Our final accounts visit on site has been provisionally scheduled for June and July for the Authority. During this time, we will complete the following work:

Substantive Procedures

- Plan and perform substantive audit procedures over the significant balances contained within the Authority financial statements.
- Conclude on critical accounting matters.
- Identify and assess any audit adjustments.
- Review the Annual Governance Statement.

Substantive audit procedures

We complete detailed testing on significant balances and disclosures. The extent of our work is determined by the Engagement Lead based on various factors such as our overall assessment of the Authority's control environment, the effectiveness of controls over individual systems and the management of specific risk factors.

Critical accounting matters

We conclude our testing of key risk areas identified at the planning stage and any additional issues that may have emerged since.

We will discuss our early findings of the Authority's approach to address the key risk areas with Marion Kelly, Chief Finance Officer, and her team in July 2015, prior to reporting to the Scrutiny Committee for Audit, Best Value and Community Services.

Audit adjustments

During our on site work, we will meet with Ola Owolabi, Head of Accounts and Pensions on a weekly basis to discuss the progress of the audit, any differences found and any other issues emerging.

At the end of our on site work, we will hold a closure meeting, where we will provide a schedule of audit differences and agree a timetable for the completion stage and the accounts sign off.

To comply with auditing standards, we are required to report uncorrected audit differences to the Scrutiny Committee for Audit, Best Value and Community Services. We also report any material misstatements which have been corrected and which we believe should be communicated to you to help you meet your governance responsibilities.

Annual Governance Statement

We are also required to satisfy ourselves that your Annual Governance Statement complies with the applicable framework and is consistent with our understanding of your operations. Our review of the work of internal audit and consideration of your risk management and governance arrangements are part of this.

We report the findings of our audit of the financial statements work in our *ISA 260 Report*, which we will issue in July 2015.

In addition to the financial statements, we also review the Authority's Whole of Government Accounts pack.

We may need to undertake additional work if we receive objections to the accounts from local electors.

We will communicate with you throughout the year, both formally and informally.

Whole of government accounts (WGA)

We are required to review your WGA consolidation and undertake the work specified under the approach that is agreed with HM Treasury and the National Audit Office. Deadlines for production of the pack and the specified audit approach for 2014/15 have not yet been confirmed.

Elector challenge

The Audit Commission Act 1998 gives electors certain rights. These are:

- the right to inspect the accounts;
- the right to ask the auditor questions about the accounts; and
- the right to object to the accounts.

As a result of these rights, in particular the right to object to the accounts, we may need to undertake additional work to form our decision on the elector's objection. The additional work could range from a small piece of work where we interview an officer and review evidence to form our decision, to a more detailed piece of work, where we have to interview a range of officers, review significant amounts of evidence and seek legal representations on the issues raised.

The costs incurred in responding to specific questions or objections raised by electors is not part of the fee. This work will be charged in accordance with the Audit Commission's fee scales.

Reporting and communication

Reporting is a key part of the audit process, not only in communicating the audit findings for the year, but also in ensuring the audit team are accountable to you in addressing the issues identified as part of the audit strategy. Throughout the year we will communicate with you through meetings with Chief Finance Officer, the Head of Accounts and Pensions and the Scrutiny Committee for Audit, Best Value and Community Services. Our deliverables are included on page 19.

Independence and objectivity confirmation

Professional standards require auditors to communicate to those charged with governance, at least annually, all relationships that may bear on the firm's independence and the objectivity of the audit engagement partner and audit staff. The standards also place requirements on auditors in relation to integrity, objectivity and independence.

The standards define 'those charged with governance' as 'those persons entrusted with the supervision, control and direction of an entity'. In your case this is the Governance Committee.

KPMG LLP is committed to being and being seen to be independent. APB Ethical Standard 1 *Integrity, Objectivity and Independence* requires us to communicate to you in writing all significant facts and matters, including those related to the provision of non-audit services and the safeguards put in place, in our professional judgement, may reasonably be thought to bear on KPMG LLP's independence and the objectivity of the Engagement Lead and the audit team.

Appendix 1 provides further detail on auditors' responsibilities regarding independence and objectivity.

Confirmation statement

We confirm that as of February 2015 in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the Engagement Lead and audit team is not impaired.

In this section we set out our assessment of the significant risks or other key areas of audit focus of the Authority's financial statements for 2014/15.

For each significant risk area and area of audit focus, we have outlined the impact on our audit plan.

Professional standards require us to consider two standard risks for all organisations. We are not elaborating on these standard risks in this plan but consider them as a matter of course in our audit and will include any findings arising from our work in our *ISA 260 Report*.

- Management override of controls – Management is typically in a powerful position to perpetrate fraud owing to its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Our audit methodology incorporates the risk of management override as a default significant risk. In line with our methodology, we carry out appropriate controls testing and substantive procedures, including over journal entries, accounting estimates and significant transactions that are outside the normal course of business, or are otherwise unusual.
- Fraudulent revenue recognition – We do not consider this to be a significant risk for local authorities as there are limited incentives and opportunities to manipulate the way income is recognised. We therefore rebut this risk and do not incorporate specific work into our audit plan in this area over and above our standard fraud procedures.

Appendix 3 covers more details on our assessment of fraud risk.

The table below sets out the significant risks we have identified through our planning work that are specific to the audit of the Authority's financial statements for 2014/15.

We will revisit our assessment throughout the year and should any additional risks present themselves we will adjust our audit strategy as necessary.

Significant risks that ISAs require us to raise	Impact on audit
<p style="text-align: center;">Fraud risk from management override of controls</p> <div style="border: 1px solid #007080; padding: 5px; width: fit-content; margin-left: auto;"> <p style="margin: 0;">Audit areas affected</p> <ul style="list-style-type: none"> ■ All </div>	<p>The risk</p> <p>ISA 240 requires us to communicate the fraud risk from management override of controls as significant, because management is typically in a unique position to perpetrate fraud due to their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We have not identified any specific additional risks of management override relating to this audit.</p> <p>Our proposed audit work</p> <p>Our audit methodology incorporates the risk of management override as a default significant risk.</p> <p>In line with our methodology, we will carry out appropriate controls testing and substantive procedures, including over journal entries, accounting estimates and significant transactions that are outside the normal course of business, or are otherwise unusual.</p>

This section sets out the significant risks that ISA's require us to raise for the Authority.

Significant risks that ISAs require us to raise	Impact on audit
<p>Audit areas affected</p> <ul style="list-style-type: none"> ■ Comprehensive Income and Expenditure Statement 	<p>The risk</p> <p>Professional standards require us to make a rebuttable presumption that the fraud risk from revenue recognition is a significant risk.</p> <p>Our proposed audit work</p> <p>We do not consider this to be a significant risk for local authorities as there are limited incentives and opportunities to manipulate the way income is recognised. We therefore rebut this risk and do not incorporate specific work into our audit plan in this area over and above our standard fraud procedures.</p>

This section sets out the significant audit risks to the Authority.

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Significant audit risk	Impact on audit
<div style="display: flex; align-items: center;"> <div style="border: 1px solid black; border-radius: 50%; padding: 10px; margin-right: 20px;"> Accounting for Local Authority Maintained Schools </div> <div style="font-size: 2em; margin-right: 20px;">➔</div> <div style="border: 1px solid black; padding: 10px;"> <p>Audit areas affected</p> <ul style="list-style-type: none"> ■ Property Plant and equipment ■ CIES (Income /Expenditure) </div> </div>	<p>The risk</p> <p>LAAP Bulletin 101 <i>Accounting for School Assets used by Local Authority Maintained Schools</i> issued in December 2014 has been published to assist practitioners with the application of the Code in regard to accounting for Local Authority maintained schools. The challenges relate to school assets owned by third parties such as church bodies and made available to school governing bodies under a variety of arrangements. This includes assets used by Voluntary-Aided (VA) and Voluntary-Controlled (VC) Schools as well as Foundation Schools.</p> <p>Authorities will need to review the agreements under which assets are used by VA/VC and Foundation schools and apply the relevant tests of control in the case of assets made available free of charge, or risks and rewards of ownership in the case of assets made available under leases. This is a key area of judgement and there is a risk that Authorities could omit school assets from, or include school assets in, their balance sheet.</p> <p>Particular risks surround the recognition of Foundation School assets which may or may not be held in Trust. Authorities should pay particular attention to the nature of the relationship between the Trustees and the school governing body to determine whether the school controls the Trust and the assets should therefore be consolidated into their balance sheet.</p> <p>Our proposed audit work</p> <p>As part of our audit, we will discuss with the Authority the latest guidance and review the judgements it has made in this regard. This will include:</p> <ul style="list-style-type: none"> - Determining whether the Authority has identified all relevant maintained schools within its area and undertaken a review of the agreements underpinning the use of school assets by VA, VC and Foundation schools; and - Considering the Authority's application of the relevant accounting standards to account for these schools and challenging its judgements where necessary.

Our approach to VFM work follows guidance provided by the Audit Commission.

Background to approach to VFM work

In meeting their statutory responsibilities relating to economy, efficiency and effectiveness, the Commission's *Code of Audit Practice* requires auditors to:

- plan their work based on consideration of the significant risks of giving a wrong conclusion (audit risk); and
- carry out only as much work as is appropriate to enable them to give a safe VFM conclusion.

To provide stability for auditors and audited bodies, the Audit Commission has kept the VFM audit methodology unchanged from last year. There are only relatively minor amendments to reflect the key issues facing the local government sector.

The approach is structured under two themes, as summarised below.

Specified criteria for VFM conclusion	Focus of the criteria	Sub-sections
The organisation has proper arrangements in place for securing financial resilience .	The organisation has robust systems and processes to: <ul style="list-style-type: none"> ■ manage effectively financial risks and opportunities; and ■ secure a stable financial position that enables it to continue to operate for the foreseeable future. 	<ul style="list-style-type: none"> ■ Financial governance ■ Financial planning ■ Financial control
The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness .	The organisation is prioritising its resources within tighter budgets, for example by: <ul style="list-style-type: none"> ■ achieving cost reductions; and ■ improving efficiency and productivity. 	<ul style="list-style-type: none"> ■ Prioritising resources ■ Improving efficiency and productivity

We will follow a risk based approach to target audit effort on the areas of greatest audit risk.

Overview of the VFM audit approach

The key elements of the VFM audit approach are summarised below.



Each of these stages are summarised further below.

VFM audit stage	Audit approach
VFM audit risk assessment	<p>We consider the relevance and significance of the potential business risks faced by all local authorities, and other risks that apply specifically to the Authority. These are the significant operational and financial risks in achieving statutory functions and objectives, which are relevant to auditors' responsibilities under the <i>Code of Audit Practice</i>.</p> <p>In doing so we consider:</p> <ul style="list-style-type: none"> the Authority's own assessment of the risks it faces, and its arrangements to manage and address its risks; information from the Audit Commission's VFM profile tool ; evidence gained from previous audit work, including the response to that work; and the work of other inspectorates and review agencies.

Our VFM audit will draw heavily on other audit work which is relevant to our VFM responsibilities and the results of last year's VFM audit.

We will then form an assessment of residual audit risk to identify if there are any areas where more detailed VFM audit work is required.

VFM audit stage	Audit approach
Linkages with financial statements and other audit work	<p>There is a degree of overlap between the work we do as part of the VFM audit and our financial statements audit. For example, our financial statements audit includes an assessment and testing of the Authority's organisational control environment, including the Authority's financial management and governance arrangements, many aspects of which are relevant to our VFM audit responsibilities.</p> <p>We have always sought to avoid duplication of audit effort by integrating our financial statements and VFM work, and this will continue. We will therefore draw upon relevant aspects of our financial statements audit work to inform the VFM audit.</p>
Assessment of residual audit risk	<p>It is possible that further audit work may be necessary in some areas to ensure sufficient coverage of the two VFM criteria.</p> <p>Such work may involve interviews with relevant officers and/or the review of documents such as policies, plans and minutes. We may also refer to any self assessment the Authority may prepare against the characteristics.</p> <p>To inform any further work we must draw together an assessment of residual audit risk, taking account of the work undertaken already. This will identify those areas requiring further specific audit work to inform the VFM conclusion.</p> <p>At this stage it is not possible to indicate the number or type of residual audit risks that might require additional audit work, and therefore the overall scale of work cannot be easily predicted. If a significant amount of work is necessary then we will need to review the adequacy of our agreed audit fee.</p>
Identification of specific VFM audit work	<p>If we identify residual audit risks, then we will highlight the risk to the Authority and consider the most appropriate audit response in each case, including:</p> <ul style="list-style-type: none"> ■ considering the results of work by the Authority, inspectorates and other review agencies; and ■ carrying out local risk-based work to form a view on the adequacy of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources.

Where relevant, we may draw upon the range of audit tools and review guides developed by the Audit Commission.

We have completed our initial risk assessment and have identified one risks to our VFM conclusion at this stage. We will update our assessment at year end. We will conclude on the results of the VFM audit through our ISA 260 Report.

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VFM audit stage	Audit approach
Delivery of local risk based work	<p>Depending on the nature of the residual audit risk identified, we may be able to draw on audit tools and sources of guidance when undertaking specific local risk-based audit work, such as:</p> <ul style="list-style-type: none"> ■ local savings review guides based on selected previous Audit Commission national studies; and ■ update briefings for previous Audit Commission studies. <p>The tools and guides will support our work where we have identified a local risk that is relevant to them. For any residual audit risks that relate to issues not covered by one of these tools, we will develop an appropriate audit approach drawing on the detailed VFM guidance and other sources of information.</p>
Concluding on VFM arrangements	<p>At the conclusion of the VFM audit we will consider the results of the work undertaken and assess the assurance obtained against each of the VFM themes regarding the adequacy of the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources.</p> <p>If any issues are identified that may be significant to this assessment, and in particular if there are issues that indicate we may need to consider qualifying our VFM conclusion, we will discuss these with management as soon as possible. Such issues will also be considered more widely as part of KPMG's quality control processes, to help ensure the consistency of auditors' decisions.</p>
Reporting	<p>On the following page, we report the results of our initial risk assessment.</p> <p>We will report on the results of the VFM audit through our <i>ISA 260 Report</i>. This will summarise any specific matters arising, and the basis for our overall conclusion.</p> <p>If considered appropriate, we may produce a separate report on the VFM audit, either overall or for any specific reviews that we may undertake.</p> <p>The key output from the work will be the VFM conclusion (i.e. our opinion on the Authority's arrangements for securing VFM), which forms part of our audit report.</p>

We have identified a number of specific VFM risks.

In most cases we are satisfied that external or internal scrutiny provides sufficient assurance that the Authority's current arrangements in relation to these risk areas are adequate.

We will carry out additional risk-based work in the following areas:

- **Bexhill – Hastings Link Road**

In line with the risk-based approach set out on the previous page, we have:

- assessed the Authority's key business risks which are relevant to our VFM conclusion;
- identified the residual audit risks for our VFM conclusion, taking account of work undertaken in previous years or as part of our financial statements audit;

- considered the results of relevant work by the Authority, the Audit Commission, other inspectorates and review agencies in relation to these risk areas; and
- concluded to what extent we need to carry out additional risk-based work.

Below we set out our preliminary findings in respect of those areas where we have identified a residual audit risk for our VFM conclusion,

We will report our final conclusions in our *ISA 260 Report 2014/15*.

Key VFM risk	Risk description and link to VFM conclusion	Preliminary assessment
	<p>In 2014/15 the Authority has made substantial expenditure towards the construction of the Bexhill – Hastings Link Road project. Of this, £18m has been funded by the Department for Transport, and the remaining funded by the Authority. Total expenditure over the life of this project are £113m.</p> <p>We note that we have received a formal objection from an elector regarding this scheme, in which the objector raises a concern regarding the appropriateness of the project management arrangements and approval processes within the Council, and the wider value for money of the scheme.</p> <p>This is relevant to both the financial resilience and economy, efficiency and effectiveness criteria of the VFM conclusion.</p>	<p>Specific risk based work required: Yes</p>

Your audit team has been drawn from our specialist public sector assurance department. Contact details are shown on page 1.

The audit team will be assisted by other KPMG specialists as necessary.



Philip Johnstone
Director

“My role is to lead our team and ensure the delivery of a high quality, valued added external audit opinion.

I will be the main point of contact for the Pensions and the Scrutiny Committee for Audit, Best Value and Community Services and Executive Directors.”



Charlotte Goodrich
Manager

“I am responsible for the management, review and delivery of the whole audit and providing quality assurance for any technical accounting areas. I will work closely with Philip to ensure we add value. I will liaise with Marion Kelly Chief Finance Officer and Ola Owolabi, Head of Accounts and Pensions.”



Scott Walker
Assistant Manager

“I will be responsible for the on-site delivery of our work. I will liaise with the Finance and Internal Audit Teams. I will also supervise the work of our audit assistants.”

At the end of each stage of our audit we issue certain deliverables, including reports, statements and opinions.

Our key deliverables will be delivered to a high standard and on time.

We will discuss and agree each report as appropriate with the Authority's officers prior to publication.

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Deliverable	Purpose	Committee dates
Planning		
External Audit Plan	<ul style="list-style-type: none"> ■ Outlines our audit approach. ■ Identifies areas of audit focus and planned procedures. 	March 2015
Control evaluation and Substantive procedures		
Report to Those Charged with Governance (ISA 260 Report)	<ul style="list-style-type: none"> ■ Details the resolution of key audit issues. ■ Communicates adjusted and unadjusted audit differences. ■ Highlights performance improvement recommendations identified during our audit. ■ Comments on the Authority's value for money arrangements. 	July 2015
Completion		
Auditor's Report	<ul style="list-style-type: none"> ■ Provides an opinion on the Authority's accounts (including the Annual Governance Statement). ■ Concludes on the arrangements in place for securing economy, efficiency and effectiveness in your use of resources (the VFM conclusion). 	July 2015
Whole of Government Accounts	<ul style="list-style-type: none"> ■ Provide our assurance statement on the Authority's WGA pack submission. 	September 2015
Annual Audit Letter	<ul style="list-style-type: none"> ■ Summarises the outcomes and the key issues arising from our audit work for the year. 	November 2015

We will be in continuous dialogue with you throughout the audit.

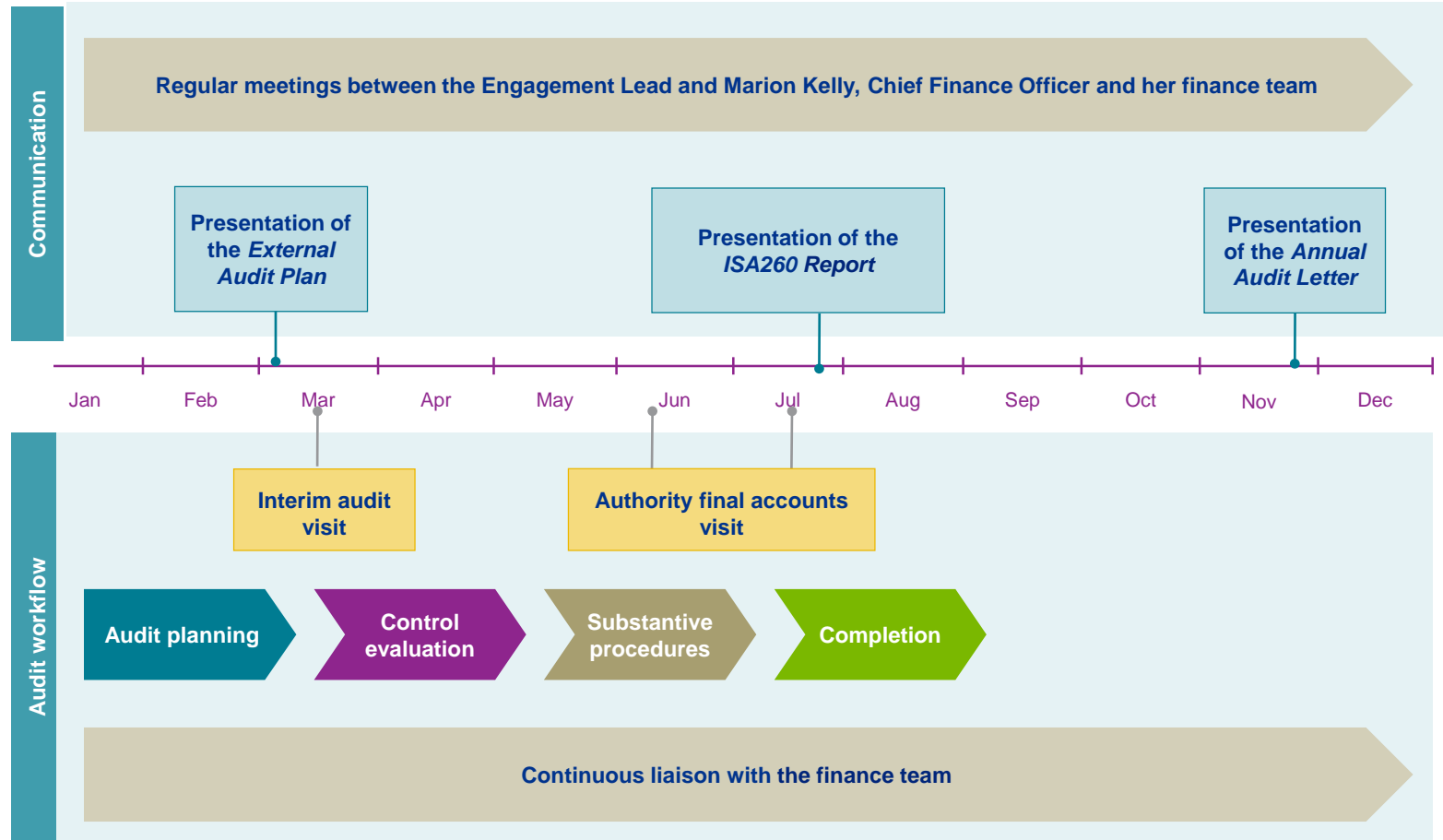
Key formal interactions with the Scrutiny Committee for Audit, Best Value and Community Services are:

- March – External Audit Plan;
- July – ISA 260 Report;
- November – Annual Audit Letter.

We work with the finance team throughout the year.

Our main work on site will be our:

- Interim audit visits during March.
- Final accounts audit during June and July.



Key: ● Audit Committee meetings.

The main fee for 2014/15 audit of the Authority is £111,429. The fee has not changed from that set out in our *Audit Fee Letter 2014/15* issued in April 2014.

Our audit fee remains indicative and based on you meeting our expectations of your support.

Meeting these expectations will help the delivery of our audit within the proposed audit fee.

Audit fee

Our *Audit Fee Letter 2014/15* presented to you on April 29 2014 first set out our fees for the 2014/15 audit. We have not considered it necessary to make any changes to the agreed fees at this stage.

Element of the audit	2014/15 (planned)	2013/14 (actual)
Financial statements and Value for Money conclusion audit fee	£111,429	£111,429

Our main audit fee includes our work on the VFM conclusion and our audit of the Authority's financial statements. The fee for 2014/15 is £111,429. This is unchanged from the 2013/14 fee.

Audit fee assumptions

The fee is based on a number of assumptions, including that you will provide us with complete and materially accurate financial statements, with good quality supporting working papers, within agreed timeframes. It is imperative that you achieve this. If this is not the case and we have to complete more work than was envisaged, we will need to charge additional fees for this work. In setting the fee, we have assumed:

- the level of risk in relation to the audit of the financial statements is not significantly different from that identified for 2013/14;
- you will inform us of any significant developments impacting on our audit;
- you will identify and implement any changes required under the *CIPFA Code of Practice on Local Authority Accounting in the UK 2014/15* within your 2014/15 financial statements;
- you will comply with the expectations set out in our *Accounts Audit Protocol*, including:
 - the financial statements are made available for audit in line with the agreed timescales;
 - good quality working papers and records will be provided at the start of the final accounts audit;

- requested information will be provided within the agreed timescales;
- prompt responses will be provided to queries and draft reports;
- internal audit meets appropriate professional standards;
- internal audit adheres to our joint working protocol and completes appropriate work on all systems that provide material figures for the financial statements and we can place reliance on them for our audit; and
- additional work will not be required to address questions or objections raised by local government electors or for special investigations such as those arising from disclosures under the Public Interest Disclosure Act 1998.

Meeting these expectations will help ensure the delivery of our audit within the agreed audit fee.

The Audit Commission requires us to inform you of specific actions you could take to keep the audit fee low. Future audit fees can be kept to a minimum if the Authority achieves an efficient and well-controlled financial closedown and accounts production process which complies with good practice and appropriately addresses new accounting developments and risk areas.

Changes to the audit plan

Changes to this plan and the audit fee may be necessary if:

- new significant audit risks emerge;
- additional work is required of us by the Audit Commission or other regulators; and
- additional work is required as a result of changes in legislation, professional standards or financial reporting requirements.

If changes to this plan and the audit fee are required, we will discuss and agree these initially with Marion Kelly, Chief Finance Officer.

This appendix summarises auditors' responsibilities regarding independence and objectivity.

Independence and objectivity

Auditors are required by the Code to:

- carry out their work with independence and objectivity;
- exercise their professional judgement and act independently of both the Commission and the audited body;
- maintain an objective attitude at all times and not act in any way that might give rise to, or be perceived to give rise to, a conflict of interest; and
- resist any improper attempt to influence their judgement in the conduct of the audit.

In addition, the Code specifies that auditors should not carry out work for an audited body that does not relate directly to the discharge of the auditors' functions under the Code. If the Authority invites us to carry out risk-based work in a particular area, which cannot otherwise be justified to support our audit conclusions, it will be clearly differentiated as work carried out under section 35 of the Audit Commission Act 1998.

The Code also states that the Commission issues guidance under its powers to appoint auditors and to determine their terms of appointment. The Standing Guidance for Auditors includes several references to arrangements designed to support and reinforce the requirements relating to independence, which auditors must comply with. These are as follows:

- Auditors and senior members of their staff who are directly involved in the management, supervision or delivery of Commission-related work, and senior members of their audit teams should not take part in political activity.
- No member or employee of the firm should accept or hold an appointment as a member of an audited body whose auditor is, or is proposed to be, from the same firm. In addition, no member or employee of the firm should accept or hold such appointments at related bodies, such as those linked to the audited body through a strategic partnership.

- Audit staff are expected not to accept appointments as Governors at certain types of schools within the local authority.
- Auditors and their staff should not be employed in any capacity (whether paid or unpaid) by an audited body or other organisation providing services to an audited body whilst being employed by the firm.
- Firms are expected to comply with the requirements of the Commission's protocols on provision of personal financial or tax advice to certain senior individuals at audited bodies, independence considerations in relation to procurement of services at audited bodies, and area wide internal audit work.
- Auditors appointed by the Commission should not accept engagements which involve commenting on the performance of other Commission auditors on Commission work without first consulting the Commission.
- Auditors are expected to comply with the Commission's policy for the Engagement Lead to be changed on a periodic basis.
- Audit suppliers are required to obtain the Commission's written approval prior to changing any Engagement Lead in respect of each audited body.
- Certain other staff changes or appointments require positive action to be taken by Firms as set out in the standing guidance.

Appendix 2: KPMG Audit Quality Framework

We continually focus on delivering a high quality audit.

This means building robust quality control procedures into the core audit process rather than bolting them on at the end, and embedding the right attitude and approaches into management and staff.

KPMG's Audit Quality Framework consists of seven key drivers combined with the commitment of each individual in KPMG.

The diagram summarises our approach and each level is expanded upon.

At KPMG we consider audit quality is not just about reaching the right opinion, but how we reach that opinion. KPMG views the outcome of a quality audit as the delivery of an appropriate and independent opinion in compliance with the auditing standards. It is about the processes, thought and integrity behind the audit report. This means, above all, being independent, compliant with our legal and professional requirements, and offering insight and impartial advice to you, our client.

KPMG's Audit Quality Framework consists of seven key drivers combined with the commitment of each individual in KPMG. We use our seven drivers of audit quality to articulate what audit quality means to KPMG.

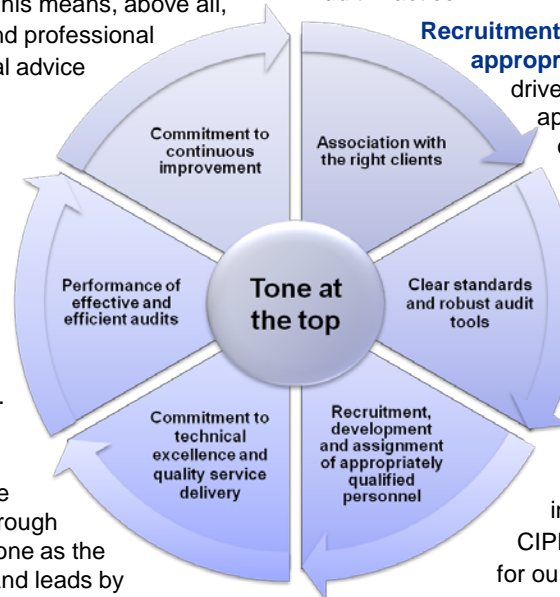
We believe it is important to be transparent about the processes that sit behind a KPMG audit report, so you can have absolute confidence in us and in the quality of our audit.

Tone at the top: We make it clear that audit quality is part of our culture and values and therefore non-negotiable. Tone at the top is the umbrella that covers all the drives of quality through a focused and consistent voice. Philip Johnstone as the Engagement Lead sets the tone on the audit and leads by example with a clearly articulated audit strategy and commits a significant proportion of his time throughout the audit directing and supporting the team.

Association with right clients: We undertake rigorous client and engagement acceptance and continuance procedures which are vital to the ability of KPMG to provide high-quality professional services to our clients.

Clear standards and robust audit tools: We expect our audit professionals to adhere to the clear standards we set and we provide a range of tools to support them in meeting these expectations. The global rollout of KPMG's eAudIT application has significantly enhanced existing audit functionality. eAudIT enables KPMG to deliver a highly

technically enabled audit. All of our staff have a searchable data base, Accounting Research Online, that includes all published accounting standards, the KPMG Audit Manual Guidance as well as other relevant sector specific publications, such as the Audit Commission's *Code of Audit Practice*.



Recruitment, development and assignment of appropriately qualified personnel: One of the key drivers of audit quality is assigning professionals appropriate to the Authority's risks. We take great care to assign the right people to the right clients based on a number of factors including their skill set, capacity and relevant experience.

We have a well developed technical infrastructure across the firm that puts us in a strong position to deal with any emerging issues. This includes:

- A national public sector technical director who has responsibility for co-ordinating our response to emerging accounting issues, influencing accounting bodies (such as CIPFA) as well as acting as a sounding board for our auditors.

- A national technical network of public sector audit professionals is established that meets on a monthly basis and is chaired by our national technical director.

- All of our staff have a searchable data base, Accounting Research Online, that includes all published accounting standards, the KPMG Audit Manual Guidance as well as other relevant sector specific publications, such as the Audit Commission's *Code of Audit Practice*.

- A dedicated Department of Professional Practice comprised of over 100 staff that provide support to our audit teams and deliver our web-based quarterly technical training.

We continually focus on delivering a high quality audit.

This means building robust quality control procedures into the core audit process rather than bolting them on at the end, and embedding the right attitude and approaches into management and staff.

Quality must build on the foundations of well trained staff and a robust methodology.

Commitment to technical excellence and quality service delivery:

Our professionals bring you up- the-minute and accurate technical solutions and together with our specialists are capable of solving complex audit issues and delivering valued insights.

Our audit team draws upon specialist resources including Forensic, Corporate Finance, Transaction Services, Advisory, Taxation, Actuarial and IT. We promote technical excellence and quality service delivery through training and accreditation, developing business understanding and sector knowledge, investment in technical support, development of specialist networks and effective consultation processes.

Performance of effective and efficient audits: We understand that how an audit is conducted is as important as the final result. Our drivers of audit quality maximise the performance of the engagement team during the conduct of every audit. We expect our people to demonstrate certain key behaviors in the performance of effective and efficient audits. The key behaviors that our auditors apply throughout the audit process to deliver effective and efficient audits are outlined below:

- timely Engagement Lead and manager involvement;
- critical assessment of audit evidence;
- exercise of professional judgment and professional scepticism;
- ongoing mentoring and on the job coaching, supervision and review;
- appropriately supported and documented conclusions;
- if relevant, appropriate involvement of the Engagement Quality Control reviewer (EQC review);
- clear reporting of significant findings;
- insightful, open and honest two-way communication with those charged with governance; and
- client confidentiality, information security and data privacy.

Commitment to continuous improvement: We employ a broad range of mechanisms to monitor our performance, respond to feedback and understand our opportunities for improvement.

Our quality review results

We are able to evidence the quality of our audits through the results of Audit Commission reviews. The Audit Commission publishes information on the quality of work provided by KPMG (and all other firms) for audits undertaken on behalf of them (<http://www.audit-commission.gov.uk/audit-regime/audit-quality-review-programme/principal-audits/kpmg-audit-quality>).

The latest Annual Regulatory Compliance and Quality Report (issued June 2014) showed that we are meeting the Audit Commission's overall audit quality and regularity compliance requirements.

Appendix 3 : Assessment of fraud risk

We are required to consider fraud and the impact that this has on our audit approach.

We will update our risk assessment throughout the audit process and adapt our approach accordingly.

Managements responsibilities

- Adopt sound accounting policies.
- With oversight from those charged with governance, establish and maintain internal control, including controls to prevent, deter and detect fraud.
- Establish proper tone/culture/ethics.
- Require periodic confirmation by employees of their responsibilities.
- Take appropriate action in response to actual, suspected or alleged fraud.
- Disclose to Scrutiny Committee for Audit, Best Value and Community Services and auditors:
 - any significant deficiencies in internal controls.
 - any fraud involving those with a significant role in internal controls.

KPMG's identification of fraud risk factors

- Review of accounting policies.
- Results of analytical procedures.
- Procedures to identify fraud risk factors.
- Discussion amongst engagement personnel.
- Enquiries of management, Scrutiny Committee for Audit, Best Value and Community Services, and others.
- Evaluate controls that prevent, deter, and detect fraud.

KPMG's response to identified fraud risk factors

- Accounting policy assessment.
- Evaluate design of mitigating controls.
- Test effectiveness of controls.
- Address management override of controls.
- Perform substantive audit procedures.
- Evaluate all audit evidence.
- Communicate to Scrutiny Committee for Audit, Best Value and Community Services and management.

KPMG's identified fraud risk factors

- We will monitor the following areas throughout the year and adapt our audit approach accordingly.
 - Revenue recognition.
 - Management override of controls.

The Audit Commission will be writing to audited bodies and other stakeholders in the coming months with more information about the transfer of the Commissions' regulatory and other functions.

From 1 April 2015 a transitional body, Public Sector Audit Appointments Limited (PSAA), established by the Local Government Association (LGA) as an independent company, will oversee the Commission's audit contracts until they end in 2017 (or 2020 if extended by DCLG). PSAA's responsibilities will include setting fees, appointing auditors and monitoring the quality of auditors' work. The responsibility for making arrangements for publishing the Commission's value for money profiles tool will also transfer to PSAA.

From 1 April 2015, the Commission's other functions will transfer to new organisations:

- responsibility for publishing the statutory Code of Audit Practice and guidance for auditors will transfer to the National Audit Office (NAO) for audits of the accounts from 2015/16;
- the Commission's responsibilities for local value for money studies will also transfer to the NAO; and
- the National Fraud Initiative (NFI) will transfer to the Cabinet Office.



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Report to: **Audit, Best Value and Community Services Scrutiny Committee**

Date: **17 March 2015**

By: **Chief Operating Officer**

Title of report: **External Audit Plan for East Sussex Pension Fund 2014/15**

Purpose of report: **To inform the Committee of the content of the Pension Fund external audit plan for 2014/15**

RECOMMENDATIONS

The Committee is recommended to consider and comment upon the External Audit Plan for the East Sussex Pension Fund for 2014/15.

1. Background

1.1 The Plan confirms the core external audit fee as £26,607. This is unchanged from the 2013/14 fee. The fee is based on a number of assumptions, including the Council providing the auditors with complete and materially accurate financial statements, with good quality supporting working papers, within agreed timeframes. The audit fee is charged to the Pension Fund and not to the Council itself.

2. Supporting Information

2.1 The attached Pension Fund external audit plan set out in more detail the work the external auditors will conduct in order to audit the Pension Fund's 2014/15 accounts. The Plan now reflects any relevant issues that have arisen as a result of the audit of the 2013/14 Pension Fund accounts and other work carried out by KPMG.

2.2 KPMG initial assessment has not identified any significant risks that are specific to the Pension Fund. Areas of audit focus either due to their size, level of judgement or their influence on other balances within the financial statements are:

- LGPS reform and corresponding accounting treatment
- Management override of controls

3. Conclusion and reasons for recommendations

3.1 KPMG overall audit approach remains similar to last year with no fundamental changes. Officers will continue to liaise with KPMG to ensure that their work is delivered as efficiently and effectively as possible and that internal and external audit plans are complementary and make best use of audit resources. The Plan will be reported to the Governance Committee (the parent committee for the Pension Fund) for approval on 21 April 2015.

KEVIN FOSTER
Chief Operating Officer

Contact Officer: Ola Owolabi, Head of Accounts and Pensions
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Local Member(s): All
Background Documents
None

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External Audit Plan 2014/15

East Sussex County Council Pension Fund

March 2015

The contacts at KPMG in connection with this report are:

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Report Sections	Page	Appendices	Page
■ Introduction	2	1. Independence and objectivity requirements	15
■ Headlines	3	2. Quality assurance and technical capacity	16
■ Our audit approach	4	3. Assessment of Fraud Risk	18
■ Key audit risks	10	4. Transfer of Audit Commissions functions	19
■ Audit team, deliverables, timeline and fees	11		

This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. The Audit Commission has issued a document entitled *Statement of Responsibilities of Auditors and Audited Bodies*. This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. We draw your attention to this document which is available on the Audit Commission's website at www.audit-commission.gov.uk.

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Philip Johnstone, the appointed engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact Trevor Rees on 0161 246 4000, or by email to trevor.rees@kpmg.co.uk, who is the national contact partner for all of KPMG's work with the Audit Commission. After this, if you are still dissatisfied with how your complaint has been handled you can access the Audit Commission's complaints procedure. Put your complaint in writing to the Complaints Unit Manager, Audit Commission, 1st Floor, Fry Building, 2 Marsham Street, London, SW1P 4DF or by email to complaints@audit-commission.gsi.gov.uk. Their telephone number is 03034448330.

**This document describes
how we will deliver our audit
work for East Sussex County
Council Pension Fund.**

Scope of this report

This document supplements our *Audit Fee Letter 2014/15* presented to you on April 29 2014. It describes how we will deliver our financial statements audit work for East Sussex County Council Pension Fund ('the Pension Fund').

We are required to satisfy ourselves that your accounts comply with statutory requirements and that proper practices have been observed in compiling them. We use a risk based audit approach.

The audit planning process and risk assessment is an on-going process and the assessment and fees in this plan will be kept under review and updated if necessary

Statutory responsibilities

Our statutory responsibilities and powers are set out in the *Audit Commission Act 1998* and the Audit Commission's *Code of Audit Practice*.

The Audit Commission will close at 31 March 2015. However, our audit responsibilities under the *Audit Commission Act 1998* and the *Code of Audit Practice* in respect of the 2014/15 financial year remain unchanged.

The *Code of Audit Practice* summarises our responsibilities, requiring us to audit/review and report on your financial statements, providing an opinion on your accounts.

The Audit Commission's *Statement of Responsibilities of Auditors and Audited Bodies* sets out the respective responsibilities of the auditor and the Authority.

The Audit Commission will cease to exist on 31 March 2015. Details of the new arrangements are set out in Appendix 4. The Authority can expect further communication from the Audit Commission and its successor bodies as the new arrangements are established. This plan restricts itself to reference to the existing arrangements.

Structure of this report

This report is structured as follows:

- Section 2 includes our headline messages, including any key risks identified this year for the financial statements audit.
- Section 3 describes the approach we take for the audit of the financial statements.
- Section 4 provides information on the audit team, our proposed deliverables, the timescales and fees for our work.

Acknowledgements

We would like to take this opportunity to thank officers and Members for their continuing help and co-operation throughout our audit work.

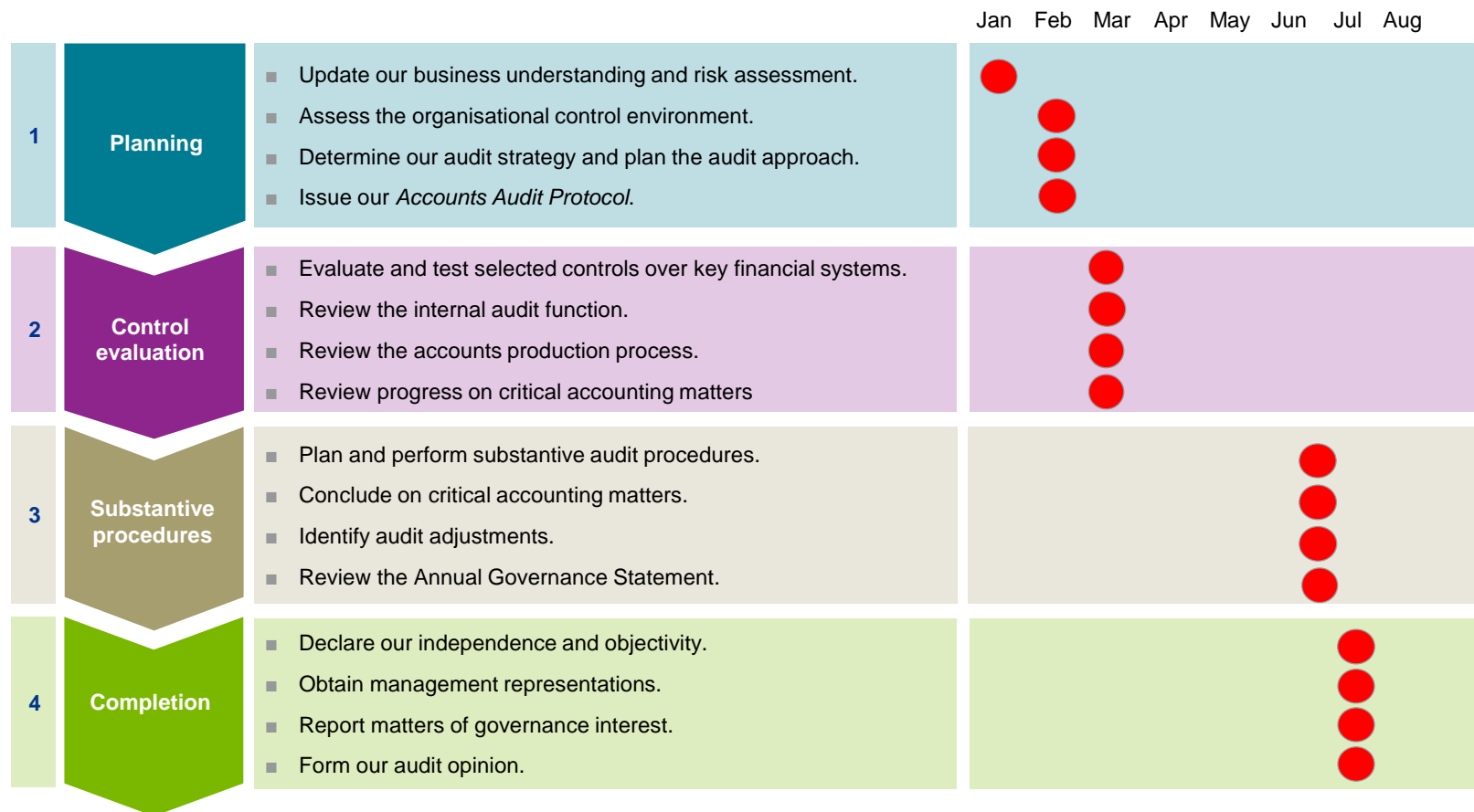
<p>Audit approach</p>	<p>Our overall audit approach remains similar to last year with no fundamental changes. Our work is carried out in four stages and the timings for these, and specifically our on site work, have been agreed with Marion Kelly, Chief Finance Officer and her team.</p> <p>Our audit strategy and plan remain flexible as risks and issues change throughout the year. We will review the initial assessments presented in this document throughout the year and should any new risks emerge we will evaluate these and respond accordingly.</p>
<p>Key financial statements audit risks for the Pension Fund</p>	<p>Our initial risk assessment for the Pension Fund's financial statements audit has identified the following additional significant risk:</p> <ul style="list-style-type: none"> ■ LGPS reform and corresponding accounting treatment <p>We have described this in more detail on page 10. We will assess the Pension Fund's progress in addressing these risk areas as part of our interim work and conclude this work at year end.</p>
<p>Audit team, deliverables, timeline and fees</p>	<p>We have refreshed our audit team this year with Philip Johnstone replacing Tamas Wood as the Engagement Director and Charlotte Goodrich replacing Grant Slessor as the Engagement Manager. Scott Walker will continue as the Assistant Manager for the audit. The same engagement team also undertake the audit of the Authority.</p> <p>Our main year end audit is currently planned to commence on 8 June 2015. Upon conclusion of our work we will present our findings to you in our <i>Report to Those Charged with Governance (ISA 260 Report)</i>.</p> <p>The planned fee for the 2014/15 audit £26,607 for the Pension Fund financial statements. This is unchanged from the position set out in our <i>Audit Fee Letter 2014-15</i>.</p>

We undertake our work on your financial statements in four key stages during 2015:

- **Planning** (February to March).
- **Control Evaluation** (March).
- **Substantive Procedures** (June to July).
- **Completion** (July).

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We have summarised the four key stages of our financial statements audit process for you below.



During February and March 2015 we complete our planning work.

We assess the key risks affecting the Fund’s financial statements and discuss these with officers.

We assess if there are any weaknesses in respect of central processes that would impact on our audit.

Our planning work takes place in February and March 2015. This involves the following aspects:

Planning

- Update our business understanding and risk assessment including fraud risk.
- Assess the organisational control environment.
- Determine our audit strategy and plan the audit approach.
- Issue our *Accounts Audit Protocol*.

Business understanding and risk assessment

We update our understanding of the fund’s operations and identify any areas that will require particular attention during our audit of the fund’s financial statements.

We identify the key risks including risk of fraud affecting the Pension Fund’s financial statements. These are based on our knowledge of the Fund, our sector experience and our ongoing dialogue with fund staff. Any risks identified to date through our risk assessment process are set out in this document. Our audit strategy and plan will, however, remain flexible as the risks and issues change throughout the year. It is the Fund’s responsibility to adequately address these issues. We encourage the Fund to raise any technical issues with us as early as possible so that we can agree the accounting treatment in advance of the audit visit.

We liaise regularly with the finance team to consider issues and how they are addressed during the financial year end closedown and accounts preparation.

Organisational control environment

Controls operated at an organisational level often have an impact on controls at an operational level and if there were weaknesses this would impact on our audit.

In particular risk management, internal control and ethics and conduct have implications for our financial statements audit. The scope of the relevant work of your internal auditors also informs our risk assessment.

Audit strategy and approach to materiality

Our audit is performed in accordance with International Standards on Auditing (ISAs) (UK and Ireland). The Engagement Lead sets the overall direction of the audit and decides the nature and extent of audit activities. We design audit procedures in response to the risk that the financial statements are materially misstated. The materiality level is a matter of professional judgement and is set by the Engagement Lead.

In accordance with ISA 320 (UK&I) ‘*Audit materiality*’, we plan and perform our audit to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. Information is considered material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial statements.

Further details on assessment of materiality is set out on page 6 of this document.

When we determine our audit strategy we set a monetary materiality level for planning purposes.

For 2014/15 we have set this at £49 million for the Pension Fund based on the prior year financial statements.

We will report all audit differences over £2.5 million for the Pension Fund to the Scrutiny Committee for Audit, Best Value and Community Services.

Materiality

The assessment of what is material is a matter of professional judgment and includes consideration of three aspects: materiality by value, nature and context.

- Material errors by value are those which are simply of significant numerical size to distort the reader's perception of the financial statements. Our assessment of the threshold for this depends upon the size of key figures in the financial statements, as well as other factors such as the level of public interest in the financial statements.
- Errors which are material by nature may not be large in value, but may concern accounting disclosures of key importance and sensitivity, for example the salaries of senior staff.
- Errors that are material by context are those that would alter key figures in the financial statements from one result to another – for example, errors that change successful performance against a target to failure.



Materiality for planning purposes has been set at £49 million, which equates to approximately 2 percent of gross expenditure.

We design our procedures to detect errors in specific accounts at a lower level of precision.

Reporting to the Audit Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any misstatements of lesser amounts to the extent that these are identified by our audit work.

Under ISA 260(UK&I) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK&I) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

ISA 450 (UK&I), 'Evaluation of misstatements identified during the audit', requires us to request that uncorrected misstatements are corrected.

In the context of the Pension Fund, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £2.5 million.

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit Committee to assist it in fulfilling its governance responsibilities.

During March 2015 we will complete our interim audit work.

We work with your finance team and the pensions team to enhance the efficiency of the accounts audit.

We will report any significant findings arising from our work to the Scrutiny Committee for Audit, Best Value and Community Services.

Our on site interim visit will be completed during March. During this time we will complete work in the following areas:

Control Evaluation

- Evaluate and test controls as appropriate over key financial systems identified as part of our risk assessment.
- Review the work undertaken by the internal audit function on controls relevant to our risk assessment.
- Review the accounts production process.
- Review progress on critical accounting matters.

Controls over key financial systems

We update our understanding of the Fund's key financial processes where our risk assessment has identified that these are relevant to our final accounts audit and where we have determined that this is the most efficient audit approach to take. We confirm our understanding by completing walkthroughs for these systems. We then test selected controls that address key risks within these systems. The strength of the control framework informs the substantive testing we complete during our final accounts visit.

Review of internal audit

During our audit we will seek to place reliance on the Fund's high level controls, and as part of our assessment of the overall control environment we will review and discuss the work carried out by Internal Audit.

Where any internal audit findings suggest weaknesses in key controls that could impact on significant account balances, we will adjust our approach to reflect these findings and where necessary perform additional testing to ensure that we can gain sufficient, appropriate audit evidence over those significant associated balances. We don't plan to rely directly on the work of Internal Audit.

Critical accounting matters

We will discuss the work completed to address the specific risks we identified at the planning stage. Wherever possible, we seek to review relevant workings and evidence and agree the accounting treatment as part of our interim work.

If there are any significant findings arising from our interim work we will report these to the Authority in advance of the year end financial statements audits of the Pension Fund.

During June and July 2015 we will be on site for our substantive work. We will conduct our work on the Authority at the same time.

We complete detailed testing of accounts and disclosures and conclude on critical accounting matters, such as specific risk areas. We then agree any audit adjustments required to the financial statements.

We will present our ISA 260 Report for the Pension Fund to the Scrutiny Committee for Audit, Best Value and Community Services in September 2015.

Our final accounts visit on site has been provisionally scheduled for June and July for the Pension Fund. During this time, we will complete the following work:

Substantive Procedures

- Plan and perform substantive audit procedures over the significant balances contained within the Pension Fund financial statements.
- Conclude on critical accounting matters.
- Identify and assess any audit adjustments.

Substantive audit procedures

We complete detailed testing on significant balances and disclosures. The extent of our work is determined by the Engagement Lead based on various factors such as our overall assessment of the Fund's control environment, the effectiveness of controls over individual systems and the management of specific risk factors.

Critical accounting matters

We conclude our testing of key risk areas identified at the planning stage and any additional issues that may have emerged since.

We will discuss our early findings of the Fund's approach to address the key risk areas with Marion Kelly, Chief Finance Officer, and her team in July 2015, prior to reporting to the Scrutiny Committee for Audit, Best Value and Community Services.

Audit adjustments

During our on site work, we will meet with Ola Owolabi, Head of Accounts and Pensions on a weekly basis to discuss the progress of the audit, any differences found and any other issues emerging.

At the end of our on site work, we will hold a closure meeting, where we will provide a schedule of audit differences and agree a timetable for the completion stage and the accounts sign off.

To comply with auditing standards, we are required to report uncorrected audit differences to the Scrutiny Committee for Audit, Best Value and Community Services. We also report any material misstatements which have been corrected and which we believe should be communicated to you to help you meet your governance responsibilities.

Pension Fund Annual Report

We also issue an opinion on the consistency of the Pension Fund's accounts included in the *Pension Fund Annual Report* with those included in the Statement of Accounts. We intend to issue this opinion at the same time as our opinion on the accounts.

We will communicate with you throughout the year, both formally and informally.

Independence and objectivity confirmation

Professional standards require auditors to communicate to those charged with governance, at least annually, all relationships that may bear on the firm's independence and the objectivity of the audit engagement partner and audit staff. The standards also place requirements on auditors in relation to integrity, objectivity and independence.

The standards define 'those charged with governance' as 'those persons entrusted with the supervision, control and direction of an entity'. In your case this is the Governance Committee.

KPMG LLP is committed to being and being seen to be independent. APB Ethical Standard 1 *Integrity, Objectivity and Independence* requires us to communicate to you in writing all significant facts and matters, including those related to the provision of non-audit services and the safeguards put in place, in our professional judgement, may reasonably be thought to bear on KPMG LLP's independence and the objectivity of the Engagement Lead and the audit team.

Appendix 1 provides further detail on auditors' responsibilities regarding independence and objectivity.

Confirmation statement

We confirm that as of February 2015 in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the Engagement Lead and audit team is not impaired.

Reporting and communication

Reporting is a key part of the audit process, not only in communicating the audit findings for the year, but also in ensuring the audit team are accountable to you in addressing the issues identified as part of the audit strategy. Throughout the year we will communicate with you through meetings with Chief Finance Officer, the Head of Accounts and Pensions and the Scrutiny Committee for Audit, Best Value and Community Services. Our deliverables are included on page 12.

In this section we set out our assessment of the significant risks to the audit of the Pension Fund's financial statements for 2014/15.

For each key risk area we have outlined the impact on our audit plan.

As for the Fund's financial statements, professional standards require us to consider two standard risks for all Pension Funds. As before, these are:

- Management override of controls – Management is typically in a powerful position to perpetrate fraud owing to its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Our audit methodology incorporates the risk of management override as a default significant risk. In line with our methodology, we carry out appropriate controls testing and substantive procedures, including over journal entries, accounting estimates and significant transactions that are outside the normal course of business, or are otherwise unusual.
- Fraudulent revenue recognition – We do not consider this to be a significant risk for pension funds as there are limited incentives and opportunities to manipulate the way income is recognised. We therefore rebut this risk and do not incorporate specific work into our audit plan in this area over and above our standard fraud procedures.

The table below sets out the significant risks we have identified through our planning work that are specific to the audit of the Pension Fund's financial statements for 2014/15.

We will revisit our assessment throughout the year and should any additional risks present themselves we will adjust our audit strategy as necessary.

Key audit risks	Impact on audit
<p>Audit areas affected</p> <ul style="list-style-type: none"> ■ Contributions ■ Benefits 	<p>The risk</p> <p>From 1 April 2014, all members of the LGPS have automatically joined the new career average defined benefit scheme. The new scheme provides more flexibility on when members can take their pension and also how much they pay in. There is a risk that pension administration systems have not been set up to correctly reflect the changes resulting from LGPS 2014 and will therefore not accurately calculate the pension benefits due to members. While any errors in the system are unlikely to result in material misstatements in 14/15, the possible cumulative effect in future years means that specific audit work is needed on ensuring that the changes required to the system have been accurately reflected.</p> <p>Our audit work</p> <p>We will review the controls and processes that the Pension Fund have put in place to accurately capture the data required by LGPS 2014. Our work will also focus on testing that the system has been set up to accurately calculate future benefit entitlement.</p>

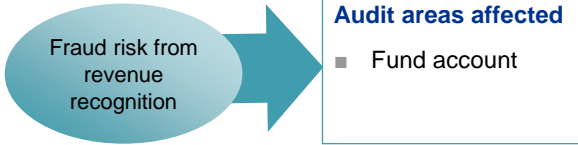

In this section we set out our assessment of the significant risks to the audit of the Pension Fund's financial statements for 2014/15.

For each key risk area we have outlined the impact on our audit plan.

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Significant risks that ISAs require us to raise	Impact on audit
	<p>The risk</p> <p>ISA 240 requires us to communicate the fraud risk from management override of controls as significant, because management is typically in a unique position to perpetrate fraud due to their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We have not identified any specific additional risks of management override relating to this audit.</p> <p>Our proposed audit work</p> <p>Our audit methodology incorporates the risk of management override as a default significant risk.</p> <p>In line with our methodology, we will carry out appropriate controls testing and substantive procedures, including over journal entries, accounting estimates and significant transactions that are outside the normal course of business, or are otherwise unusual.</p>

This section sets out the significant risks that ISA's require us to raise for the Authority.

Significant risks that ISAs require us to raise	Impact on audit
	<p>The risk</p> <p>Professional standards require us to make a rebuttable presumption that the fraud risk from revenue recognition is a significant risk.</p> <p>Our proposed audit work</p> <p>We do not consider this to be a significant risk for local authority pension funds as there are limited incentives and opportunities to manipulate the way income is recognised. We therefore rebut this risk and do not incorporate specific work into our audit plan in this area over and above our standard fraud procedures.</p>
	<p>The risk</p> <p>ISA 240 requires us to communicate the fraud risk from management override of controls as significant, because management is typically in a unique position to perpetrate fraud due to their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We have not identified any specific additional risks of management override relating to this audit.</p> <p>Our proposed audit work</p> <p>Our audit methodology incorporates the risk of management override as a default significant risk.</p> <p>In line with our methodology, we will carry out appropriate controls testing and substantive procedures, including over journal entries, accounting estimates and significant transactions that are outside the normal course of business, or are otherwise unusual.</p>

Your audit team has been drawn from our specialist public sector assurance department. Contact details are shown on page 1.

The audit team will be assisted by other KPMG specialists as necessary.

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Philip Johnstone
Director

“My role is to lead our team and ensure the delivery of a high quality, valued added external audit opinion.

I will be the main point of contact for the Pensions and the Scrutiny Committee for Audit, Best Value and Community Services and Executive Directors.”



Charlotte Goodrich
Manager

“I am responsible for the management, review and delivery of the whole audit and providing quality assurance for any technical accounting areas. I will work closely with Philip to ensure we add value. I will liaise with Marion Kelly Chief Finance Officer and Ola Owolabi, Head of Accounts and Pensions.”



Scott Walker
Assistant Manager

“I will be responsible for the on-site delivery of our work. I will liaise with the Finance and Internal Audit Teams. I will also supervise the work of our audit assistants.”

At the end of each stage of our audit we issue certain deliverables, including reports, statements and opinions.

Our key deliverables will be delivered to a high standard and on time.

We will discuss and agree each report as appropriate with the Fund's officers prior to publication.

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Deliverable	Purpose	Committee dates
Planning		
External Audit Plan	<ul style="list-style-type: none"> ■ Outlines our audit approach. ■ Identifies areas of audit focus and planned procedures. 	March 2015
Control evaluation and Substantive procedures		
Report to Those Charged with Governance (ISA 260 Report) – Pension Fund	<ul style="list-style-type: none"> ■ Details the resolution of key audit issues. ■ Communicates adjusted and unadjusted audit differences. ■ Highlights performance improvement recommendations identified during our audit. 	July 2015
Completion		
Auditor's Report	<ul style="list-style-type: none"> ■ Provides an opinion on the Pension Fund accounts 	July 2015
Pension Fund Annual Report	<ul style="list-style-type: none"> ■ We provide an opinion on the consistency of the Pension Fund annual report with the Pension Fund accounts 	July 2015
Annual Audit Letter	<ul style="list-style-type: none"> ■ Summarises the outcomes and the key issues arising from our audit work for the year. 	November 2015

We will be in continuous dialogue with you throughout the audit.

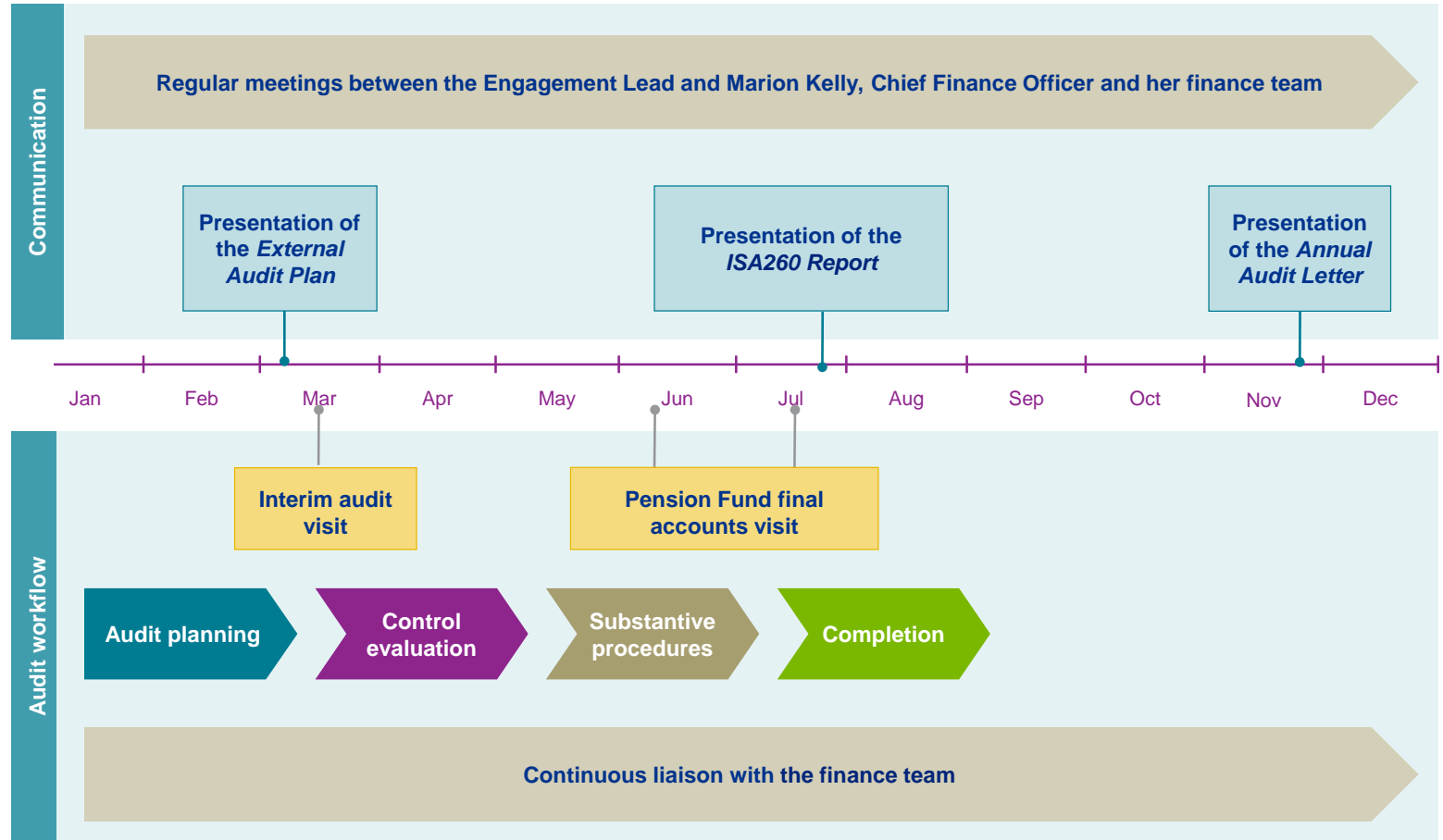
Key formal interactions with the Scrutiny Committee for Audit, Best Value and Community Services are:

- March – External Audit Plan;
- July – ISA 260 Report;
- November – Annual Audit Letter.

We work with the finance team throughout the year.

Our main work on site will be our:

- Interim audit visits during March.
- Final accounts audit during June and July for the Pension Fund.



Key: ● Audit Committee meetings.

The main fee for 2014/15 audit of the Pension Fund is £26,607. The fee has not changed from that set out in our *Audit Fee Letter 2014/15* issued in April 2014.

Our audit fee remains indicative and based on you meeting our expectations of your support.

Meeting these expectations will help the delivery of our audit within the proposed audit fee.

Audit fee

Our *Audit Fee Letter 2014/15* presented to you on April 29 2014 first set out our fees for the 2014/15 audit. We have not considered it necessary to make any changes to the agreed fees at this stage.

Element of the audit	2014/15 (planned)	2013/14 (actual)
Pension Fund audit fee	£26,607	£26,607

The fee for 2014/15 is £26,607. This is unchanged from the 2013/14 fee.

Audit fee assumptions

The fee is based on a number of assumptions, including that you will provide us with complete and materially accurate financial statements, with good quality supporting working papers, within agreed timeframes. It is imperative that you achieve this. If this is not the case and we have to complete more work than was envisaged, we will need to charge additional fees for this work. In setting the fee, we have assumed:

- the level of risk in relation to the audit of the financial statements is not significantly different from that identified for 2013/14;
- you will inform us of any significant developments impacting on our audit;
- you will identify and implement any changes required under the *CIPFA Code of Practice on Local Authority Accounting in the UK 2014/15* within your 2014/15 financial statements;
- you will comply with the expectations set out in our *Accounts Audit Protocol*, including:
 - the financial statements are made available for audit in line with the agreed timescales;
 - good quality working papers and records will be provided at the start of the final accounts audit;

- requested information will be provided within the agreed timescales;
- prompt responses will be provided to queries and draft reports;
- internal audit meets appropriate professional standards;
- internal audit adheres to our joint working protocol and completes appropriate work on all systems that provide material figures for the financial statements and we can place reliance on them for our audit; and
- additional work will not be required to address questions or objections raised by local government electors or for special investigations such as those arising from disclosures under the Public Interest Disclosure Act 1998.

Meeting these expectations will help ensure the delivery of our audit within the agreed audit fee.

The Audit Commission requires us to inform you of specific actions you could take to keep the audit fee low. Future audit fees can be kept to a minimum if the Authority achieves an efficient and well-controlled financial closedown and accounts production process which complies with good practice and appropriately addresses new accounting developments and risk areas.

Changes to the audit plan

Changes to this plan and the audit fee may be necessary if:

- new significant audit risks emerge;
- additional work is required of us by the Audit Commission or other regulators; and
- additional work is required as a result of changes in legislation, professional standards or financial reporting requirements.

If changes to this plan and the audit fee are required, we will discuss and agree these initially with Marion Kelly, Chief Finance Officer.

This appendix summarises auditors' responsibilities regarding independence and objectivity.

Independence and objectivity

Auditors are required by the Code to:

- carry out their work with independence and objectivity;
- exercise their professional judgement and act independently of both the Commission and the audited body;
- maintain an objective attitude at all times and not act in any way that might give rise to, or be perceived to give rise to, a conflict of interest; and
- resist any improper attempt to influence their judgement in the conduct of the audit.

In addition, the Code specifies that auditors should not carry out work for an audited body that does not relate directly to the discharge of the auditors' functions under the Code. If the Authority invites us to carry out risk-based work in a particular area, which cannot otherwise be justified to support our audit conclusions, it will be clearly differentiated as work carried out under section 35 of the Audit Commission Act 1998.

The Code also states that the Commission issues guidance under its powers to appoint auditors and to determine their terms of appointment. The Standing Guidance for Auditors includes several references to arrangements designed to support and reinforce the requirements relating to independence, which auditors must comply with. These are as follows:

- Auditors and senior members of their staff who are directly involved in the management, supervision or delivery of Commission-related work, and senior members of their audit teams should not take part in political activity.
- No member or employee of the firm should accept or hold an appointment as a member of an audited body whose auditor is, or is proposed to be, from the same firm. In addition, no member or employee of the firm should accept or hold such appointments at related bodies, such as those linked to the audited body through a strategic partnership.

- Audit staff are expected not to accept appointments as Governors at certain types of schools within the local authority.
- Auditors and their staff should not be employed in any capacity (whether paid or unpaid) by an audited body or other organisation providing services to an audited body whilst being employed by the firm.
- Firms are expected to comply with the requirements of the Commission's protocols on provision of personal financial or tax advice to certain senior individuals at audited bodies, independence considerations in relation to procurement of services at audited bodies, and area wide internal audit work.
- Auditors appointed by the Commission should not accept engagements which involve commenting on the performance of other Commission auditors on Commission work without first consulting the Commission.
- Auditors are expected to comply with the Commission's policy for the Engagement Lead to be changed on a periodic basis.
- Audit suppliers are required to obtain the Commission's written approval prior to changing any Engagement Lead in respect of each audited body.
- Certain other staff changes or appointments require positive action to be taken by Firms as set out in the standing guidance.

Appendix 2: KPMG Audit Quality Framework

We continually focus on delivering a high quality audit.

This means building robust quality control procedures into the core audit process rather than bolting them on at the end, and embedding the right attitude and approaches into management and staff.

KPMG's Audit Quality Framework consists of seven key drivers combined with the commitment of each individual in KPMG.

The diagram summarises our approach and each level is expanded upon.

At KPMG we consider audit quality is not just about reaching the right opinion, but how we reach that opinion. KPMG views the outcome of a quality audit as the delivery of an appropriate and independent opinion in compliance with the auditing standards. It is about the processes, thought and integrity behind the audit report. This means, above all, being independent, compliant with our legal and professional requirements, and offering insight and impartial advice to you, our client.

KPMG's Audit Quality Framework consists of seven key drivers combined with the commitment of each individual in KPMG. We use our seven drivers of audit quality to articulate what audit quality means to KPMG.

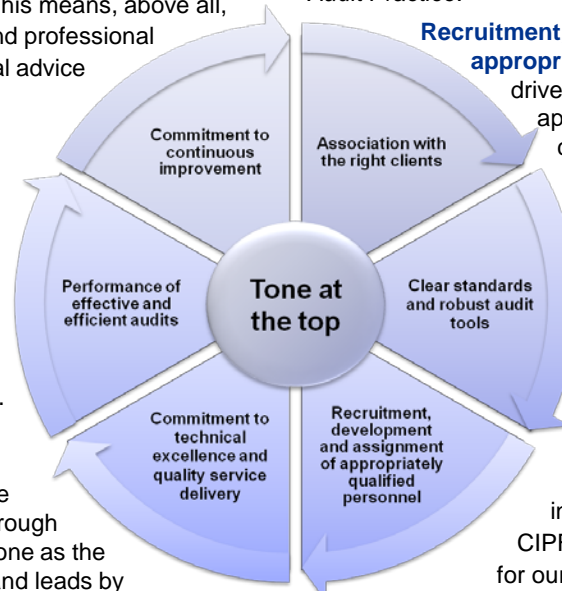
We believe it is important to be transparent about the processes that sit behind a KPMG audit report, so you can have absolute confidence in us and in the quality of our audit.

Tone at the top: We make it clear that audit quality is part of our culture and values and therefore non-negotiable. Tone at the top is the umbrella that covers all the drives of quality through a focused and consistent voice. Philip Johnstone as the Engagement Lead sets the tone on the audit and leads by example with a clearly articulated audit strategy and commits a significant proportion of his time throughout the audit directing and supporting the team.

Association with right clients: We undertake rigorous client and engagement acceptance and continuance procedures which are vital to the ability of KPMG to provide high-quality professional services to our clients.

Clear standards and robust audit tools: We expect our audit professionals to adhere to the clear standards we set and we provide a range of tools to support them in meeting these expectations. The global rollout of KPMG's eAudIT application has significantly enhanced existing audit functionality. eAudIT enables KPMG to deliver a highly

technically enabled audit. All of our staff have a searchable data base, Accounting Research Online, that includes all published accounting standards, the KPMG Audit Manual Guidance as well as other relevant sector specific publications, such as the Audit Commission's *Code of Audit Practice*.



Recruitment, development and assignment of appropriately qualified personnel: One of the key drivers of audit quality is assigning professionals appropriate to the Authority's risks. We take great care to assign the right people to the right clients based on a number of factors including their skill set, capacity and relevant experience.

We have a well developed technical infrastructure across the firm that puts us in a strong position to deal with any emerging issues. This includes:

- A national public sector technical director who has responsibility for co-ordinating our response to emerging accounting issues, influencing accounting bodies (such as CIPFA) as well as acting as a sounding board for our auditors.
- A national technical network of public sector audit professionals is established that meets on a monthly basis and is chaired by our national technical director.
- All of our staff have a searchable data base, Accounting Research Online, that includes all published accounting standards, the KPMG Audit Manual Guidance as well as other relevant sector specific publications, such as the Audit Commission's *Code of Audit Practice*.
- A dedicated Department of Professional Practice comprised of over 100 staff that provide support to our audit teams and deliver our web-based quarterly technical training.

We continually focus on delivering a high quality audit.

This means building robust quality control procedures into the core audit process rather than bolting them on at the end, and embedding the right attitude and approaches into management and staff.

Quality must build on the foundations of well trained staff and a robust methodology.

Commitment to technical excellence and quality service delivery:

Our professionals bring you up- the-minute and accurate technical solutions and together with our specialists are capable of solving complex audit issues and delivering valued insights.

Our audit team draws upon specialist resources including Forensic, Corporate Finance, Transaction Services, Advisory, Taxation, Actuarial and IT. We promote technical excellence and quality service delivery through training and accreditation, developing business understanding and sector knowledge, investment in technical support, development of specialist networks and effective consultation processes.

Performance of effective and efficient audits: We understand that how an audit is conducted is as important as the final result. Our drivers of audit quality maximise the performance of the engagement team during the conduct of every audit. We expect our people to demonstrate certain key behaviors in the performance of effective and efficient audits. The key behaviors that our auditors apply throughout the audit process to deliver effective and efficient audits are outlined below:

- timely Engagement Lead and manager involvement;
- critical assessment of audit evidence;
- exercise of professional judgment and professional scepticism;
- ongoing mentoring and on the job coaching, supervision and review;
- appropriately supported and documented conclusions;
- if relevant, appropriate involvement of the Engagement Quality Control reviewer (EQC review);
- clear reporting of significant findings;
- insightful, open and honest two-way communication with those charged with governance; and
- client confidentiality, information security and data privacy.

Commitment to continuous improvement: We employ a broad range of mechanisms to monitor our performance, respond to feedback and understand our opportunities for improvement.

Our quality review results

We are able to evidence the quality of our audits through the results of Audit Commission reviews. The Audit Commission publishes information on the quality of work provided by KPMG (and all other firms) for audits undertaken on behalf of them (<http://www.audit-commission.gov.uk/audit-regime/audit-quality-review-programme/principal-audits/kpmg-audit-quality>).

The latest Annual Regulatory Compliance and Quality Report (issued June 2014) showed that we are meeting the Audit Commission's overall audit quality and regularity compliance requirements.

We are required to consider fraud and the impact that this has on our audit approach.

We will update our risk assessment throughout the audit process and adapt our approach accordingly.

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Managements responsibilities

- Adopt sound accounting policies.
- With oversight from those charged with governance, establish and maintain internal control, including controls to prevent, deter and detect fraud.
- Establish proper tone/culture/ethics.
- Require periodic confirmation by employees of their responsibilities.
- Take appropriate action in response to actual, suspected or alleged fraud.
- Disclose to Scrutiny Committee for Audit, Best Value and Community Services and auditors:
 - any significant deficiencies in internal controls.
 - any fraud involving those with a significant role in internal controls.

KPMG's identification of fraud risk factors

- Review of accounting policies.
- Results of analytical procedures.
- Procedures to identify fraud risk factors.
- Discussion amongst engagement personnel.
- Enquiries of management, Scrutiny Committee for Audit, Best Value and Community Services, and others.
- Evaluate controls that prevent, deter, and detect fraud.

KPMG's response to identified fraud risk factors

- Accounting policy assessment.
- Evaluate design of mitigating controls.
- Test effectiveness of controls.
- Address management override of controls.
- Perform substantive audit procedures.
- Evaluate all audit evidence.
- Communicate to Scrutiny Committee for Audit, Best Value and Community Services and management.

KPMG's identified fraud risk factors

- We will monitor the following areas throughout the year and adapt our audit approach accordingly.
 - Revenue recognition.
 - Management override of controls.

The Audit Commission will be writing to audited bodies and other stakeholders in the coming months with more information about the transfer of the Commissions' regulatory and other functions.

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From 1 April 2015 a transitional body, Public Sector Audit Appointments Limited (PSAA), established by the Local Government Association (LGA) as an independent company, will oversee the Commission's audit contracts until they end in 2017 (or 2020 if extended by DCLG). PSAA's responsibilities will include setting fees, appointing auditors and monitoring the quality of auditors' work. The responsibility for making arrangements for publishing the Commission's value for money profiles tool will also transfer to PSAA.

From 1 April 2015, the Commission's other functions will transfer to new organisations:

- responsibility for publishing the statutory Code of Audit Practice and guidance for auditors will transfer to the National Audit Office (NAO) for audits of the accounts from 2015/16;
- the Commission's responsibilities for local value for money studies will also transfer to the NAO; and
- the National Fraud Initiative (NFI) will transfer to the Cabinet Office.



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Report to: **Audit, Best Value and Community Services Scrutiny Committee**

Date: **17 March 2015**

By: **Chief Operating Officer**

Title of report: **External Audit Report on grant claim and returns certification for the year ended 31 March 2014**

Purpose of report: **To report to the Committee the external auditor's findings from grant certification work for the financial year 2013/14 in line with the requirements of the Audit Commission**

RECOMMENDATIONS

The Committee is recommended to note the report.

1. Background

- 1.1 KPMG carried out certification work on the TRA11 – Local Transport Plan Major Projects claim during the year at a cost of £1,467 to the Council.

2. Supporting Information

- 2.1 The Audit Commission requires all local authority external auditors to provide a summary report on grant claim that they have audited during the year, to those charged with governance by 31 March. The attached report from the County Council's external auditors KPMG covers a grant relating to the financial year 2013/14, and audited during 2014/15.
- 2.2 Members will note that the external auditor is positive about the Council's processes for grant certification and makes no recommendations for improvement.

3. Conclusion and reasons for recommendations

- 3.1 KPMG undertake grant claim and return certification as an agent of the Audit Commission, in accordance with Certification Instructions issued by the Audit Commission. The audit did not identify any matters which require reporting to members. No amendments were made to the grant claim and no qualification letter was issued.

KEVIN FOSTER
Chief Operating Officer

Contact Officer: Ola Owolabi, Head of Accounts and Pensions
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Local Member(s): All

Background Documents
None

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Private & confidential

Members of the Audit, Best Value and
 Community Services Scrutiny Committee
 East Sussex County Council
 County Hall
 St Anne's Crescent
 Lewes
 East Sussex BN7 1UE

Our ref CG/588/ESCC

17 February 2015

Dear Members

Certification of claims and returns - annual report 2013/14

The Audit Commission requires its external auditors to prepare an annual report on the claims and returns it certifies for each client. This letter is our annual report for the certification work we have undertaken for 2013/14 for those grants certified under the Audit Commission's certification regime.

In 2013/14 we carried out certification work on the TRA11 – Local Transport Plan Major Projects claim (certified value: £34,111,011).

Matters arising

Our certification work did not identify any issues or errors with the claim, and we certified the claim unqualified without amendment.

Consequently we have made no recommendations to the Authority to improve its claims completion process and there are no further matters to report to you regarding our certification work.

Certification work fees

The Audit Commission set an indicative fee for our certification work in 2013/14 of £0. This is because the Audit Commission sets scale fees for grants certification based on the level of work undertaken two years previously, and the TRA11 claim was not required to be certified in 2011/12. The fee which we have agreed with the Authority and the Audit Commission for this work is £1,467, which has been agreed through the Audit Commission's fee variation process.



Yours sincerely

A handwritten signature in blue ink that reads 'Tamas Wood'.

Tamas Wood

Director, *KPMG LLP*

Report to: **Audit, Best Value and Community Services Scrutiny Committee**
Date: **17 March 2015**
By: **Chief Operating Officer, Business Services Department**
Title of report: **Internal Audit Progress Report – Quarter 3 (01/10/14 – 31/12/14)**
Purpose of report: **To provide Members with a summary of the key audit findings, progress on delivery of the audit plan and the performance of the internal audit service during Quarter 3.**

RECOMMENDATIONS

- 1. Members are recommended to consider and agree any action that should be taken in response to the issues raised in any of the audits carried out during Quarter 3;**
 - 2. Identify any new or emerging risks for consideration for inclusion in the internal audit plan.**
-

1. Background

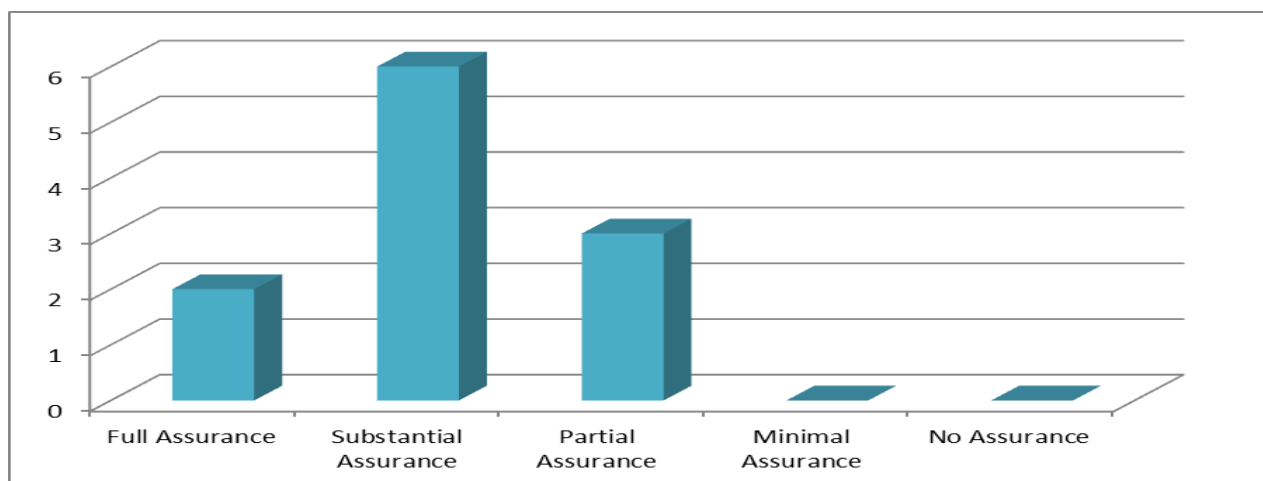
1.1 This progress report covers work completed between 1 October 2014 and 31 December 2014 and follows previous update reports relating to quarters 1 and 2 of 2014/15.

2. Supporting Information

2.1 The current annual plan for internal audit is contained within the Internal Audit Strategy and Annual Plan 2014-15. This was prepared after consulting Chief Officers and senior managers and was endorsed by Audit, Best Value and Community Services Scrutiny Committee (10 June 2014) and Cabinet (01 July 2014).

3. Conclusion and Reasons for Recommendation

3.1 Key audit findings from final reports issued during Quarter 3 are summarised in Appendix A.



3.2 Overall, of the 11 formal audits completed, 2 received a 'full assurance' opinion, 6 received 'substantial assurance' (2 of which related to schools) and 3 received 'partial assurance'. It is pleasing to report that none of the reviews completed during this most recent period have resulted in audit opinions of 'minimal' or 'no' assurance. In the three instances of partial assurance being given (SAP Security and Administration, ICT Change Control, Patch and

Release Management and School Funds), we have obtained a commitment from management to address the required actions as a priority and will be undertaking further follow-ups in due course to ensure that this takes place.

3.3 Whilst the same range of internal audit opinions are issued for all audit assignments, it is necessary to also consider the level of risk associated with each area under review when drawing an opinion on the Council's overall control environment. **Taking into account these considerations, the Head of Assurance continues to be able to provide reasonable assurance that the Council has in place an effective framework of governance, risk management and internal control.**

3.4 The overall conclusion has been drawn based on all audit work completed in the year to date and takes into account the management response to recommendations raised and the level of progress in subsequent implementation.

3.5 Since our previous report to this committee, further action has been agreed in order to strengthen the financial governance in schools. Specifically, one off funding has been secured in order to develop and deliver a comprehensive training programme for governors, headteachers and school business managers. This training will be developed jointly between BSD Finance, Internal Audit and Children's Services and will be supplemented with an extended programme of school audits. The audit programme will be based on a random sample of schools across the County with the objective of assessing the current standards of financial governance, which can then be followed by a similar exercise, once the training has been rolled out, in order to assess its impact and effectiveness.

3.6 Formal follow up reviews continue to be carried out for all audits where either 'minimal' or 'no assurance' opinions have been given and for all higher risk areas receiving 'partial' assurance. In addition, arrangements are in place to monitor implementation of all individual high risk recommendations and at the time of writing this report, all recommendations due had been implemented.

3.7 Members will recall that flexibility was built into the audit plan to allow resources to be directed to any new and emerging risks. We continue to liaise with departments to identify these but would also welcome input from this committee. Details of those reviews added and removed from the plan so far this year are set out at the end of Appendix A.

3.8 Progress against agreed performance targets (focussing on quality / customer satisfaction, compliance with professional standards, and cost / coverage) can be found in Appendix C. The majority of targets have been assessed as on target (Green), with the exception of delivery of 90% of the annual audit plan by 31 March 2015. Whilst this is the case, it is important to highlight that at the time of writing this report, a total of eleven audit reports had been produced in draft and were with clients awaiting imminent finalisation. These have not been taken in account when producing the results for quarter 3 so we remain confident of achieving the 90% plan completion target by 31 March 2015.

KEVIN FOSTER, BUSINESS SERVICES DEPARTMENT

Contact Officers: Russell Banks, Head of Assurance Tel No. 01273 481447

BACKGROUND DOCUMENTS: Internal Audit Strategy and Annual Plan 2014-15

Summary of Key Audit Findings

Treasury Management

The purpose of this audit was to review and assess controls employed by management to ensure the effective management of risk to the County Council's financial assets (cash). This included a review of controls around the use of Natwest Bankline for the online movement of funds.

Overall, we found that Treasury Management controls continue to be robust and we were able to provide a **full assurance** opinion. Two minor issues arose during the audit regarding the maintaining of appropriate segregation of duties (especially as the Council moves towards Agile working arrangements) and security controls around the cash flow spreadsheet. The recommendations relating to these areas are due to be implemented in full by January 2015.

Pension Fund Governance and Strategy

ESCC has a statutory responsibility to administer and manage the East Sussex Pension Fund. The scheme provides retirement benefits for County Council employees and also for employees of Brighton & Hove City Council, the five borough and district councils in East Sussex, together with various other scheduled and admitted bodies. Responsibility for the overall direction of the Fund's investment policy lies with the Pension Fund Investment Panel (PFIP). Day to day management of the investments has been delegated to external fund managers, who report to the PFIP quarterly on their activities.

The introduction of the Public Service Pensions Act 2013 is resulting in a number of changes to local government pensions' governance arrangements. From April 2015, a Local Pensions Board will have to be in place, supported by a Pensions Committee. These will replace the Pension Fund Investment Panel and the role carried out by the Governance Committee. A timetable has been drawn up to make these changes, including the appointment of Pension Board members.

Overall, we were able to provide an opinion of **full assurance** in relation to the system of internal control for pension fund governance and strategy. Whilst this is the case, we have found it necessary to repeat a small number of recommendations arising from our previous audit which had still to be implemented in full. In doing so, we acknowledge that these are of a low risk nature and that management attention has been focussed on preparing for the upcoming changes referred to above.

SAP Security and Administration

SAP is the Council's main accounting and financial system and it is therefore essential that the risks in relation to security and administration are managed effectively. A failure to properly control access rights and security could result in financial loss and unauthorised access to sensitive data. Inadequate control could also lead to reputational damage and potential fines/litigation where there is non-compliance with data protection laws.

Overall, our work identified a number of opportunities for improvement which would help to reduce the risk exposure to the Council. An audit opinion of **partial assurance** was therefore provided, with the main areas for improvement relating to:

- enhancing overall governance of the SAP security and administration control environment, which was found to be somewhat diluted due to a fragmentation of responsibilities between different teams;
- ensuring that appropriate mechanisms are in place to manage and monitor the allocation and use of the many SAP roles and transactions that exist and the division of duty conflicts that can occur within these;
- reviewing SAP workflow levels and approval responsibilities to ensure their continued appropriateness to the business;
- ensuring that the audit trail policy around key data items and retention periods is adequate and properly implemented.

Recommendations relating to these and other areas were agreed in full with management. In all cases, these are due to be implemented by 31 March 2015 and will be followed up by Internal Audit as part of our 2015/16 annual audit plan. It should be noted that, in the case of the overall governance weaknesses referred to above, an alignment of SAP teams has already taken place which has served to address the issues raised.

ICT Change Control, Patch and Release Management

Change, patch and release management processes and procedures are key areas within any ICT division and affect the efficient and effective running of ICT services. Such procedures are designed to preserve the integrity and stability of information systems and incorporate processes to identify, assess, improve and implement changes to these.

This audit reviewed the controls in place in relation to change, patch and release management, with specific focus on how well the Council is performing compared to the Information Technology Infrastructure Library (ITIL) best practice approach to ICT service management. This is a widely accepted framework to help organisations assess, improve and develop ICT service management.

Overall, and despite a number of areas of good practice being identified, a **partial assurance** audit opinion was provided due to improvement in various areas being required. In summary, these relate to:

- developing and documenting formal operational procedures for defining, designing, building and rolling out releases to the Council;
- establishing clear roles and responsibilities for release management;
- establishing operational procedures for software release and distribution;
- assessing, documenting and approving back-out plans (the processes required to restore a system to its original or earlier state in the event of a failed or aborted implementation), test plans and acceptance criteria for all release management activities;
- ensuring there is a defined process to collate information regarding software licences, where there is currently a risk that unlicensed software may not be identified.

The review also highlighted the need to review and update the change management policy on an annual basis to ensure it is up-to-date, relevant and fit-for-purpose, and also to ensure that all changes are properly scheduled so that the business is not unduly disrupted.

All of the recommendations made as part of this review were agreed with management. In relation to the specific issues around release management, management have confirmed that with immediate effect, all releases will be subject to the formal change management process until such a time that release management has been formally differentiated from the change management process. In terms of this and also the need for closer alignment with the ITIL framework, ICT Services are going through a period of review and envisage new processes and improved compliance with best practice will be achieved during the course of 2015/16.

Purchasing Cards

Purchasing cards (P-Cards) are used at the County Council to allow employees more flexibility when purchasing goods and services via the internet or from local suppliers. They can also enable more efficient and better value purchasing. As of September 2014, there were approximately 530 P-Card holders across the Council, including schools.

The purpose of this audit was to provide assurance that P-Cards are only issued to appropriately authorised and trained staff and are used only to purchase goods and services that are wholly, exclusively and necessary for the use of the Council, and offer best value. The scope of our work incorporated transactions carried out between April 2013 and September 2014, during which over 31,000 P-card transactions took place, amounting to expenditure of £2.7m.

Overall, we found the P-Card control framework to be robust, particularly in relation to the issuing of cards and the provision of appropriate training. We were, therefore, able to provide an opinion of **substantial assurance**.

However, we also identified opportunities to strengthen the P-Card monitoring and review process, specifically in relation to ensuring that purchases are only made in accordance with policy. Detailed transaction testing identified a number of instances where transactions were potentially in breach of policy and have therefore been referred back to departments for clarification as to the specific nature of the purchases and the basis on which they were subsequently approved. This work is ongoing, but in the meantime, all P-Card users and reviewing managers have been reminded of the need to ensure all purchases comply with Council policies and procedures.

THRIVE Programme

Thrive is a three-year programme to improve the system of support for vulnerable children and young people in East Sussex, running from 2012 to 2015. The long term aim of the programme is to ensure that the Council has a financially sustainable children's safeguarding system which acts in a proportionate, timely and effective way to reduce children's and young people's needs.

As part of the phased development of THRIVE, we have provided support, advice and assurance that new systems and working practices are introduced in a controlled manner. The scope of this particular audit was to ensure that, as THRIVE draws to a close in March 2015, adequate transition arrangements are in place to ensure that risks are managed effectively.

Overall, we were able to provide an opinion of **substantial assurance**, noting that adequate steps have been taken to manage the process of concluding the project and identifying areas where support will be needed to meet continuing demand. It was pleasing to note that:

- an exit strategy had been developed to manage risk as the THRIVE project comes to an end and this is being monitored by management;
- a post project review to evaluate the effectiveness of THRIVE is being prepared and will be finalised in June 2015;
- recommendations made in the previous audit report have been implemented in full.

We did, however, make some minor recommendations relating to:

- the need to continue to hold Executive Board and Programme Team meetings until the end of the project to help ensure the effective implementation of transition arrangements and the mitigation of risks;
- ensuring that the internal budget monitoring of THRIVE includes actuals derived from the Council's main financial system, SAP, so that THRIVE investment and pressure expenditure is correctly reported within the post project review.

Contract Management Follow-Up – Apetito

A contract management review on the Apetito contract was completed in March 2014 as part of a wider corporate review of contract management arrangements within the Council. At the time, we were only able to give a minimal assurance audit opinion on the overall effectiveness of controls and identified a number of areas of concern where improvements were necessary.

A follow-up review was therefore completed to provide assurance that the recommendations made previously and agreed with management had been adequately implemented.

We found that significant progress had been made in implementing the recommendations, specifically in relation to improving governance arrangements, including the development and implementation of a contract management plan with clearly defined roles and responsibilities, decision-making protocols and performance and financial management arrangements. As a result, we have now been able to provide an opinion of **substantial assurance**.

Some opportunities for further improvement were found to exist; the most important of which were to ensure that agreed performance indicators are sufficient to enable effective monitoring of the contract and that performance against these is measured on a regular basis to enable appropriate remedial action to be taken where necessary. Opportunities to improve risk management were also identified. In all cases, the recommendations have been agreed with management and are due to be implemented before the end of March 2015.

Cultural Compliance Review – The Customer Services Group

The 2014/15 internal audit plan includes specific reviews of individual service areas' compliance with a range of key Council policies and procedures, including obtaining assurance that each service area has robust management and supervisory arrangements in place. The areas covered include management and control of:

- Annual leave;
- Staff travel and expenses;
- Timesheets and claim forms;
- Council equipment and other resources;
- Gifts and hospitality;
- Conflicts of interests.

An individual report is produced for each service area reviewed and, once these have all been completed, an overall report will be produced identifying key themes.

The first of these reviews has been completed within the ESCC Customer Services Group within the Economy, Transport and Environment Department. This team provides one of the first points of contact for many of the people who wish to talk to the Council, via the contact centre in Ringmer, including responding to queries, fault reports and complaints from the public relating to a range of services.

Based on the audit work carried out, we found that staff work in compliance with Council policies and procedures and we were able to provide an opinion of **substantial assurance** as a result. Some minor opportunities for improvement were, however, identified. These related to ensuring all staff complete an annual declaration of interests and that, where positive declarations are made, appropriate safeguards are considered and implemented where necessary. These actions were agreed in full with management.

School Funds

In addition to their Budget Shares, most schools operate private (or voluntary) funds, which they manage themselves. These funds, known as School Funds, are separate from the Budget Share and have separate bank accounts, but are operated by school staff as part of their normal duties.

Recent school audits have highlighted instances of poor practice in some schools in relation to School Funds; in particular, we have found examples of inappropriate expenditure (including cash payments to staff), a failure to report School Fund accounts to governors and of excessively high School Fund balances.

The main purpose of this audit was to ascertain whether these issues are representative of schools as a whole. A sample of ten schools (two secondary, six primary and two special) was selected, including some that were pending academy conversion.

From the work carried out, we have provided an audit opinion of **partial assurance**. Whilst this opinion was based on the sample of schools chosen, instances of poor practice found in other audits serve to further highlight the risks associated with the operation of school funds, which are often not subject to the same level of control as official Budget Share funds. There is potential for reputational damage to schools or the Council where School Fund money is used inappropriately and/or not for the benefit of pupils.

Areas for improvement included the need for each school to:

- define the purpose and objectives of having a School Fund;
- establish guidance over the administration of the School Fund;
- ensure School Fund monies are used appropriately and for the benefit of the pupils;
- ensure there is a process in place to approve the payment of School Fund invoices;
- improve the receipting process for School Fund income, so that income received can be reconciled to income banked;
- ensure an appropriate segregation of duties is in place;
- present audited accounts to school governing bodies within the defined timeframes, and for governors to challenge where this doesn't happen;
- ensure School Fund balances are not excessive.

A formal action plan covering the above areas has been agreed in full with management, most of which relates to strengthening and re-issuing guidance to all schools.

Individual School Audits

During the quarter, we have continued to conduct visits to schools in the County, with the individual schools selected through the Schools Risk Review Group (made up of representatives from Internal Audit, Personnel and Training, Finance and the Standards and Learning Effectiveness Service) on the basis of risk. Follow-up reviews have also been completed where appropriate. In all cases, recommendations arising from our work have been formally agreed with school management, with copies of all audit reports now sent directly to all members of each school's governing body. We also prepare a summary of the report for the relevant local Member where the audit opinion is below partial assurance. This is in addition to the quarterly bulletins we provide to governors which highlight common themes and issues arising from our work which we recommend they seek assurance on within their own schools.

The following school audits have been completed in the quarter.

School	Opinion	Key Findings
Uckfield Community Technical College – Follow-Up Review	Substantial Assurance	<p>Significant improvement on the previous opinion of minimal assurance. Some areas for further improvement remain, including the need to ensure:</p> <ul style="list-style-type: none"> • invoices are approved in accordance with School Financial Regulations; • claims for reimbursement are properly approved in line with the school’s Scheme of Delegation; • an up-to-date lettings policy is in place and that all lettings are properly approved; • an up-to-date asset register is maintained which is checked and certified correct on an annual basis.
Etchingham CE Primary School Follow-Up	Substantial Assurance	<p>We found that the school has made significant progress in implementing the recommendations made previously. Only a few areas for further improvement remained, including the need to:</p> <ul style="list-style-type: none"> • review and approve the Staffing Committee’s terms of reference; • ensure all payments are certified in accordance with the school’s Scheme of Delegation; • raise official orders for all goods, works and services required by the school at the time these are ordered with the supplier.

Investigations

Mileage Overclaims

Following a referral from Personnel and Training, an internal audit investigation was undertaken in relation to the submission and payment of potentially over-inflated and/or false mileage claims by a member of staff in Adult Social Care. In reviewing the staff member’s mileage over a period of approximately four years, it was confirmed that inflated mileage had been claimed and paid, resulting in an overpayment of approximately £1,000 during this period.

The individual concerned is no longer employed by the County Council and work is underway to recover the amounts overpaid.

Other Investigations

In addition to the case referred to above, work has been taking place on a number of other investigations during the quarter. Whilst we have completed our work on some of these, due to ongoing disciplinary processes and court action, we are unable to report further details at this stage.

It is important to note that at the conclusion of all formal investigations, a determination is made by management, in conjunction with Personnel and Training, Internal Audit and Legal Services where appropriate, as to what action should be taken in response. This determination takes into account a range of factors, including the seriousness of the case, the financial values involved and the standard of evidence available.

Additional Audit Reviews

Through discussions with management, the following reviews have been added to the audit plan during the course of the year on the basis of risk (see 3.7 above):

- Lease Cars;
- Chyngton Primary School ICT Services;
- Annual Governance Statement;
- Bus Services Operators Grant;
- Procurement Cards;
- E-Recruitment iGrasp Replacement.

In agreement with management, the following audits have been removed from the 2014/15 audit plan and will be considered for inclusion in the 2015/16 plan as part of the overall risk assessment completed during the planning process.

- Procurement Shared Services;
- Procurement Standing Orders;
- Integrated Waste Management Services Contract.

High risk recommendations where implementation is overdue / unconfirmed

Action has been taken against all of the high risk recommendations due to be implemented.

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Internal Audit Performance Indicators

Measure	Source of Information	Frequency	Specific Measure / Indicator	RAG Score	Actual Performance
Client Satisfaction					
Chief Officer/DMT	Consultation / Survey	Annual	Confirmation of satisfaction with service quality and coverage and feedback on areas of improvement.	G	Confirmed through Chief Officer consultations in February / March 2014, where high levels of satisfaction confirmed.
Client Managers	Satisfaction Questionnaires	Each Audit	>89%	G	100%
Section 151 Officer	Liaison Meetings	Quarterly	Satisfied with service quality, adequacy of audit resources and audit coverage.	G	Confirmed through ongoing liaison throughout the year and via approval of audit strategy and plan.
ABV&CSSC	Chairs Briefing and Formal Meetings	Quarterly / Annual	Confirmation of satisfaction with service quality and coverage and feedback on areas of improvement.	G	Confirmed through annual review of effectiveness and feedback from committee as part of quarterly reporting.
Cost/Coverage					
CIPFA Benchmarking	Benchmarking Report and Supporting Analysis Tools (to be reviewed for 2015/16)	Annual	1. Cost per Audit Day; 2. Cost per £m Turnover; equal to or below all authority benchmark average	G	Opportunities to improve benchmarking being explored. Last results available are for 2012, these show: 1. £316 against average of £325 2. £559 against average of £1,004
Local and National Audit Liaison Groups	Feedback and Points of Practice	Quarterly	Identification and application of best practice.	G	On-going via attendance at County Chief Auditors Network, Home Counties Audit Group and Sussex Audit Group.
Delivery of the Annual Audit Plan	Audits Completed	Quarterly	90% of audit plan completed.	A	62.2%.

Measure	Source of Information	Frequency	Specific Measure / Indicator	RAG Score	Actual Performance
Professional Standards					
Compliance with professional standards	Self-Assessment against new Public Sector Internal Audit Standards	Annual	Completed and implementation of any actions arising.	G	Self-assessment completed, improvement plan in place and being actioned.
External Audit Reliance	Fundamental Accounting Systems Internal Audit Activity	Annual	Reliance confirmed	G	Confirmed as part of BDO Annual Governance Report.

Report to: Audit, Best Value and Community Services Scrutiny Committee

Date of meeting: 17 March 2015

By: Assistant Director - ICT

Title: Network Leavers & Transfers Audit 2014/15: Progress Report

Purpose: An update on work being carried out to reduce the current partial assurance position of the Leavers & Transfers audit review

RECOMMENDATIONS

- 1) To note that the outstanding recommendations 1, 3 and 4 have been addressed and the associated risks removed.**
 - 2) To note that mitigating actions have been taken to minimise the risk exposure relating to recommendation 2 concerning the personnel management of third parties.**
-

1 Background

1.1 The review audit into staff transfers and leavers, although improved, again returned an audit opinion of partial assurance. This report explains the work underway to address that position and remove / mitigate identified risks.

2 Supporting information

The current position of the four outstanding recommendations resulting in the opinion of partial assurance is described below. Recommendations 1, 3 & 4 are resolved; recommendation 2 has been addressed through a set of mitigating actions and will continue to be addressed:

Recommendation 1

2.1 *“The process for managing staff transfers still requires completion of two separate forms and the intranet guidance on staff transfers does not make this clear. The need to complete two forms for the same process is considered to be confusing and inefficient and could lead to delays in setting employees up in their new roles.”*

Update: Presently there remains a need for two forms to cater for individuals that may have more than one job within the County Council to handle the subtle differences of a discreet personnel contract ending and another commencing alongside a continued network presence, albeit with different access rights. However, the audit requirement has been addressed; the intranet guidance surrounding this process has been changed to make this necessity clear and both personnel and ICT forms have been simplified. The Personnel Intranet page has also been amended to include the following text to assist with sign-posting managers:

“When an employee already has access to IT systems and transfers to a new role with the County Council, their line manager needs to complete a Change / Transfer Network Account form available on the [ICT Portal](#).”

Recommendation 2

2.2 *“Since the previous audit review, a control has been introduced to review SAP leaver records for ESCC employees retrospectively and to disable any network accounts that have not been processed correctly. However, at the date of this review, we found that there is no control in place to perform a similar review for contractors, agency staff and other third party staff such as Amey, May Gurney and Public Health employees. As a result, there is still a risk of individuals leaving but continuing to be able to access their network account.”*

Update: The existing SAP based controls can only be applied if an individual is contracted to work for ESCC; in this instance, there will be a personnel record in the HR part of SAP and this will be picked up by the leavers disabling procedure. Contractors working for ESCC do not appear in the HR part of SAP but will be paid through the Finance part of SAP. However, if an individual is neither employed directly by ESCC in SAP nor paid via SAP, there is no overall personnel control to manage the starter / leaver process. Amey, May Gurney, Public Health and increasingly partners, such as Surrey, fall into this category.

ICT manages network rights via a directory system (Active Directory); its purpose is technical control, not a personnel management system. Once such third party accounts are set up in the directory, they are indistinguishable from other ESCC users.

ICT has put in place a number of controls in order to mitigate the risk of unauthorised access to sensitive and confidential information in relation to agency staff and partner system access beyond the period of their contracted period, as follows:

- The network accounts of these leavers are controlled by setting them to expire at contract end. If a contract is extended, the associated network account can only be extended by the employing line manager and then again, only to a specified end date.
- All Active Directory accounts are automatically disabled after 30 days of inactivity.
- The leavers' protocol for physical access to Council buildings is a physical control that should prevent unauthorised personnel from logging onto a computer on the Council network during the 0-29 day period of inactivity.
- Remote access to the Council's network, using the portal or Virtual Private Network client software, requires the use of a two-factor authentication token. The leavers process places a requirement on the contracting manager to retrieve the token on the last day of the contract and return it to ICT services. This is specifically mentioned on both the PAT Leavers Checklist and Agency/Contractors Leavers Checklist.
- ICT has established a register of third parties and has instigated dialogue with representatives and contract managers of these partners. There is further work to be done to verify current staff and instil ownership of the process with this officer group.

ICT and PAT will also initiate an awareness raising campaign directed at managers that appoint contract and other interim professional services. The campaign will use the intranet and social media and will highlight the responsibilities of managers in the starters, transfers and leavers process. This will draw specific attention to the responsibility of managers to notify ICT of any departures or transfers which would necessitate changes to system access.

It is the view of the ICT Service that the above controls are proportionate and provide sufficient treatment of the identified risk. It should be noted that the Council's approach to ICT security was tested in January 2015 during the recent PSN (Public Service Network) Code of Connection application. The Cabinet Office confirmed that the application was successful and that the Council meets the requirements of connecting to the PSN.

Recommendation 3

2.3 *“When staff transfer into a new position, access rights to the former team network folders should be removed, however, we found examples where staff had transferred into new positions but could still access their former teams network folders. We recommended that ICT should investigate options available for line managers to monitor and control who has access to their team’s network folders. However, this recommendation has not been progressed and line managers are only able to view the groups that have access to folders rather than individual users. Until line managers can monitor and manage who has access to their network folders, there is a risk of sensitive or confidential information being compromised.”*

Update: The new ICT Service Management tool now controls this risk. Any request for a Change in a Network Account now revokes all previous access and amends the new access to that specified by requesting line manager. This includes revoking access to previous team mailboxes and data. If any access is still required to these items, a separate New Request, is required from the person with ownership.

Recommendation 4

2.4 *“We found that it was possible to amend the ICT change request form (Network Account Form) and make it appear that the request had come from the employee’s line manager. Whilst change request forms are reviewed and approved by ICT Business Solutions, the review process would not identify forms that had been deliberately amended to conceal the name of the person making the request. As a result, there is a risk of unauthorised additions and changes to permissions being made leading to an individual having inappropriate access to sensitive information and potentially gaining inappropriate access to other systems. However, we understand that the replacement for the Remedy System, which is due to be implemented in October 2014, will address this problem by preventing someone from changing the request to make it appear to have come from someone else.”*

Update: This recommendation was about ensuring that requested changes have been properly authorised by those that own the information. The implementation of [My ICT](#), the new self-service ICT portal has resolved this issue completely.

3. Conclusion and reasons for recommendations

3.1 This report explains how outstanding audit recommendations 1, 3 and 4 have now been addressed.

3.2 In the case of recommendation 2, the report sets out a set of mitigating controls that have been put in place to manage the risk and negates the need to interconnect the Active Directory system with SAP and third party databases holding contractor and agency details.

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Report to: **Audit, Best Value and Community Services Scrutiny Committee**

Date: **17 March 2015**

By: **Chief Operating Officer**

Title of report: **Anti-Fraud and Corruption Policy Framework**

Purpose of report: **To provide details of the main changes and rationale for updating and amending the Council's Anti-Fraud and Corruption Policy Framework**

RECOMMENDATION – to agree the four policies which make up the Council's Anti-Fraud and Corruption Policy Framework prior to subsequent reporting to Governance Committee for approval.

1. Background

1.1 In March 2013, Corporate Management Team (CMT) agreed to the creation of a new Counter Fraud Specialist post, to enable the Council's anti-fraud and corruption arrangements to be reviewed and strengthened. The rationale for this decision was based on recognition that the Council had insufficient resources in this area and wanted to take a more proactive approach to the prevention and detection of fraud. The first stage of this work has been to review and update the Council's anti-fraud and corruption policy framework, to ensure that the various policies are fit for purpose and consistent with best practice and national guidance.

2. Supporting information

2.1 This work has now been completed, with the updated policies recently agreed by CMT. The terms of reference for the Audit, Best Value & Community Services Scrutiny Committee includes responsibility for reviewing and scrutinising the Council's arrangements in relation to anti-fraud and corruption and the updated policy framework is therefore attached to this report for the committee's agreement, prior to being reported to Governance Committee for final approval. Set out below is a high level summary of the main changes along with a brief rationale for making them.

2.2 Anti-Fraud and Corruption Strategy (Appendix A)

The headline changes are:

- clearer definition of how we will continue to identify and understand the fraud and misconduct risks that can undermine the Council's overall business priorities;
- the strategy now reflects the very latest national guidelines, including 'Protecting the Public Purse' and 'Fighting Fraud Locally', specifically the principles of Acknowledge, Prevent, Detect and Respond;
- reflects a holistic approach to countering fraud, that factors in fraud and misconduct risk management fundamentals; and
- provides a framework for the Council that can be used to manage the risks of fraud and misconduct, with practices that have been found to be effective by other organisations.

The rationale for these changes is:

- no authority is immune from the risk of fraud or misconduct and the need to review and strengthen the Council's anti-fraud and corruption arrangements was identified, having not been fundamentally updated for many years;

- fraud and misconduct remains a constant threat and a moveable feast. To be at its most effective, strategies and policies must keep pace with known current risks, new laws and regulations.

2.3 Code of Conduct and Conflict of Interest (Appendix B)

The headline changes are:

- more detail provided in some of the areas of the policy, adding clarity and closing some potential loopholes;
- draws out the risks around 'external perceptions', specifically in relation to hospitality;
- strengthened the 'you should not accept Gifts' message and clarified the language;
- emphasises the requirement to communicate to outside parties that the offering of gifts and inappropriate hospitality is unacceptable and should not be repeated;
- enhances the section on use of council equipment, materials and property, specifically with the 'agile' programme in mind.

The rationale for these changes is:

- lessons learned from specific occurrences within ESCC and other similar organisations;
- applying current best practice, having reviewed other county councils' standards.

2.4 In order to help reduce the administrative burden associated with managing high volumes of staff declarations, we are currently investigating the potential to fully automate this process using web based technology. Unfortunately, it is unlikely that any such system will be implemented before April 2015 and therefore, the guidance within the attached Code of Conduct continues to reflect the current paper based process. This will be amended and updated as soon as a suitable automated solution has been found and implemented.

2.5 Whistleblowing Policy – Raising Concerns (Appendix C)

The main changes are:

- the policy has been softened, making the language more approachable in order to encourage staff to raise any concerns they might have;
- removal of references to the specific legislative framework which governs Whistleblowing. Staff raising genuine concerns are unlikely to require an understanding of the legal context before raising them, and indeed may be daunted by such information;
- clarification over the channels through which an employee can raise a concern, both inside ESCC and externally. This presents a greater range of options than previously, in the event that the employee is not comfortable raising their concern with their direct line manager.

The rationale for these changes is:

- implementation of the recommended changes from Public Concern at Work, following their review of the Council's Whistleblowing Policy;
- the need to acknowledge and address the likelihood that the previously policy was as likely to deter as to encourage staff to raise concerns; and
- provision of a whistleblowing policy that incorporates current best practice and encourages, enables and reassures all employees to raise concerns about risk, malpractice and wrongdoing.

2.6 Anti-Money Laundering Policy (Appendix D)

The main changes are:

- updated reporting process of Suspicious Activity Reports (SAR's), in line with current requirements and recent legal training;
- fleshing out of some examples of the 'warning signs' which are intended to help and encourage employees to identify possible instances, relevant to Council business, of money laundering; and
- utilising current legislation, thinking and good practice to ensure the Council fulfils its obligations to report any concerns.

The rationale for these changes is:

- the need to ensure that the policy is fit for purpose and complies with current legislation and best practice.

3. Conclusion and reasons for recommendation

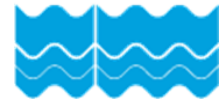
3.1 The Council continues to demonstrate a commitment to anti-fraud and corruption and the changes made to these policies seeks to strengthen its arrangements further, not through any fundamental shift in approach, but rather through building on and enhancing what we already have in place.

3.2 It is intended that these policies will clearly highlight to staff the organisation's on-going anti-fraud and misconduct stance and its expectations and commitment to the highest standards of probity. Once approved, these policies will provide the basis for launching a corporate anti-fraud and corruption awareness programme, along with more detailed, targeted training for specific higher risk staff groups. This is currently being developed by Internal Audit in conjunction with colleagues from Personnel and Training and the Communications Team.

KEVIN FOSTER, BUSINESS SERVICES DEPARTMENT

Contact Officers: Russell Banks, Head of Assurance Tel No. 01273 481447

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Anti-Fraud and Corruption Strategy

Date: February 2015

Document summary

This document sets out the County Council's policy and strategy for preventing and detecting fraud, bribery and other wrongdoing.

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About this document:

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<p>Accessibility help</p> <p>Zoom in or out by holding down the Control key and turning the mouse wheel. CTRL and click on the table of contents to navigate. Press CTRL and Home key to return to the top of the document Press Alt-left arrow to return to your previous location. References shown in blue text are available on the Intranet and/or Czone. References shown in <u>underlined blue text</u> are hyperlinks to other parts of this document.</p>	

Anti-Fraud and Corruption Strategy

Key points

- The Council is committed to preventing and detecting fraud and other wrongdoing to ensure public funds are used for their intended purpose.
- The Council is committed to the highest standard of probity and expects members and staff, at all times to adhere to the Nolan principles (Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty and Leadership).
- The Council has clear procedures in place to assist in the fight against fraud, corruption and wrongdoing.
- This Strategy sets out the Council's four main objectives for tackling the risk from fraud and wrongdoing.
- It is an expectation that where employees have work place concerns, or suspect wrongdoing that this is raised.
- A Whistleblowing Policy has been produced to support staff in raising workplace concerns.

1. Introduction

- 1.1 The Audit Commission reports that fraud currently costs local government in excess of £2 billion per year. In austere times the impact of public money being lost to fraud is felt the hardest by our communities. This makes the prevention and detection of fraud essential, to ensure that we protect the public purse so that funds used to provide the services for our community within East Sussex are only used for their intended purpose.
- 1.2 East Sussex County Council (the Council) is committed to fighting fraud, corruption, bribery and wrongdoing and this document sets out the Council's Anti- Fraud Strategy.
- 1.3 The Council is one of the largest organisations in the County - employing thousands of people, with a turnover of over £800 million a year and assets, interests and annual transactions running into £billions.
- 1.4 The Council is committed to the highest standards of probity in the delivery of its services, ensuring proper stewardship of its funds and assets. It has an important role to ensure that the harm and financial loss caused to local communities and local taxpayers as a result of fraud is minimised.
- 1.5 The Council's expectations are that Members and staff behave with integrity and all times demonstrate a strong commitment to the ethical values of the council and respect the rule of law.

- 1.6 In carrying out its responsibilities to safeguard public funds the Council is committed to fighting fraud and corruption, whether the threat comes from outside or inside the Council, and is committed to an effective Anti-Fraud Strategy that focuses on four main objectives:
- **Acknowledge** – Acknowledge and understand the risk to the organisation from fraud and wrongdoing and develop and maintain a robust counter fraud response.
 - **Prevent** – establish policies, awareness programmes and controls, designed to reduce the risk of fraud and wrongdoing from occurring.
 - **Detect** – detect fraud and wrongdoing when it occurs.
 - **Respond** – take the appropriate corrective action, sanctions and recover any losses, to minimise the harm caused by integrity breakdowns.
- 1.7 This strategy supports the Council’s overall priority of ‘Making Best Use of Our Resources’ as set out in the Council Plan, by:
- Maximising the value from public finance ; and
 - Maximising resources focussed on front line services.
- 1.8 The Council is seeking to achieve this by:
- instilling an anti-fraud culture and taking a firm stance against fraud, corruption and wrongdoing;
 - actively preventing, deterring and detecting fraudulent and corrupt acts, including bribery;
 - providing a clear direction in relation to the roles and responsibilities of Council employees, management and councillors; and
 - Identifying a clear pathway for investigation and remedial action.

2. Definitions

- 2.1 This strategy also covers other irregularities or wrongdoing, for example failure to comply with Financial Regulations, Standing Orders, National and Local Codes of Conduct, Health and Safety Regulations and all other relevant laws and legislation that result in an avoidable loss to the Council.
- 2.2 **Fraud** - can be broadly described as, someone acting dishonestly with the intention of making a gain for themselves or another, or inflicting a loss (or a risk of loss) on another; including:
- Dishonestly making a false statement or representation;
 - Dishonestly failing to disclose to another person, information which they are under a legal duty to disclose;
 - Committing fraud by abuse of position, including any offence as defined in the Fraud Act 2006.
- 2.3 **Theft** - is the dishonest taking of property belonging to another person with the intention of permanently depriving the owner of its possession.
- 2.4 **Obtaining Services Dishonestly** – is broadly where services which were to be paid for were obtained knowing or intending that no payment would be made.

- 2.5 **Bribery** – is the inducement for an action which is illegal, unethical or a breach of trust. Inducements can take the form of gifts, loans, fees, rewards or other advantages, whether monetary or otherwise.
- 2.6 **Corruption** – is the abuse of entrusted power for private gain. It affects everyone who depends on the integrity of people in a position of authority. The Bribery Act 2010 repealed all Corruption Acts in whole and therefore, whilst corruption exists as a term, any offences committed would fall under the Bribery Act.

3. Culture

- 3.1 East Sussex County Council is determined that the culture and tone of the organisation is one of honesty and opposition to fraud and corruption. It is our aim to minimise fraud and corruption and to act robustly where it is identified.
- 3.2 There is an expectation and requirement that all individuals and organisations associated in whatever way with the Council will act with integrity and that Members and staff, at all levels, will lead by example. The Council will not tolerate fraud, bribery or other wrongdoing in the provision of its services, regardless of the perpetrator, and is prepared to take robust action where this is identified.
- 3.3 The Nolan Committee defined the seven principles which set the standards in public life and these, along with the behaviours set out within the 'East Sussex Way', have been adopted by the Council to underpin its approach to corporate governance. The seven Nolan principles are:
- **Selflessness** – You must act solely in terms of the public interest and not in order to gain financial or other material benefits for yourself, family or friends.
 - **Integrity** – You should not place yourself under any financial or other obligation to outside individuals or organisations that might seek to influence you in the performance of your official duties.
 - **Objectivity** – You must make choices on merit when making decisions on appointments, contracts, or recommending rewards and benefits for individuals.
 - **Accountability** – You are accountable for your decisions and actions to the public and you must submit yourself to whatever scrutiny is appropriate.
 - **Openness** – You should be as open as possible about all the decisions and actions that you take. You should give reasons for your decisions and restrict information only when the wider public interest clearly demands.
 - **Honesty** – You have a duty to declare any private interests relating to your work and you need to take steps to resolve any conflicts arising in a way that protects the public interest.
 - **Leadership** – You should promote and support these principles by leadership and example.
- 3.4 The Council's employees are an important element in its stance on fraud, corruption and bribery and the organisation expects employees to come forward and voice any concerns that they may have by using our Whistleblowing Policy. This they can do, knowing that such concerns will be treated in confidence, properly investigated and fairly dealt with.

3.5 Additionally, allegations of fraud, corruption, bribery or wrongdoing can also be reported to the following individuals:

- Line Managers
- The Chief Executive, County Hall – 01273 481950
- The Assistant Chief Executive, County Hall – 01273 481564
- The Chief Operating Officer, County Hall – 01273 481412
- The Chief Finance Officer, Business Services, County Hall – 01273 335078
- The Head of Assurance, Business Services, County Hall – 01273 481447

3.6 Allegations relating to potential fraud, financial maladministration, conflicts of interest, breach of confidentiality, improper use of resources, ICT abuse and any other forms of financial irregularity will be reported to the Council’s Internal Audit Service. Internal Audit will investigate any allegation made.

3.7 The Council’s Whistleblowing Policy can also be used for raising concerns that relate to other serious concerns such as general maladministration, possible sexual or physical abuse of clients, health and safety risks and damage to the environment.

3.8 Members of the public are also encouraged to report concerns through any of the above routes or, if appropriate, through the Council's Complaints Procedure.

3.9 The Council’s Whistleblowing Policy also makes it clear that whilst it hopes that concerns will be raised internally within the Council, if the employee still feels unable to raise their concerns internally they can be raised with outside bodies, listed in the policy.

4. The Council’s strategic approach to tackling fraud

4.1 The Council takes the threat of fraud and bribery seriously and has allocated specific resource, to focus on coordinating its approach to protecting its assets and finances from fraud, bribery and wrongdoing.

4.2 Fraud by its very nature is secretive and conducted in such a manner that fraudulent actions are actively concealed. It is therefore vital that the Council has a strong anti-fraud culture and a robust anti-fraud programme.

4.3 The Council’s strategic approach can be summarised as:

What we will do:	
Acknowledge	<ul style="list-style-type: none"> • Acknowledge and understand fraud and misconduct risks; • Conduct and maintain a fraud and misconduct risk assessment for the Council; • Develop and maintain a strong framework of internal controls; • Commit support and resources to tackling fraud; and • Maintain a robust counter fraud response.

What we will do:	
Prevent	<ul style="list-style-type: none"> • Develop and maintain an effective and strong anti-fraud culture; • Implement a robust anti-fraud and misconduct programme; • Ensure that the standards in public life adopted are set out clearly in the Councils policies and effectively communicated; • Conduct employee and third-party due diligence; and • Regularly communicate with staff on countering fraud and provide fraud awareness training
Detect	<ul style="list-style-type: none"> • Maintain and promote our confidential reporting hotline; • Make better use of data and technology to prevent and detect fraud and wrongdoing; • Enhance fraud controls and processes; • Benchmark where possible, with other authorities; • Promote Whistleblowing; and • Regularly liaise with others to share knowledge and data of known fraud and to learn and share best practice on fraud risk and prevention.
Respond	<ul style="list-style-type: none"> • Develop and maintain internal investigation protocols and disclosure protocols; • Provide a consistent and effective response for dealing with fraud cases; • Develop capability and capacity to punish fraud and wrongdoing; • Collaborate across local authorities and with law enforcement; and • Ensure we have both the capability and capacity to investigate and prosecute fraud.

5. Acknowledge

- 5.1 The Council accepts that no authority is immune from the risk of fraud, bribery and wrongdoing. It seeks to use all available recourse to help to reduce the opportunity, motivation and justification for fraud, bribery and wrongdoing and to act robustly when it is identified.
- 5.2 A fraud and misconduct risk assessment will be conducted and maintained to help the Council understand the risks it faces from fraud, bribery and wrongdoing. The Council will also document the controls in place to mitigate these risks, identify gaps or weaknesses in the control mechanisms and develop a bespoke work programme to target and reduce the risks.
- 5.3 The Council will develop and maintain a strong framework of internal controls designed to prevent and detect irregularity, misconduct and fraud. The framework includes the following key elements:

- Code of Conduct and Conflict of Interest Policy;
- Whistleblowing Policy;
- Anti-money Laundering policy;
- Financial Regulations;
- Procurement Standing Orders.

5.4 Support and resources will be allocated to counter the risk from fraud, bribery and wrongdoing.

5.5 In maintaining a robust counter fraud response the Council will provide corporate and targeted anti-fraud and bribery training and awareness for all employees to assist them in identifying instances of possible fraud, bribery and wrongdoing and provide mechanisms to enable staff to report their concerns in a timely manner.

5.6 The Council will regularly review its approach to tackling fraud, keeping abreast of emerging risks and current trends which occur across the Council and nationally.

6. Prevent

6.1 The Council faces a variety of risks and threats and acknowledges that prevention is the best and most efficient way to tackle fraud, bribery and wrongdoing and to prevent / minimise losses.

6.2 The best defence against fraud, corruption, bribery and wrongdoing is to create and maintain a strong and robust anti-fraud culture within the Council. The Council will promote the standards of business conduct it expects from all its employees (including contractors and councillors) as documented in the Council's Code of Conduct and Conflict of Interest Policy.

6.3 The Council will develop, maintain and communicate to its employees an anti-fraud programme, which ensures that they are aware of the key part they play in countering fraud and risk and are sufficiently trained.

6.4 Practical counter fraud and risk guidance will be developed and disseminated to staff which details risk identifiers and is based on lessons learned elsewhere and recognisable risk scenarios.

6.5 The Council also recognises that a key preventative measure to combat fraud and misconduct is to ensure that the appropriate due diligence is exercised in the hiring, retention and promotion of employees and relevant third parties. This applies to all staff whether, permanent, temporary, contracted or voluntary. Procedures will be followed in accordance with the Council's recruitment and selection toolkit. We will always undertake the appropriate pre-employment checks (for example: qualification verification and obtaining references) before any employment offer is confirmed.

6.6 Any system weakness identified as part of the work carried out by Internal Audit will be recorded, with controls recommended to minimise any system weaknesses and these will be agreed and monitored to ensure compliance as part of the audit process.

7. Detect

- 7.1 The array of preventative systems, particularly internal control systems within the Council, has been designed to prevent and deter fraud and provide indicators of any fraudulent activity.
- 7.2 Employees are the first line of defence against most acts of attempted fraud, corruption and bribery. The Council expects, encourages and supports staff to be alert to the risks and possibilities of fraudulent attempts and to raise any such concerns at the earliest opportunity.
- 7.3 Employees also have a duty to protect the assets of the Council, including information, as well as property. When they have a concern of this nature, they are expected to report it, as soon as possible in accordance with the Council's Whistleblowing Policy.
- 7.4 The Council's Whistleblowing Policy has been developed to provide a clear framework for reporting such concerns and this includes a dedicated confidential reporting hotline and e-mail address:
- Confidential Reporting Hotline: 01273 481995
 - E-mail: confidentialreporting@eastsussex.gov.uk
- 7.5 The Council does not tolerate the victimisation or harassment of anyone raising a genuine concern. Employees are expected to report concerns and are afforded protection from any harassment or discrimination by the Public Interest Disclosure Act. Any harassment or victimisation of a 'whistle-blower' will be treated as a serious disciplinary offence, which will be dealt with under the Councils Disciplinary Policy and Procedures.
- 7.6 Both locally and nationally, arrangements are in place and continue to be developed, to encourage the lawful exchange of information and collaborative working between the Council and other agencies, to assist in countering fraud, corruption, bribery and wrongdoing.
- 7.7 The Council will pro-actively seek to prevent, deter and detect fraud using all available resources and technology and will actively take part in joint exercises such as data matching to minimise the fraud risk and loss to public funds.
- 7.8 The Council will, where appropriate, seek to make the best use of publicity to prevent, deter and detect instances of fraud, corruption and bribery.

8. Respond

- 8.1 Fraud, corruption and malpractice will not be tolerated and where it is identified the County Council will deal with proven wrongdoings in the strongest possible terms, including:
- Disciplinary action;
 - Reporting to the Police;

- Seek maximum financial recovery of any losses on behalf of the tax payer, including use of civil legal action through the courts.
- 8.2 Where information relating to a potential or actual offence or wrongdoing is uncovered, a comprehensive and objective investigation will be conducted. Any investigation will take account of relevant policies and legislation.
- 8.3 The purpose of any investigation is to gather all available facts to enable an objective and credible assessment of the suspected violation and to enable a decision to be made as to a sound course of action.
- 8.4 In such instances, Internal Audit will work closely with management and where appropriate, other agencies such as the Police, to ensure that all allegations and evidence are properly investigated and reported upon.
- 8.5 Referral to the Police on matters of alleged fraud or other financial irregularity is a matter for the Head of Assurance, in consultation with the Chief Finance Officer and the relevant Chief Officer. Any referral made to the Police, will not prohibit action under the Council's disciplinary procedure.
- 8.6 In cases of alleged theft, fraud, corruption or other irregularity involving staff, the Council may pursue the case through its disciplinary processes, even if the member of staff has resigned.

9. Conclusion

- 9.1 The Council sets and maintains high standards of conduct and behaviour within the organisation that adheres to the seven Nolan principles of standards in public life. This Strategy fully supports the Council's aim to make the best use of our resources.
- 9.2 The Council has in place a clear network of systems and procedures to assist it in the fight against fraud, corruption, bribery and other wrongdoing. It is determined that these arrangements will keep pace with any future developments in both preventative and detection techniques, regarding fraudulent or corrupt activity that may affect its operation or related responsibilities.



Code of Conduct and Conflict of Interest Policy

Date: February 2015

Document summary

This Code sets out the minimum standards of conduct that employees will be expected to observe when carrying out their duties. The Code is there to protect you in the event that your actions are subject to challenge.

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<p>Accessibility help</p> <p>Zoom in or out by holding down the Control key and turning the mouse wheel.</p> <p>CTRL and click on the table of contents to navigate.</p> <p>Press CTRL and Home key to return to the top of the document.</p> <p>Press Alt-left arrow to return to your previous location.</p> <p>References shown in blue text are available on the Intranet/Czone.</p> <p>References shown in underlined blue text are links to other areas of this document.</p>	

Code of Conduct and Conflict of Interest Policy

Key Points:

- This policy applies to all County Council employees, including schools based employees where the Governing Body has adopted the policy (subject to such other changes which may have been adopted by the Governing Body of the school). Throughout this policy, reference to the 'County Council' includes County Council-maintained schools.
- Words such as 'you' and 'your' throughout this policy refer to an employee of the County Council.
- The Code aims to ensure that confidence in the integrity of employees is maintained at all times.
- The Code forms part of your contract of employment and must be followed – breach of this code may be viewed as a serious disciplinary matter depending on the severity of the breach.
- The Code, where appropriate, must be read in conjunction with the [Anti-Fraud and Corruption Strategy](#), [Whistleblowing Policy](#), [Financial Regulations](#), [Procurement Standing Orders](#), the [Scheme of Delegations](#), and with any other more detailed County Council/Departmental operational instructions/guidelines.
- All potential conflicts of interest must be declared before the activity commences or the issue arises. If your circumstances change, it is your responsibility to immediately inform your manager and make a new declaration.
- All staff will be reminded of the need to declare potential conflicts of interest and required to complete an annual form.
- A separate code of conduct applies to Members ([Members' Code of Conduct](#)).
- For School Governors, a code of practice is available from the National Governors Association website.

1. Introduction

- 1.1. This Code should be considered alongside relevant guidance from professional bodies, such as the Health and Care Professions Council. In Schools, this includes the 'Code of Conduct for Employees Whose Work Brings Them into Contact with Young People'.
- 1.2. Please take time to read this Code, and make sure that you understand it. Although this Code cannot be exhaustive, its intention is to provide sufficient information to make you aware of what is required of you. Therefore, if you are unclear, or want to know something specific, please talk to your manager.
- 1.3. It is important that you understand that a breach of the Code could lead to disciplinary action, and even dismissal, depending on the severity of the breach (please refer to the [Disciplinary Policy and Procedure](#)). Ignorance of the guidelines in the Code will not be seen as a valid excuse.
- 1.4. All staff are required to complete the Declaration Form for all potential Conflicts of Interest ([Appendix 2](#)). You will be asked to review your declaration of interest form annually. However, if there is a change in your circumstances and a potential conflict arises, it is your responsibility to inform your manager as soon as possible so the conflict of interest can be considered.

- 1.5. Throughout this policy, where it is stated that Assistant Directors will determine whether a conflict of interest exists or whether a gift or offer of hospitality may be accepted, when the employee in question is an Assistant Director the determination will be made by the relevant Chief Officer and/or the Assistant Chief Executive. For Headteachers, the school's Governing Body should decide and a recommendation may be sought from the Director of Children's Services.

2. Standards

- 2.1. You are expected to give the highest possible standard of service to members of the public, observing the standards of conduct which the law, the Council's [Standing Orders and Financial Regulations](#), Conditions of Service, this Code and any School /Departmental rules require together with any relevant guidance from professional bodies.
- 2.2. The Council has adopted the Nolan Committee's seven principles, which set the standards in public life. In performing your duties, you must act in accordance with the seven Nolan principles, which are:
- Selflessness – You must act solely in terms of the public interest and not in order to gain financial or other material benefits for yourself, family or friends.
 - Integrity – You should not place yourself under any financial or other obligation to outside individuals or organisations that might seek to influence you in the performance of your official duties.
 - Objectivity – You must make choices on merit when making decisions on appointments, contracts, or recommending rewards and benefits for individuals.
 - Accountability – You are accountable for your decisions and actions to the public and you must submit yourself to whatever scrutiny is appropriate.
 - Openness – You should be as open as possible about all the decisions and actions that you take. You should give reasons for your decisions and restrict information only when the wider public interest clearly demands.
 - Honesty – You have a duty to declare any private interests relating to your work and you need to take steps to resolve any conflicts arising in a way that protects the public interest.
 - Leadership – You should promote and support these principles by leadership and example.
- 2.3. You are encouraged and expected, through agreed procedures and without fear of recrimination, to raise workplace concerns about risk, malpractice or wrongdoing in accordance with the County Council's [Whistleblowing Policy](#).
- 2.4. You must ensure that you use public funds entrusted to you in a responsible and lawful manner and in accordance with the County Council's Financial Regulations.
- 2.5. If requested to do so, you are expected to co-operate in any investigation being carried out by or on behalf of the County Council.

3. Political neutrality

- 3.1. Please note that Section 3 'Political Neutrality' is not applicable to employees on teachers' terms and conditions of employment.
- 3.2. You serve the County Council as a whole. It therefore, follows that you must serve all County Councillors and not just those of the majority group and you must ensure that the individual rights of all County Councillors are respected.

- 3.3. You must not be involved in advising any political group of the County Council or attend any of their meetings in an official capacity without the express consent of your Chief Officer. You must follow every lawful expressed policy of the County Council and must not allow your own personal or political opinions to interfere with your work.
- 3.3.1. Political Assistants appointed on fixed term contracts in accordance with the Local Government & Housing Act 1989 are exempt from these conditions.
- 3.4. As an employee of the County Council you are not eligible to stand for office as an elected member of the County Council. For County Council staff (with the exception of staff on Teachers' Terms and Conditions of Employment), some posts are politically restricted and employees are prohibited from political activity as defined in the [Local Government and Housing Act 1989 \(as amended\)](#), either:
- (i) where the post holder gives advice on a regular basis to the Authority (meaning the County Council, the Cabinet, Lead Cabinet Member, any committee or sub-committee of the Authority, or to any committee on which the Authority is represented); and/or
 - (ii) the post holder speaks on behalf of the Authority on a regular basis to journalists or broadcasters.
- Advice on this can be obtained from the Assistant Chief Executive.
- 3.5. If your duties bring you into contact with County Councillors, you should be aware that guidance on relationships with Councillors is contained within the [Code on Member/Employee Relationships](#).

4. Using County Council equipment, materials and property

- 4.1. You must ensure that you use public funds entrusted to you in a responsible and lawful manner, and in accordance with the County Council's [Financial Regulations](#), and all other relevant County Council policies.
- 4.2. The facilities and equipment provided as part of your work belong to the County Council and should only be used for legitimate County Council business purposes. Please ensure that you:
- Comply with health and safety regulations and use personal protective equipment as required;
 - Take care of County Council property or equipment, keeping it secure and reporting any breakages or breaches of security;
 - Use equipment and facilities for authorised purposes only;
 - Do not use County Council equipment or property, including vehicles, for your own private benefit or gain or in fraudulent activity or for any unauthorised purposes.
- 4.3. Facilities and equipment is taken to mean, but is not limited to; computers, software, telephones, vehicles and intellectual property. Please also refer to the [Personal Use of Council Equipment Policy](#), [Internet Access and Usage Policy](#), and [Email Use Policy](#).

5. Gifts, bequests and legacies

- 5.1. It is a serious criminal offence for you to corruptly receive or give any bribe, gift, loan, fee, reward, or advantage for doing or not doing anything or showing favour or disfavour to any person in your official capacity. If an allegation is made, it is for you to demonstrate that any such rewards have not been corruptly obtained. Please also refer to the [Anti-Fraud and Corruption Strategy](#).
- 5.2. As a representative of the County Council it is important that you treat any offer of a personal gift, loans, fees, rewards or other financial or in kind advantage (collectively referred to here as 'gifts') with care. You must not accept gifts from contractors or potential contractors, including those who have previously worked for the County Council, service users, clients or suppliers.
- 5.3. You should handle the refusal of gifts with tact and courtesy. The intentions of those offering gifts may not have been corrupt but simply inappropriate to professional relationships in the public sector. It is therefore important, that where organisations make offers of gifts or hospitality, they are clearly made aware that such practice is unacceptable and should not be repeated.
- 5.4. If you receive any unexpected gifts they must be returned with a polite refusal letter to the sender, which makes it clear that County Council employees are not permitted to accept any gifts, other than those set out in sections 5.6 and 5.7.
- 5.5. All gifts offered including, but not limited to, inducements such as air miles, trading discounts, vouchers, or offers of hospitality, must be declared (See [Declaration of Gift or Hospitality Form at Appendix 3](#)).
- 5.6. Minor articles such as diaries, calendars, mugs, office items and the like will not be regarded as a gift. If you have any doubt as to whether an item falls within the definition of a gift and / or is acceptable, you are expected to raise this with your manager at the earliest opportunity.
- 5.7. In the case of schools, low value items are frequently offered as a gesture of appreciation from pupils, parents or carers, at the end of term for example. These may be accepted if they are not in any way connected with the performance of duties. Discretion should be exercised where the items offered are in excess of £10 in value and then can only be accepted with the Headteacher's approval and must be declared.
- 5.8. The same rules as above apply to bequests, which must be refused, unless there are special circumstances approved in writing by your Assistant Director in consultation with the Assistant Chief Executive. In schools, this should be approved by your Headteacher and Chair of Governors. (See [Declaration of Gift or Hospitality Form at Appendix 3](#)).

5.9. In summary:

- You should not accept gifts.
- Declare the offer of any gifts (including bequests or legacies).
- You should handle the refusal of gifts with tact and courtesy and make those offering them aware that such practice is not acceptable and should not be repeated.
- Unexpected gifts must be returned with a polite refusal letter to the sender.
- All gifts offered for any amount must be declared.
- Minor articles of a promotional nature such as diaries, calendars, and mugs will not be regarded as a gift.
- If you have any doubt, as to what is acceptable, speak to your manager beforehand or at the earliest opportunity following receipt of the article or gift.
- In the case of schools, articles from pupils/parents/carers of less than £10 in value need not necessarily be refused.

6. Hospitality

6.1. You should exercise caution in offering and accepting accommodation, tickets or passes for an event, food or drink, or entertainment which is provided free of charge or at a discounted rate ('hospitality'). You should bear in mind how it might affect your relations with the party offering it or receiving it and how it might be viewed by a range of stakeholders, including:

- County Councillors;
- School Governors;
- other potential suppliers/contractors;
- the public;
- the media;
- your colleagues.

6.2. When considering any offer of hospitality, the following should be considered when determining whether it can be accepted:

- the invitation comes from an organisation or individual likely to benefit from the County Council;
- the organisation or individual is seeking a contract with the County Council, or one has already been awarded;
- in the case of a visit, it is genuinely instructive and does not constitute, or could be perceived as being, more of a social function;
- the scale and location of the hospitality is proportionate and relative to the event;
- the event takes place outside of normal working hours;
- it is being offered on a frequent basis;
- it is being offered just to you or others as well;
- the hospitality is purely a social or sporting event as opposed to an event which you are attending in an official capacity.

- 6.3. Examples of Hospitality which should not normally be accepted include:
- events that are purely social occasions;
 - attendance at events that, if they had been funded by the County Council, would be perceived as a poor or inappropriate use of public funds;
 - events where current or potential contractors pay for the meals or the table at the event; and /or
 - attendance at corporate events, including sporting or cultural events.
- 6.4. Examples of events which may be accepted (subject to consideration of the factors listed in 6.2):
- events that are clearly of a training or development nature; and / or
 - events where you are invited to attend as a formal representative of the County Council and attendance relates directly to the performance of your duties.
- 6.5. In all instances where you wish to accept hospitality, including site visits as part of procurement or similar activities, you must seek the approval in advance in writing from your Assistant Director/Headteacher and wherever possible the County Council should meet the cost of your attendance in full.
- 6.6. Particular care should be taken in the case of attendance at conferences, seminars or other training and development events, where current or potential contractors or suppliers offer to pay the associated costs. Whilst these may be business related events, it may be inappropriate hospitality to be funded by others. In such cases, advice should be sought from your Assistant Director/ Headteacher but as a general rule, if the event is genuinely business related then it should be funded by the County Council and the expense subject to the normal authorisation process.
- 6.7. All offers of hospitality, whether accepted or not, should be declared. You are also reminded that, where organisations make inappropriate offers of gifts or hospitality, they should be made aware that such practice is unacceptable and should not be repeated.

7. Outside commitments

- 7.1. Regardless of grade, whether whole or part-time, permanent, temporary, relief or seasonal, you must seek the written permission of, and make a written declaration (an oral declaration is not sufficient) to, your Assistant Director/Headteacher before engaging in any other work or business (*) which might relate or in any way impact on your duties for the County Council. This includes paid or unpaid work, and will include one off pieces of work as well as regular employment. (Please see Declaration Form in [Appendix 2](#)).
- 7.2. If you are paid at or above NJC Scale 6 (spinal column point 28 and above) / Single Status Grade 9 (spinal point 23 and above) or equivalent, you are specifically required to declare to, and obtain consent from, your Assistant Director/ Headteacher, if you wish to engage in any other business (*), or take up any additional appointment regardless of whether there is any conflict of interest anticipated. Such consent will not be unreasonably withheld. If your request is approved, the County Council must be mindful of its responsibility under the Working Time Regulations 1998, the Health and Safety at Work Act 1974 and its general responsibilities towards the health of its employees.

- 7.3. You must declare in writing to your Assistant Director any relatives, partners or friends who are engaged in a business (*), which either currently provides services to the County Council or may do so in the future. In the case of schools based staff, you must declare in writing to your Headteacher any relatives, partners or friends who are engaged in a business (*), which either currently provides services to your School, or schools with which your school collaborates or is federated to, or may do so in the future. This is in order to minimise the risk of suspicion that some influence may be exerted over a particular customer as to the choice of provider, or that the provider gained advantage in terms of information received.
- 7.4. You must not work privately for personal gain for a service user/pupil for whom you have a service provision role within the County Council unless you have written consent from your Assistant Director/Headteacher. This includes service users or pupils to whom an employee may not personally be giving a service but does receive a service from the County Council. Suitability of such work may depend on the scale of the work, the impact it has on an employee's performance and whether there is any potential for an employee to be perceived as taking advantage of their position to generate the work. This determination lies with your Assistant Director or Headteacher.
- 7.5. If you are permitted to engage in any other business or take up any additional employment, you must not undertake any work in connection with your additional employment in County Council time, or make use of any County Council equipment or facilities. It is the responsibility of each individual employee to declare any additional personal income to Her Majesty's Revenue and Customs (HMRC).
- 7.6. If you have any doubt whatsoever you should make a declaration, so that the County Council can make the judgement as to whether a conflict exists.
- 7.7. The County Council is entitled to ownership of intellectual property e.g. copyright of material created by you in the course of your duties as an employee of the County Council. Please see [Guidance Notes on Ownership of Intellectual Property](#).

(*) - "engage in any other business" includes roles such as company directorships, company secretaries and so on.

8. Personal interests

- 8.1. Your off-duty hours are your own personal concern. However, you must not put yourself in a position where your job and personal interests conflict.
- 8.2. You must declare in writing any financial or non-financial interests that could in any way be considered to bring about conflict with the County Council's interests. This includes any relationship, discussions or correspondence over any employment or private interests with organisations that may have a past, current or future business connection with the County Council, including but not limited to circumstances where funds are being paid or received by the County Council. If you have any doubt whatsoever you should make a declaration, so that the County Council can make the judgement as to whether a conflict exists (see [Appendix 1: Making a declaration](#)).
- 8.3. You are required to disclose any personal interest that may conflict with the County Council's interests e.g. representative of an organisation which may seek to influence the County Council's policies (see [Appendix 1: Making a declaration](#)).

- 8.4. You must declare in writing any membership of secret societies (see [Appendix 1: Making a declaration](#)). The definition of a secret society is:
- “A lodge, chapter, society, trust or regular gathering or meeting, which:
- a) is not open to members of the public who are not members of that lodge, chapter, society or trust;
 - b) includes, as a requirement of the grant of membership, an obligation on the part of the member to make a commitment (whether by oath or otherwise) of allegiance to the lodge, chapter, society, gathering or meeting and;
 - c) includes, whether initially or subsequently, a commitment (whether by oath or otherwise) of secrecy about the rules, membership or conduct of the lodge, chapter, trust, gathering or meeting.”
- 8.5. A lodge, chapter, trust, gathering or meeting as defined above, should not be recognised as a secret society if it forms part of the activity of a general recognised religion.
- 8.6. You must inform your Assistant Director/Headteacher if you are declared bankrupt or are involved as a Director of a company which is wound up or put into voluntary liquidation, if it may potentially impact upon your role and duties. Bankruptcy may impact on the duties of employees who have a financial responsibility. The purpose of this is to ensure that a proper framework of support is in place.

9. Disclosure of information and confidentiality

- 9.1. It is generally accepted that open government is best. The law requires that certain types of information must be made available to members, auditors, government departments, service users, and the public. In particular, the Freedom of Information Act 2000 gives a legal right of access to information held by the County Council, subject to certain exemptions. You must ensure that you are aware of the [Freedom of Information Policy](#), and guidance for staff issued in relation to this.
- 9.2. No confidential information, politically or commercially sensitive information, or personal information protected by the Data Protection Act should be released to anyone, including County Councillors, without authorisation from your line manager. If you are in any doubt about disclosing information then you are expected to seek guidance from your manager.
- 9.3. Confidential Committee papers must not be released without the consent of the Assistant Chief Executive. In schools, confidential Governor Papers must not be released without the approval of the Governing Body.
- 9.4. You must not use any information obtained in the course of your employment for personal gain nor pass it on to others who might use it in such a way or for any purpose for which it was not originally intended.
- 9.5. Any information which you might receive from a County Councillor/ Governor relating to his/her personal/private affairs and which does not belong to the County Council should not be divulged without the prior approval of that County Councillor/ Governor, except where such disclosure is required or sanctioned by law.

10. Appointment and other employment matters

- 10.1. You must not be involved in the day-to-day line management, appointment, or any other decisions relating to the discipline, promotion or pay or conditions of another employee, or prospective employee, who is a relative, partner or friend. Managers should consider whether their relationship with a colleague may have an impact on their ability to carry out their duties. In schools, staff Governors should not be involved in making decisions about these matters when a colleague is the subject.
- 10.2. If you are responsible for appointing employees, you must ensure that decisions are based on merit and not on anything other than their ability to do the job. Similarly, you must not canvass on behalf of any applicant. (Please see the [Recruitment and Selection Policy](#)).
- 10.3. If you have a connection in a private, social or domestic capacity with someone who also works for the County Council or who sits on a school's Governing Body that may potentially create, or be thought to create, a conflict of interest you need to declare this to your Assistant Director/Headteacher for them to consider.
- 10.4. Employees must inform their manager if they are being investigated by any professional body and any sanction imposed.
- 10.5. If you are in doubt about any of the above, please seek advice from the Personnel Advisory Team.

11. Employment after working at the County Council

- 11.1. The County Council is concerned to safeguard the integrity of the workings of local government and to avoid even the appearance of impropriety among its employees. It is in the public interest that people with experience of public administration should be able to move into business and other bodies. It is also important that whenever a County Council employee accepts a particular outside appointment, there should be no cause for any suspicion of impropriety. The rules set out in [Appendix 4](#) to this Code are aimed at safeguarding both the County Council and individual employees from such criticism or suspicion. The rules apply to appointments in the United Kingdom and across the European Union.

12. Criminal offences

- 12.1. Employees are expected to conduct themselves at all time (inside and outside of work) in a manner which will maintain public confidence in both their integrity and the services provided by the County Council. In general, what an employee does outside work is his/her personal concern, unless those actions would cause a breakdown in the employment relationship.
- 12.2. Employees must inform their manager if they are arrested/convicted/cautioned in respect of any offence as soon as possible. Employees do not need to disclose minor driving offences (such as fixed penalty notices for speeding tickets) unless either:
 - 12.2.1. driving is a key requirement of their role (e.g. they drive County Council vehicles or drive their own vehicle regularly for work); and / or
 - 12.2.2. the conviction results in disqualification from driving.(See the [Safe Use of Motor Vehicles Policy](#) for details.)

- 12.3. Disclosing all convictions does not necessarily mean disciplinary action will be taken against an employee. The extent to which a criminal offence may affect employment depends on whether the conduct:
- Makes the employee unsuitable for their type of work; and/or,
 - May reflect adversely on the County Council's reputation or ability to perform its function.
- 12.4. Employees sentenced to immediate imprisonment may be dismissed without notice or compensation in lieu of notice.
- 12.5. Employees should always notify their manager if there is any doubt as to whether or not they need to share information about an arrest or conviction.
- 12.6. Any failure to disclose such information, even where no charges are brought against you, may lead to disciplinary action. Where it is deemed that there is an adverse impact on your employment, the [Disciplinary Policy](#) will apply.

13. Position of trust

- 13.1. It is the responsibility of all staff to ensure they maintain professional standards and do not abuse or appear to abuse their position of trust in the way they conduct their relationships with service users/pupils/contractors, their families or carers.
- 13.2. Specific examples of conduct which should be avoided include, but are not limited to:
- meeting socially with pupils or service users (or their carers or families); and/or
 - exchanging personal contact details or connecting using social media.
- 13.3. Employees must refrain from conduct of this nature unless there is sound operational reason to do so, in which case the action must only be taken with the express written approval of the employee's Assistant Director/Headteacher.
- 13.4. If employees are engaging in activity or associating with people outside work whose current or past conduct could raise doubts or concerns about an employee's own integrity or ability to be in a 'position of trust' with regard to children or vulnerable adults, this could have a direct consequence on their employment.

14. Sponsorship

- 14.1. When an outside organisation wishes to sponsor or is being asked to sponsor a County Council activity, the basic conventions concerning the acceptance of gifts and hospitality apply. Please refer to the East Sussex County Council's [Corporate Sponsorship Policy](#).
- 14.2. This section on sponsorship is not applicable to schools.

15. Relationships

15.1. Councillors

Employees are responsible to the County Council through its senior managers, except where a school's Governing Body is the employer. Your role may require you to give advice to councillors and senior managers. Mutual respect between employees and Councillors is essential to good local government. Close personal familiarity between employees and individual Councillors can damage the relationship and prove embarrassing to other employees and Councillors. It should therefore be avoided.

15.2. Contractors

You must declare in writing to your Assistant Director/Headteacher any current or past relationships of a business or private nature with any outside organisation or individual that has a relationship with the County Council (see [Appendix 1: Making a declaration](#)). Orders and contracts must be awarded on merit and no special favour should be shown to any businesses, particularly those you have an interest in. If you have such an interest you must not be involved in any way in awarding work or orders or subsequent management of contracts. Similarly, you must not canvass on behalf of any outside organisation that has a relationship with the County Council.

You must declare in writing to your Assistant Director/Headteacher, if you become aware that the County Council is entering a contract in which you have a direct interest (see [Appendix 1: Making a declaration](#)).

15.3. Contract Tenders

If you wish to tender for a contract from the County Council, you must declare such an intention to the appropriate Assistant Director/Headteacher, as soon as intent has been formed, and at the earliest possible opportunity (see [Appendix 1: Making a declaration](#)).

15.4. Foster Carers

If you act as a foster carer for the County Council or any other agency you must declare this (including the intention to do so if you are not already a foster carer) in writing as a potential conflict of interest (see [Appendix 1: Making a declaration](#)).

15.5. The Press and Media

You must not deal direct with the press or the media in relation to anything related to County Council business unless required to do so as part of your duties, or you have been expressly authorised by your line manager in consultation with your Assistant Director/Headteacher.

If you speak as a private individual directly to the press or at a public meeting or other situation where your remarks may be reported to the press, you must take reasonable steps to ensure nothing you say might lead the public to think you are acting in your capacity as a County Council employee.

15.6. The Local Community and Service Users

You must always remember your responsibilities to the community which you serve and ensure courteous, efficient and impartial service delivery to all groups and individuals within that community as defined by the policies of the County Council.

16. Approvals

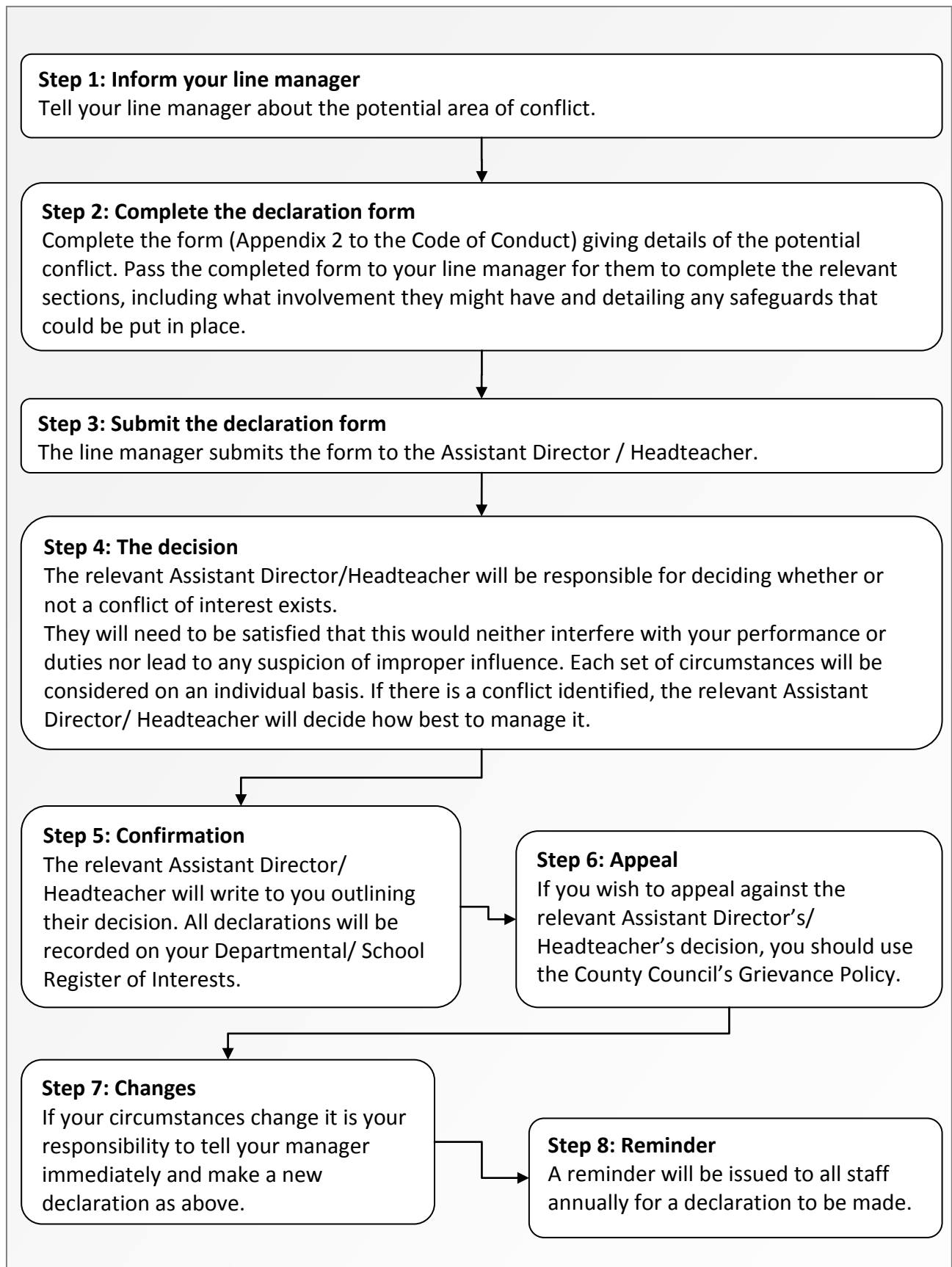
- 16.1. Where Assistant Directors, Deputy Chief Officers, and Chief Officers require approval or notification under the Code then this shall respectively be obtained from the appropriate Deputy Chief Officer, Chief Officer, or the Chief Executive. The Chief Executive shall obtain approval or notify either the Monitoring Officer, or the Section 151 Officer.
- 16.2. Where the Headteacher requires approval or notification under the Code then this shall be obtained from the Chair of Governors.

17. If in doubt


- 17.1. It is not possible to cover every situation you may face as an employee of the County Council. Simply because a particular action may not be addressed within the Code, this does not condone that action by omission. If you are in any doubt about anything contained within this Code, or are concerned about anything relating to your personal position, you should speak to your line manager immediately. Where necessary, line managers should seek advice from their Assistant Director/ Headteacher.

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Appendix 1: Potential Conflicts of Interest



Appendix 2: Declaration form


<u>Declaration form for conflict of interests</u>			
<p>This form will be given to the appropriate Assistant Director or Headteacher who will need to be satisfied, in giving their consent that the declaration would neither interfere with the employee's performance or duties nor lead to any suspicion of improper influence. Each set of circumstances will be considered on an individual basis.</p>			 <p>East Sussex County Council eastsussex.gov.uk</p>
Employee's name			
Employee's job title			
Department and/or school		Working location:	
Manager's name			
Do any of the following apply to this role?	LMG Manager		Legal Services Officer
	Non-LMG Manager		Procurement Officer
	Finance Officer		
Part 1 – to be completed by the employee			
Please outline your declaration OR state 'Nil Return' below. It is then your responsibility to pass this form to your line manager for his or her comments.			
Employee's signature		Date	
Part 2 – to be completed by the employee's line manager			
Please detail any supporting information with regard to your member of staff's declaration. This should include your views and comments, what involvement you anticipate having and detailing any safeguards that could be installed. Please also include the views of your manager if appropriate.			
Line manager's signature		Date	
Part 3 – authorisation by the Assistant Director			
Authorised? (delete as appropriate) Yes No			
Additional comments			
Authoriser's signature		Date	

On completion by the line manager of a **Positive return**, return this form in an envelope marked 'Private and Confidential' to the relevant Assistant Director or Headteacher.

On completion by the line manager of a **nil return**, return this form to your Departmental Coordinator or Headteacher as outlined below.

Adult Social Care	Kirstie Battrick	Governance Services	Caroline Hodge
Children's Services	Flis Wright	Communities, Economy & Transport	Jasmin Carcary
Business Services	Clare Dann	Chief Executive's Office	Caroline Hodge
Schools	Headteacher	Public Health	Tracey Houston

Appendix 3: Declaration of gift or hospitality

<u>Declaration Form for gift or hospitality</u>		 East Sussex County Council eastsussex.gov.uk	
Once you and your Manager have signed this form, you need to send it in an envelope marked 'Private and Confidential' to your Assistant Director or Headteacher.			
Employee name			
Employee job title			
Team and/or department and/or school name			
Manager's name			
Part 1 – to be completed by the employee			
I have been offered the following gift / invited to the following: (Where relevant, include details of what has been offered, reason for offer, place, date and time of the event, likely business benefits and frequency of the event.)			
Estimated value			
Offered to me by			
Delete as appropriate: The gift/hospitality offered was not accepted I wish to accept the offer of hospitality for the following reasons:			
Employee's signature		Date	
Part 2 – authorisation by the Assistant Director			
Authorised? (delete as appropriate) Yes No If authorised, please record why it is acceptable:			
If authorised, are the costs being met in full by the Council? If not, please detail and explain why:			
Authoriser's signature		Date	

This declaration will be entered into the School's/Department's Register of Gifts and Hospitality which is available for inspection by the public.

Appendix 4: Employment after working at the County Council

1. In order to safeguard the integrity of the administration of the County Council, and in order to counter any suspicion of impropriety in, among other things, the contracting process for local authority works and services, the County Council requires each of its employees to obtain the approval of their Chief Officer/Headteacher before accepting any offer of employment in business or other bodies outside the County Council which would commence within six months of leaving the employment of the County Council, whether full or part-time, or before establishing a consultancy in the following circumstances:
 - a. If you have had any material official dealings with your prospective employer (who, for the purpose of applying any of the clauses of these rules could be any organisation, individual or related undertaking including parent and subsidiary undertakings and associated undertakings as well as partners in joint ventures) during the last two years of employment with the County Council; or
 - b. If you have had any material official dealings of a continued or repeated nature with your prospective employer during the last two years of employment with the County Council; or
 - c. If you have had access to commercially sensitive information of competitors of your prospective employer in the course of your official duties; or
 - d. If you have been substantially involved in negotiations on behalf of the County Council in respect of any commercial or contractual arrangements with an external body or party; or
 - e. If, during the last two years of your employment with the County Council your official duties have involved advice or decisions benefiting that prospective employer, for which the offer of employment could be interpreted as a reward, or if your official duties have involved developing policy, knowledge of which might be of benefit to the prospective employer; or
 - f. If you are to be employed on a consultancy basis, either for a firm of consultants or as an independent self-employed consultant, and you have had any dealings of a commercial nature with outside bodies or organisations in your last two years of employment with the County Council.

Chief Officers to whom the rules apply are required to obtain approval from the Chief Executive. The Chief Executive will need to obtain approval from the Governance Committee in the event that s/he proposes to take up an appointment which would lead to the rules applying to him/her. Headteachers to whom the rules apply are required to obtain approval from the Chair of Governors.

2. Approval for appointment to any position falling within the scope of these rules shall not be withheld unreasonably. In considering whether to approve an appointment, the Chief Officer/Headteacher will take into consideration the following matters:
 - a. The relationship of the County Council to the prospective employer;
 - b. The relationship between the applicant and the prospective employer during the course of the applicant's employment with the County Council;
 - c. The possibility that the applicant may have had access to trade secrets and/or confidential information about one or more of the prospective employer's competitors during the course of employment with the County Council;
 - d. The applicant's degree of seniority within the County Council; and / or
 - e. Any other relevant factors.
3. It will be open to those considering applications to recommend unqualified approval or to recommend approval subject to any waiting periods less than two years or other conditions which are appropriate to the particular circumstances of the applicant (e.g. seniority of the employee and the prospective employer).

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Appendix 5: Frequently Asked Questions

What is a conflict of interest?

A conflict of interest arises when a person's private or personal interests could be perceived to be able to influence or potentially influence a person's official responsibilities.

What should I do if I think there is a potential conflict of interest?

Inform your manager of the potential conflict and ensure you immediately complete the conflict of interest declaration form in Appendix 2. If in doubt – declare it.

If the conflict concerns relationships between members of staff **all** parties must complete the declaration form.

What action should my manager take?

Your manager should ensure that:

- You do not directly supervise or that you are not directly supervised by anyone where there may be a potential conflict of interest.
- You do not have any Council business involvement with the declared conflict of interest, such as outside parties or specific contracts.
- Any claim forms you may submit e.g. travel, additional hours etc. or any invoices, orders or contracts are not authorised by anyone where there may be a potential conflict of interest.
- Any specific one-off requests are agreed by a neutral party.

What if someone I know applies for a job?

If you receive a job application from someone who is known to you, you should:

- Ensure you are not involved in any part of the selection process. This includes short listing, interview process, reference requests and decisions to appoint.
- If the person is successful you must declare the relationship and agree any necessary measures that need to be put in place, ideally prior to their commencing employment.

What should I do if I'm not sure whether there's a conflict of interest?

If you have any doubts as to whether a potential conflict of interest exists always talk to your manager about it.

Appendix 6: Equality Impact Assessment Summary

Date of assessment: 15th August 2011

Manager(s) name: Greg Nicol

Role: Head of Personnel Advisory Service

Proposal, project, service, strategy or policy, that was impact assessed:

Code of Conduct and Conflict of Interest Policy

Summary of findings:

This policy does not discriminate against any group. Potential barriers concerning the accessibility of the policy are mitigated by employees being able to request the policy in different formats and having the policy printed for them by a manager with access to a computer/intranet.

Summary of recommendations and key points of action plan:

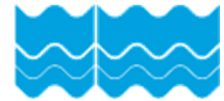
-

Groups that this project or service will impact upon

Please mark the appropriate boxes with an 'x'

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

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Whistleblowing Policy – Raising Concerns

Date: February 2015

Document summary

Whistleblowing is the raising of a concern, either within the workplace or externally, about a danger, risk, malpractice or wrongdoing which affects the organisation or others.

This policy provides a clear framework which is intended to give people the confidence to raise workplace concerns without fear of reprisal or victimisation.

Contents

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4. What kind of concerns would I disclose under this policy?	4
5. How do I raise a concern internally?.....	5
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About this document:

<p>Enquiries: Internal Audit/HR Strategy Team Author: Internal Audit + HR Strategy Team Telephone: 01273 481447, 01273 335061 Email: Russell.banks@eastsussex.gov.uk ~DBSPATHRStrategyteam@eastsussex.gov.uk</p> <p>Download this document: http://www.eastsussex.gov.uk/yourcouncil/finance/guide/fraud/download.htm</p>	<p>Version number: 01 Related information: Code of Conduct and Conflict on Interest Policy Anti-Fraud and Corruption Strategy Grievance and Workplace Conflict Policy Anti-Money Laundering Policy</p>
<p>Accessibility help</p> <p>Zoom in or out by holding down CTRL and turning the mouse wheel. CTRL and click on the table of contents to navigate. Press CTRL and Home key to return to the top of the document. Press Alt-left arrow to return to your previous location. References shown in blue text are available on the Intranet and/or Czone. References shown in underlined blue text are hyperlinks to other parts of this document.</p>	

Whistleblowing policy – raising concerns

Key points

- The public have an expectation that we will run the organisation with the highest standards of openness and integrity.
- This policy encourages, enables and reassures all employees to raise workplace concerns about risk, malpractice and wrongdoing.
- Employees will not be penalised, victimised or harassed for honestly raising workplace concerns and this policy provides assurance that you will be protected.
- All concerns will be treated in confidence and listened to. You are encouraged to put your name to allegations, as anonymous concerns are more difficult to investigate and provide feedback. However, anonymous concerns can still be raised.
- This policy is about raising a workplace concern where the risk is possibly to the organisation or others, as opposed to a grievance.

1. Introduction

- 1.1. At one time or another, all of us may experience concerns about what is happening at work. Usually these concerns are easily resolved. However, when the concern feels serious because it involves possible health and safety, or a person's welfare, malpractice or a wrongdoing that might affect others or the organisation, it can be difficult to know what to do.
- 1.2. You may be worried about raising such a concern and may think it is best not to say anything, or keep it to yourself, perhaps feeling it's none of your business or that it is only a suspicion. You may feel you would be disloyal to your colleagues, manager or to the organisation if you raised it. You may decide to say something but find that you have spoken to the wrong person, you may have raised it before and nothing was done or you may have raised it in the wrong way and are not sure what to do next.
- 1.3. The public have an expectation that we will run the organisation with the highest standards of openness and integrity. Furthermore, the Corporate Management Team (CMT) is committed to running this organisation in the best way possible and to do so, your help is needed. This policy is designed to reassure you that it is safe and acceptable to speak up and raise any workplace concerns you may have and that you are showing loyalty and commitment to the organisation by raising concerns.
- 1.4. Rather than wait for proof, it is preferred that you raise the matter as early as possible and when it is still a concern. Speaking out early could stop the issue from becoming more serious, dangerous or damaging.
- 1.5. The Whistleblowing Policy is primarily for concerns where the interests of the organisation or others are at risk. Therefore, if something is troubling you that you think we should know about and look into, please use this policy.

2. Who does this policy apply to?

- 2.1. This policy applies to all County Council employees whether full-time or part-time, including School based employees where the Governing Body has adopted the policy (subject to any changes that may have been adopted by the Governing Body of the school). Throughout this policy, reference to the 'County Council' or 'organisation' therefore includes 'Schools'.
- 2.2. In addition, the policy applies to all contractors and their staff working for the County Council e.g. agency staff, consultants and builders; also providers of works, services and supplies, including the County Council's external contractors and those providing services under a contract with the County Council in their own premises.

3. Our assurances to you

- 3.1. CMT are committed to this policy. If you raise a genuine concern under this policy, you will not be at risk of losing your job or suffering from any form of retribution as a result. Provided you are acting honestly and in good faith, it does not matter if you are mistaken. Of course, this assurance is not extended to someone who maliciously raises a matter they know not to be true.
- 3.2. With these assurances, we hope that you will raise your concern openly. However, we do recognise that there may be circumstances when you would prefer to speak to someone in confidence first. If this is the case, please say so at the outset. If you ask us not to disclose your identity, we will not do so without your consent unless required to do so by law. Please understand that there may be times when we are unable to resolve a concern without revealing your identity and in such cases, we will discuss this, and how best to proceed, with you.
- 3.3. Please remember that if you do not tell us who you are (report it anonymously) it will be much more difficult for us to look into the matter. We will also not be able to protect your position or provide feedback.
- 3.4. If you are unsure about raising a concern, you can get independent advice from the independent whistleblowing charity Public Concern at Work (see contact details under External Contacts).

4. What kind of concerns would I disclose under this policy?

- 4.1. This policy covers any serious concerns about any aspect of service provision or the conduct of officers or Members of the County Council or others acting on behalf of the County Council. This could be something against County Council policy; that falls below established standards of practice; or which relates to improper conduct or criminal activity (including fraud).
- 4.2. Concerns that fall within this policy could include, but are not limited to:
 - Practice that puts people or the County Council at risk;
 - a criminal offence has been committed, is being committed or is likely to be committed;
 - failure or likely failure to comply with any legal obligations;
 - health and safety risks, including risks to the public;
 - damage to the environment;
 - something that is against County Council standing orders and policies;
 - information relating to any of these concerns that is being or is likely to be deliberately concealed;

- weaknesses in procedure(s) that could put the organisation or people at risk.

4.3. This list is not exhaustive and even if your concern does not fall into any of the categories above, you are encouraged to raise it.

4.4. Please note that the [Grievance and Workplace Conflict Policy](#) exists to enable you to lodge a grievance relating to any matter concerning your own employment or how you have been treated, that you are unhappy about. It is very important that the Whistleblowing Policy is not used to raise individual grievances, and nor is it to be a mechanism for challenging decisions, practices and policies with which you disagree.

5. How do I raise a concern internally?

5.1. Please remember that you do not have to have firm evidence before raising a concern. You only need to have a reasonable belief that wrongdoing is taking place. Any evidence you can provide will be useful in helping the County Council investigate your concern, although it could be that you are not able to provide any evidence. We do ask that you explain as fully as you can the information or circumstances that gave rise to your concern.

5.2. Please raise your concern(s) either orally or in writing, to your immediate line manager, a more senior manager or your Chief Officer. In the case of schools, contact the head teacher or chair of governors. It is your choice as to how you raise a concern. You may wish to communicate via email, over the phone, or arrange a meeting away from the workplace.

5.3. East Sussex County Council has a Confidential Reporting Hotline which can be used to report concerns. This can be accessed by either dialling **01273 481995** or emailing: **confidentialreporting@eastsussex.gov.uk**. Please note this hotline is monitored by Internal Audit.

5.4. Should you not wish to report your concerns using the normal management structure or the Confidential Reporting Hotline, or if your concerns are about management, you can use any of the contacts listed below:

- The Chief Executive, County Hall – 01273 481950
- The Assistant Chief Executive, County Hall – 01273 481564
- The Chief Operating Officer, County Hall – 01273 481412
- The Chief Finance Officer, Business Services, County Hall – 01273 335078
- The Head of Assurance, Business Services, County Hall – 01273 481447

5.5. If you wish to raise your concerns in writing to any of the above, please address your letter to:

County Hall
St Anne's Crescent
Lewes BN7 1UE

5.6. School based employees whose concerns relate to the head teacher / principal may wish to approach the Chair of Governors, the Director of Children's Services, or any of the individuals listed above.

5.7. Remember to allow us to investigate and assess the situation it would be helpful to provide as much information as possible. We encourage you to put your name to allegations, as anonymous concerns are more difficult to investigate, and we want to be able to take any appropriate action to protect you and provide you with feedback.

6. How will the County Council respond?

- 6.1. Once you have told us your concern, we will assess it and consider what action may be appropriate. This may involve a formal review, an internal enquiry or a more formal investigation. We will tell you who will be your point of contact, what further assistance we may need from you, and agree a timetable for feedback. If you ask, we will write to you summarising your concern and setting out how we propose to handle it. If we have misunderstood the concern or if there is any information missing, please let us know.
- 6.2. When you raise the concern it will be helpful to know how you think the matter might be best resolved. If you have any personal interest in the matter, we do ask that you tell us at the outset. If we think your concern falls within our Grievance or Workplace Conflict policy or another relevant policy, we will let you know.
- 6.3. Regardless of what action may be appropriate in resolving your concern, we will not tolerate victimisation or harassment, and will take all necessary steps to protect you from any detriment.
- 6.4. Wherever possible, we will give you feedback on the outcome of any investigation. Please note, however, that we might not be able to tell you about the precise actions we take where this would infringe the duty of confidence we owe to other persons.
- 6.5. While we cannot guarantee that we will respond to all matters in the way that you might wish, we will strive to handle the matter fairly and properly. By using this policy you will help us to achieve this.

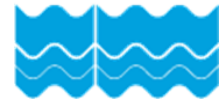
7. External contacts

- 7.1. It is hoped that this policy gives you the reassurance to raise matters internally within the organisation. Whilst we would prefer you to raise your concern internally, we do recognise that there may be circumstances where you may wish to raise matters with outside organisations or regulators. In fact, we would rather you raised a matter with an appropriate outside organisation or regulator than not raise it at all.
- 7.2. If you are unsure whether to use this policy or you want confidential advice at any stage, you may contact the independent charity Public Concern at Work's whistleblowing helpline on 020 7404 6609, or by email via whistle@pcaw.org.uk.

Regulator/Organisation	Contact details
Health and Safety Executive http://www.hse.gov.uk/contact/concerns.htm Protect people against the risk to health or safety arising out of work activities.	HSE Concerns Team Phone: 0300 0031647 in office hours, (Monday – Friday from 8.30am – 5.00pm) Email: concerns@hse.gsi.gov.uk

<p>Ofsted http://www.ofsted.gov.uk/contact-us/whistleblower-hotline</p> <p>Inspect and regulate services which care for children and young people, and those providing education and skills for learners of all ages.</p>	<p>Phone : 0300 123 3155 (Monday to Friday from 8.00am -6.00pm).</p> <p>Email: whistleblowing@ofsted.gov.uk.</p> <p>Write: WBHL, Ofsted, Piccadilly Gate, Store Street, Manchester, M1 2WD</p>
<p>External Audit http://www.kpmg.com/UK/en/Pages/email-us.aspx</p>	<p>Phone: 020 7311 1000.</p> <p>Write: KPMG, 1 Forest Gate, Brighton Road, Crawley West Sussex RH11 9PT</p>
<p>Public Concern at Work http://www.pcaw.org.uk/</p> <p>An independent charity which run a confidential whistleblowing helpline.</p>	<p>Phone: 020 7404 6609</p> <p>Email: whistle@pcaw.org.uk</p> <p>Write: Public Concern at Work, Suite 301, 16 Baldwins Gardens, London EC1N 7RJ</p>
<p>Care Quality Commission http://www.cqc.org.uk/content/report-concern-if-you-are-member-staff</p> <p>Check whether hospitals, care homes, GP's dentists and services in your home are meeting national standards</p>	<p>Phone: 03000 616161</p> <p>Write: CQC National Customer Service Centre Citygate Gallowgate Newcastle upon Tyne NE1 4PA</p>

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Anti-Money Laundering Policy

Date: February 2015

Document summary

This policy sets out the procedures that must be followed to enable the Council to comply with its legal obligations to prevent criminal activity through Money Laundering.

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About this document:

<p>Enquiries: BSD Assurance Author: BSD Assurance Telephone: 01273 482489 Email: russell.banks@eastsussex.gov.uk</p> <p>Download this document From: http://intranet.escc.gov.uk/helping/financepurchasing/finance/Documents/antimoneylaundering.doc</p>	<p>Version number: 03</p> <p>Related information</p> <p>Anti-Fraud and Corruption Strategy Code of Conduct and Conflict of Interest Policy Disciplinary Policy and Procedures Whistleblowing policy – Raising concerns</p>
<p>Accessibility help</p> <p>Zoom in or out by holding down the Control key and turning the mouse wheel. CTRL and click on the table of contents to navigate. Press CTRL and Home key to return to the top of the document Press Alt-left arrow to return to your previous location. References shown in blue text are available on the Intranet/Czone References shown in underlined blue text are links to other areas of this document</p>	

Anti-Money Laundering Policy

Key Points

- The Council is committed to the prevention, detection and reporting of money laundering.
- All employees must be vigilant for the signs of money laundering.
- Any employee who suspects money laundering activity must report this promptly to the Money Laundering Reporting Officer (MLRO).
- No payment to the Council will be accepted in cash if it exceeds £3,000.
- Customer / Contractor identification should be carried out when forming new business relationships or significant 'one off' transactions.

1 Introduction

- 1.1 The Proceeds of Crime Act (POCA) 2002, the Terrorism Act (TA) 2000 and the Money Laundering Regulations 2007 place obligations on the Council and its employees to ensure that procedures are in place to prevent the Council's services being used for money laundering.
- 1.2 This policy sets out the process which minimises the risk and provides guidance on the Council's money laundering procedures. Adhering to this policy and guidance will protect employees from the risk of prosecution if an employee becomes aware of money laundering activity while employed by the Council.
- 1.3 This policy is not intended to prevent customers and service providers from making payments for Council services, but is intended to minimise the risk of money laundering in high value cash transactions.
- 1.4 Any person involved in any known or suspected money laundering activity in the UK risks a criminal conviction.

2 Policy Statement

- 2.1 The Council is committed to:
 - Doing all we can to prevent, wherever possible, the Council and its staff from being exposed to money laundering;
 - Identifying the potential areas where money laundering may occur and strengthening procedures to minimise the risk; and
 - Complying with all legal and regulatory requirements, especially with regard to the reporting of actual or suspected cases of money laundering.
- 2.2 It is vital that every member of staff is aware of their responsibilities and remains vigilant.

3 Scope of the Policy

- 3.1 This Policy applies to all employees of the Council and aims to maintain the high standards of conduct which currently exist within the Council by preventing criminal activity through money laundering.
- 3.2 This Policy sits alongside the Council's Anti-Fraud and Corruption Strategy and Whistleblowing Policy – Raising Concerns.

3.3 Failure by a member of staff to comply with the procedures set out in this Policy may lead to disciplinary action being taken against them. Any disciplinary action will be dealt with in accordance with the Council's Disciplinary Policy and Procedures.

4 **What is Money Laundering?**

4.1 Money laundering is the process whereby the proceeds of crime (criminally obtained money or other assets (criminal property)) are exchanged for 'clean' money or other assets with no obvious link to their criminal origin.

4.2 Criminal property may take any form, including money or money's worth, securities, tangible property and intangible property. It also covers money, however come by, which is used to fund terrorism. Money laundering activity includes:

- acquiring, using or possessing criminal property;
- handling the proceeds of crimes such as theft, fraud and tax evasion;
- being knowingly involved in any way with criminal or terrorist property;
- entering into arrangements to facilitate laundering criminal or terrorist property;
- investing the proceeds of crimes in other financial products;
- investing the proceeds of crimes through the acquisition of property/assets;
- transferring criminal property.

4.3 Money laundering is the term used for a number of offences involving the proceeds of crime. The POCA 2002 defines both the money laundering offences and reporting responsibilities. These include possessing, or in any way dealing with, or concealing, the proceeds of any crime.

4.4 The main offences relating to money laundering can be summarised as:

- concealing, disguising, converting, transferring or removing criminal property from England, Wales, Scotland or Northern Ireland.(section 327);
- being involved in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property (section 328);
- acquiring, using or possessing criminal property (section 329);
- doing something that might prejudice an investigation – for example, falsifying a document (section 342).

4.5 Additionally, the Terrorism Act 2000 extends the money laundering reporting requirements of all individuals and businesses in respect of terrorist fund-raising. There is a requirement to report any knowledge or reasonable grounds for belief or suspicion about the funds or property which are likely to be used for the purposes of terrorism, even if the funds are 'clean' in origin.

4.6 Any member of staff could potentially be implicated in money laundering, if they suspect money laundering and either become involved with it in some way and/or do nothing about it. This Policy sets out how any concerns should be raised.

4.7 While the risk to the Council of contravening the legislation is low, it is important that all employees are familiar with their responsibilities: serious criminal sanctions may be imposed for breaches of the legislation. The key requirement on employees is to promptly report any suspected money laundering activity to the Money Laundering Reporting Officer.

5. Warning Signs

5.1 Because money launderers are always developing new techniques, no list of examples can be fully comprehensive; however, here are some key factors which may give you cause for concern:

- Secretive clients / customers – a secretive or obstructive client / customer;
- Unusual instructions – instructions that are unusual in themselves or unusual for the business or your client;
- Large payments made in cash - No payment to the Council will be accepted in cash if it exceeds £3,000;
- Large payments made and a refund requested (very quickly after payment received);
- Money received from a source other than your client / customer – not where you were expecting the funds to have come from.

6 What to do if you have concerns - Reporting Procedures

6.1 Any employee who suspects money laundering activity must report their suspicion promptly to the MLRO, or to the MLRO's deputy if appropriate, using the Anti-Money Laundering reporting form, which is available upon request, from Internal Audit. If you would prefer, you can discuss your suspicions with the MLRO or their deputy first.

6.2 The employee must follow any subsequent directions of the MLRO or deputy, and must not themselves make any further enquiries into the matter. They must not take any further steps in any related transaction without authorisation from the MLRO.

6.3 The employee must not disclose or otherwise indicate their suspicions to the person suspected of the money laundering. They must not discuss the matter with others or note on the file that a report has been made to the MLRO in case this results in the suspect becoming aware of the situation.

6.4 The MLRO or deputy must promptly evaluate any reported disclosure, to determine whether it should be reported to the National Crime Agency (NCA).

6.5 The MLRO or deputy must, if they so determine, promptly report the matter to NCA by completing an on-line Suspicious Activity Report (SAR's) which can be accessed via the following link:

<http://www.nationalcrimeagency.gov.uk/>

7. The Money Laundering Reporting Officer (MLRO)

7.1 The officer nominated to receive disclosures about money laundering activity within the Council is the Head of Assurance, Russell Banks. He can be contacted as follows:

Russell Banks
Head of Assurance – Business Services Department
East Sussex County Council
County Hall
St Anne's Crescent
Lewes, East Sussex
BN7 1UE
Telephone: 01273 481447
E-mail: russell.banks@eastsussex.gov.uk

7.2 In the absence of the MLRO, the Senior Audit Manager, Nigel Chilcott (nigel.chilcott@eastsussex.gov.uk) Telephone: 01273 481992 at the same address, is authorised to deputise for him.

8. Customer / Contractor Identification

8.1 It is the intention of this Council for its staff to be alert to potential suspicious circumstances in all their business dealing and to raise concerns with the MLRO as and when they arise.

8.2 Whilst there is no legal requirement to put in place formal procedures for evidencing the identity of those we do business with, in forming new business relationships or considering undertaking a significant one-off transaction, it is expected and prudent for management to satisfy themselves as to the identity of the parties with whom they are transacting.

8.3 Where there is a need to carry out identification, details of the check made must be recorded and retained. In carrying out an identification check you might consider the following:

- checking with the customer's website to confirm their business address;
- conducting an on-line search via Companies House to confirm the nature and business of the customer and confirm the identities of any directors;
- seeking evidence from the key contact of their personal identity, for example their passport, and position within the organisation.

8.4 If, at any time, you suspect that a client or customer for whom you are currently, or are planning to do business with is carrying out money laundering or terrorist financing, or has lied about their identity, then you must report this to the MLRO.

9. Record Keeping

9.1 In carrying out identification procedures - the records and detail of the relevant transaction(s) for that customer / contractor / client must be retained for at least five years after the end of the business relationship.

10. Guidance and Training

10.1 In support of the policy and procedure, the Council will:

- make all staff aware of the requirements and obligations placed on the Council and on themselves as individuals by the anti-money laundering legislation; and
- give specific, targeted training to those individuals whose area of business is considered to be vulnerable to money laundering.

11. Further Information

11.1 Further information can be obtained from the MLRO and the following sources:

- National Crime Agency (SAR's reporting) website www.nationalcrimeagency.gov.uk
- "Proceeds of Crime (Anti-Money Laundering) – Practical Guidance for Public Service Organisations" – CIPFA
- 'Combating Financial Crime (Further guidance on Anti-money Laundering for Public Service Organisations) – CIPFA – www.cipfa.org.uk
- The Consultative Committee of Accountancy Bodies (CCAB) – www.ccab.org.uk
Her Majesty's Revenues and Customs (HMRC) –
<http://www.hmrc.gov.uk/mlr/index.htm>
- Law Society - www.lawsociety.org.uk
- The Joint Money Laundering Steering Group (JMLSG) – www.jmlsg.org.uk

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Report to: **Audit, Best Value and Community Services Scrutiny Committee**

Date: **17 March 2015**

By: **Chief Operating Officer**

Title of report: **Strategic Risk Monitoring**

Purpose of report: **To update the Committee on current strategic risks faced by the Council, their status and risk controls / responses.**

RECOMMENDATION: The Committee is recommended to note the current strategic risks and the risk controls / responses being proposed and implemented by Chief Officers.

1. Financial Appraisal

1.1 There are no direct financial implications from this report. There are however, significant financial implications that could arise through the failure to operate a sound risk management regime.

2. Supporting Information

2.1 We continue to strengthen our approach to risk management in response to the changing risk landscape across the public sector and a changing risk profile for the County Council. The aim is to further embed sound risk management practice within the culture of the Council and to move towards a more mature, dynamic and real time approach which supports the Council in managing the delivery of priority outcomes with reducing resources.

2.2 The Strategic Risk Register is attached as Appendix A. This is formally reviewed by DMT's and CMT on a quarterly basis. Members should note that this version of the Strategic Risk Log was reviewed by CMT on 11th February 2015 and was presented to Cabinet on 10th March 2015.

2.3 Since the last review by the ABV&CSSC in November 2014, the overall number of risks in Appendix A has remained the same. All risks have been reviewed and, whilst there are no changes to any existing risk scores, a number of improvements and amendments in relation to risk controls and responses have been made. These are as follows:

- Risk 1(Roads);
- Risk 4 (Health);
- Risk 5 (Resource);
- Risk 6 (Local Economic Growth);
- Risk 7 (Schools);
- Risk 8 (Capital Programme);
- Risk 10 (Welfare Reform).

2.4 We will continue to explore opportunities to further strengthen the council's risk management arrangements and for mitigating our key strategic risks. It is however, important to recognise that in some cases there is an inherent risk exposure over which the Council has only limited opportunity to mitigate or control.

3. Risk Improvement Activity

3.1 Regular reviews of risk registers continue to be carried out in conjunction with departmental risk coordinators to ensure that relevant risks are identified and risk controls / responses are effective.

3.2 As part of our plans to help strengthen project and programme risk management, a risk review in support of the Agile Programme has been undertaken, and ongoing risk management support is being provided. A series of risk management workshops have also been held to support Programme managers in identifying, articulating and effectively mitigating programme relevant risks.

3.3 Finally, the Council's Risk Management Framework has recently been reviewed and updated and is due to be reported to this committee in June 2015 for agreement.

Kevin Foster
Chief Operating Officer

Contact Officers: Russell Banks, Head of Assurance, Tel: 01273 481447
Rawdon Philips, Risk & Insurance Manager, Tel: 01273 481593

Local Member: All

Background documents :
None

Strategic Risk Register			
Ref	Strategic Risks	Risk Control / Response	RAG
1	<p>ROADS</p> <p>Severe winter weather, over recent years, caused significant damage to many of the county's roads including an unprecedented number of potholes. We know that this is likely to lead to a backlog in repairs, an increased number of potholes and an increased number of liability claims causing reputational damage and increasing financial risk to the Council.</p>	<p>Investment has improved the overall condition of Principal (A) and Non-principal (B/C) roads. Roads patched or resurfaced are less vulnerable to severe winter weather. The Highways Asset Plan and ten year investment programme direct longer term plans to improve the road network condition, particularly 'C' and Unclassified roads, while sustaining a 'steady state' level for A and B roads. This planned investment programme is supplemented by funding agreed by Cabinet that is already having a positive impact on the rate of improvement. Further funds have also been secured from the Department for Transport Pothole Fund (£1.44m July 2014) and Severe Weather Recovery Scheme (£2.65m March 2014), however, bad winter weather could cause deterioration on some roads. The number of potholes being reported are steadily increasing, but remain within our control. This will need to be monitored as we approach the colder/wetter winter period. Improvements have been made to the highways claims process to reduce response times; defending our position where necessary and compensating those who are entitled. Improvements to contract rates and processes are also anticipated through the future highways maintenance contract which is expected to commence in May 2016.</p>	R
2	<p>ORDINARY RESIDENCE</p> <p>Risk from other areas placing clients in receipt of social care services in East Sussex, and transferring to ESCC the commissioning, care management and funding responsibility for the individual as a result of a successful Ordinary Residence claim.</p>	<p>Dedicated Ordinary Residence Panel set up. The Panel discusses and agrees strategic and legal responses to Ordinary Residence claims from and to other Local Authorities, and directs reporting content. Panel members contact other Local Authorities directly where appropriate, and instruct Legal Services representation (including Counsel, and applications for Secretary of State determination) on behalf of ESCC.</p> <p>Continued awareness raising for ASC operational staff (and particularly Social Care Direct) in line with published guidance on Ordinary Residence, resulting in earlier case referrals to Ordinary Residence team. Guidance for frontline staff was written and issued followed by panel members visiting all ASC Operational teams to deliver presentation and Q&A. OR Inbox established to provide advice to staff and monitor all known incoming/outgoing OR queries and claims.</p> <p>Regular information gathering and reporting to DMT on all Ordinary Residence case referrals and financial projections.</p>	R
3	<p>CARE ACT</p> <p>Implementation of the additional duties and demands arising from the Care Act, within reducing resources. The implications of the Act will fundamentally impact on how we deliver social care, including Safeguarding; social care funding; contributions to meet the cost of care (Dilnot report); increased duties in respect of carers and the provision of information and advice. The Act has direct implications for the whole social care system including independent providers and health partners, with the introduction of the Better Care Fund across health and social care forming a key part of the changes. The implementation timescales for some aspects of the Act, not least funding reform, have tight timescales for delivery. These changes have to be implemented whilst continuing to meet current statutory duties.</p>	<p>Care Act governance arrangements established with CMT oversight and workstreams identified for each aspect of the Act.</p> <p>Close working with ADASS to ensure, where possible, regional implementation solutions can be sought to minimise duplication and variation. Representation on ADASS workstreams and close working with the regional lead are being developed.</p> <p>Joint working with East Sussex Clinical Commissioning Groups to develop the Better Care Fund are in place and implementation is on schedule.</p> <p>Current programmes of work are cognisant of Care Act implications, where known, and are being planned and delivered accordingly. E.g. social care information system; review of internet content; care pathway business process redesign; Better Together - health and social care integration programme.</p>	R

Ref	Strategic Risks	Risk Control / Response	RAG
4	<p>HEALTH Programme established to transform health and social care in East Sussex and deliver the Better Care Fund plan to improve outcomes for East Sussex residents. Failure to deliver programme will impact on social care, public health and health outcomes and increase social care cost pressures.</p>	<p>Implementation of East Sussex Better Together Programme by ESCC and all East Sussex Clinical Commissioning Groups, with robust governance arrangements reporting to County Council and Health and Wellbeing Board. Programme will include review of needs and available resources, wide engagement with stakeholders and residents and evidence of best practice, to develop a plan for a clinically and financially sustainable health and social care system in East Sussex. There will also be targeted use of the Better Care Fund to better integrate health and social care and contribute to whole system transformation. Risks will need to be reassessed once the outcome of the General Election in May is known.</p>	A
5	<p>RESOURCE Failure to plan and implement a strategic corporate response to resource reductions, demographic change, and regional economic challenges in order to ensure continued delivery of services to the local community.</p>	<p>We employ a robust Reconciling Policy, Performance and Resources (RPPR) process for business planning. We have adopted a commissioning approach which means evaluating need and considering all methods of service delivery, which includes working with partner organisations to deliver services. The Council Plan sets out targets for a 'One Council' approach to deliver our priorities and is monitored quarterly. Over the coming year the outcome of the General Election may affect our plans.</p>	A
6	<p>LOCAL ECONOMIC GROWTH Failure to deliver local economic growth, and failure to maximise opportunities afforded by Government proposal to allocate Local Growth Funding to South East Local Enterprise Partnership, creating adverse reputational and financial impacts.</p>	<p>Following the success of East Sussex in attracting funding against projects in Growth Deal Round 1 (£54.58m + £11.5m C2C to Newhaven) the business cases and pre development work is being undertaken to enable timely delivery. Growth Deal Round 2 has now been launched and East Sussex responded with a scaled list of projects. The Autumn Statement identified just £1bn available from 2016/17, with no additional funding for 2015/16. We now await the outcome of the East Sussex projects (requesting a total £20.6m from the Local Growth Fund). SELEP has launched the 2015/16 Skills capital fund of just £11m across the SELEP area. East Sussex FE colleges are currently preparing bids, however given the match funding requirements and lack of 'shovel ready' projects within East Sussex (coupled with the very small amount available) we are not expecting any large bids from within the county. There will be a 2nd round 15/16. Stakeholders are aware of the EU Structural and Investment Fund process and the intended call by government for project proposals in January 2015. Due however to protracted negotiations between government and the EU Commission we now understand that the funds may not be ready for a call for bids until possibly late spring 2015; our partners have been informed but also encouraged to continue to develop bids despite the change in timing.</p>	A
7	<p>SCHOOLS An increasingly diverse set of education providers could lead to fragmentation and increase the risk of underperformance. This would impact negatively on standards and which in turn will impact on the local economy, the cost of health and social care. There is potential reputational risk to the Council from the underperformance or failure of educational providers, such as academies.</p>	<ul style="list-style-type: none"> •Relationships with academies continue to be built and we are working with sponsors, including the Diocese of Chichester, to find appropriate academy solutions for schools. •Academies are included in the Education Improvement Partnerships and alliances. •Academies are all party to data sharing agreements and are sharing targets and progress data with us. •Performance data continues to be analysed for all schools so that the LA maintains an overview of the performance of all pupils in the County. •The LA offers direct support to academies to address any performance concerns that become apparent through data analysis or other intelligence gathering; this includes support from consultant headteachers for secondary academies. •Where academies do not appear to be accessing appropriate support, LA brings this to the attention of the DfE. 	A

Ref	Strategic Risks	Risk Control / Response	RAG
8	<p>CAPITAL PROGRAMME Failure to deliver capital programme outcomes on-time and on-budget, impacting on the Council's ability to support local economic growth.</p>	<p>The Council has a five year capital programme in place which reflects Council priorities. This is updated annually and monitored as part of the Reconciling Policy, Performance and Resources (RPPR) process. An initial review to strengthen and improve the overall governance arrangement for the effective management and delivery of the programme has taken place. A number of improvements have been implemented and further considerations will be taken to ensure best practice is being followed. The Bexhill Hastings Link Road is a complex and significant project within the capital programme and there is a risk of further increased costs in the event of poor weather or other unforeseen issues.</p>	A
9	<p>WORKFORCE Under-informed and under-motivated workforce results in adverse impact on service delivery / performance and ability to successfully deliver service transformation / corporate change programme.</p>	<p>We have worked effectively in partnership with Trade Unions throughout. Building on the feedback from the Employee Engagement sessions run last year, we have commenced a series of engagement sessions with the purpose of supporting and equipping managers to engage with their teams during the on-going period of change. These events will also be used to reinforce the Council's behaviours which are applicable to all employees. Corporate Management Team web-chat provides a quarterly opportunity to engage with a broader cross section of the workforce and respond to staff queries and issues.</p>	A
10	<p>WELFARE REFORM Welfare reform leading to sub-optimal outcomes for East Sussex community. Impact on working age adults with the potential increased demand on services. Direct financial pressure on the County Council along with implications on spending within the wider local economy.</p>	<p>Work with the District and Borough Councils to understand the impact of changes to the Council Tax Benefit scheme for East Sussex. Any potential financial impact is reflected through the Reconciling Policy, Performance and Resources (RPPR) process. We are working in partnership through the Financial Inclusion Partnership and the Targeted Welfare Reform Project which provides information on the changes to partners and the public across East Sussex. Universal Credit would begin to be rolled out in the Rother and Hastings area on 20th April 2015. Funding from the Government for the Discretionary East Sussex Support Scheme, which helps people on benefits in crisis, has been secured for 2015/16 following the withdrawal of the Government's proposal to cease funding from April 2015. The money will be used to continue fund a reduced scheme for two years, which will help to protect those in most need, against a background of great uncertainty about future funding.</p>	A

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Report to: **Audit, Best Value & Community Services Scrutiny Committee**
Date: **17 March 2015**
By: **Chair of the Review Board**
Title of report: **Scrutiny review of the disposal of the former St. Anne's School site, Lewes**
Purpose of report: **To present the finding and recommendations of the scrutiny review and the response**

RECOMMENDATION: That the Committee is requested to 1) consider and endorse the report of the Review Board and 2) consider the responses to the recommendations.

1. Summary

1.1 The Review Board comprised Councillors David Tutt (Chair & substituting for Cllr Mike Blanch), John Barnes and Jeremy Birch.

1.2 Appendix 1 contains the findings and recommendations of the Review Board and Appendix 2 contains the response from the Chief Operating Officer that has been endorsed by the Lead Member for Resources (Cllr David Elkin).

2. Recommendation

2.1 The Committee is requested to 1) consider and endorse the report of the Review Board and 2) consider the responses to the recommendations.

Cllr David Tutt
Chair of the Review Board

Contact Officer: Paul Dean Tel No. 01273 481751

Local Members: All

BACKGROUND DOCUMENTS

None

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Appendix A

Scrutiny review of the disposal of the former St. Anne's School site, Lewes

Report by the Review Board

of the Audit, Best Value & Community Services Scrutiny Committee

Councillor David Tutt (Chair)

Councillor John Barnes

Councillor Jeremy Birch

January 2015

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Recommendations		Page
1	<p>When establishing any future similar steering group to consider a community asset transfer, the Council should:</p> <p>a) ensure that all local Members in the vicinity, and not just the Member in whose division the facility lies, are invited to become involved in the discussions.</p> <p>b) encourage any future equivalent 'steering group', early in the process and as an ongoing exercise, to actively consider the extent to which it is fully representative of the community and to take necessary steps to ensure that all appropriate bodies have been invited to take part.</p>	8
2	<p>In respect of future transactions of this nature, Property Management should:</p> <p>a) keep a filed record of all informal conversations between officers and bidder representatives to provide a full and accurate audit trail of advice and information provided to bidders;</p> <p>b) ensure that where discussions with one bidder could lead to a potential change in the scope, conditions or physical extent of the asset under consideration, then such advice should be made available to all other bidders;</p> <p>c) offer to give unsuccessful bidders the opportunity of feedback at the earliest opportunity.</p>	10
3	<p>The County Council should ensure that in respect of future community asset transfers:</p> <p>a) Any winning bidder should be required to provide, and demonstrate a commitment to, an equal opportunities policy that is comparable with the County Council's equal opportunities policy in respect of the services or community facilities it intends to provide. If none is in place at the outset, then the organisation must demonstrate a firm commitment to working closely with the Council to develop one.</p> <p>b) The Council must be satisfied that the equal opportunities commitment of a bidder would be respected before the asset transfer can be approved.</p> <p>c) All officers involved in community asset transfers must ensure they are fully aware of the requirements of the Equality Act 2010 as they apply to the County Council and bidders, and that they seek the advice of the Policy Manager (Equalities) as appropriate as part of the process.</p>	12
4	<p>The bid assessment form in respect of future community asset transfers should contain an additional category of 'achievability' or 'feasibility'.</p>	13
5	<p>In the context of future community asset transfers, the Council should aim to make it clear that its assessment of 'best value' is not confined to, and may, within limits, even disregard the notion of achieving maximum price.</p>	14

6	The Council should offer advice and support (for example by the Council's Head of Communications and Third Sector Policy Officer) to assist Subud with the development of an effective community engagement and equalities strategy.	16
7	Any non-confidential elements within a community asset transfer lease should be made public, in particular: the extent of any requirement for continued use by the general public and how the Council intends to monitor and enforce the key terms of the lease relating to community use	16
8	Subud should be asked to provide the Council and public with information at regular intervals about the general community use of the St Anne's site.	16

Context

1. St. Anne's School site is located on Rotten Row, Lewes. The County Council closed the school in September 2005. The school site consists of several buildings situated on approximately four acres of land accessible via Rotten Row. There was no perceived obvious future use for the site due to the restricted road access and the number of tree preservation orders in place.
2. For several years until 2011, East Sussex County Council (the Council) maintained the site on a basic 'wind and water tight' basis. Public access was not physically restricted and the local community used the site informally. In April 2011 a bout of vandalism of the roof of the buildings led to a decision to seal and close the site.
3. In the early summer of 2011, a group of climate change activists occupied the site stating that they wished to secure its future as a community asset. The illegal encampment was removed in June 2011.
4. The County Council convened two public meetings in Lewes Town Hall on 7 and 27 July 2011 to enable residents and community groups to discuss options for the interim community use of the site. A community-led St Anne's Steering Group emerged to assist with the development of plans for the short and long-term use of the site.
5. On 23 October 2012, the Lead Member for Community and Resources approved a proposal to dispose of the site for community use in recognition that was the most valuable non-residential use for the site.
6. The Council published the sales particulars for the site in January 2013 and invited expressions of interest from voluntary and community organisations. Three organisations completed applications: Subud, YMCA and Lewes Community Land Trust (LCLT). The Council gave all applicants the opportunity to amend or revise their bids prior to the formal deadline for submissions on 7 June 2013.
7. Following the deadline, a Bid Assessment Panel was established comprising four Council officers, a representative from 3VA and a representative from the St. Anne's Steering Group. On 17 June 2013, the Panel unanimously recommended the bid submitted by Subud.
8. Shortly afterwards, the Council received a challenge from LCLT about wording in the bid application form. The form was derived from a standardised bid application form produced by Localities, an organisation specialising in community asset transfers. It contained a statement inviting requests for purchase of the asset by "voluntary, community or not for profit organisations, *unless the organisation is promoting political or religious activities*". The Council halted the bidding process to review the legality of the wording and its impact on the process.
9. Following an assessment, the Council concluded that the wording had been included in error and had it not been spotted may have led to the Council breaching its duties under the Equality Act 2010. However, the inclusion of the wording was considered not to have affected any of the bids.
10. The bidding process was resumed and the Lead Member for Resources approved Subud as the preferred bidder on 29 October 2013. The Council then set about agreeing the heads of terms of the sale with Subud, which was delayed in part by the parties' joint efforts to safeguard community use of the site.
11. In late August 2014, members of the public and a County Councillor began to raise a number of concerns alleging that the bidding process had been flawed and that the sale of the site to Subud had been in breach of the Equality Act 2010.

12. On 5 September 2014, in response to these concerns, the Audit, Best Value & Community Services Scrutiny Committee agreed to establish a scrutiny review board to undertake an analysis of the bidding process. The Lead Member for Resources attended the meeting and welcomed the decision to review the process.

The Scrutiny Review Board

13. The Scrutiny Review Board comprised two members of the Audit, Best Value & Community Services Scrutiny Committee: Cllr John Barnes and Cllr Jeremy Birch, and a substitute for the Chair of the Committee: Cllr David Tutt. Cllr Tutt was elected as the Chair of the Review Board.

14. The agreed scope of the Review Board was to undertake an analysis of the process involved in selecting a preferred bidder to take over the site of the former St Anne's school in Lewes for the purpose of providing an asset for the community. The specific issues that the Review Board considered were asked to consider were:

- a) The extent to which the St Anne's Steering Group was representative of the community.
- b) The advice given to each bidder.
- c) The extent of the Council's research into the policies (particularly equal opportunity policies) of the bidders.
- d) How each bidder was assessed and scored.
- e) The composition of the Bid Assessment Panel.
- f) The reasons for disposal to an 'under-bidder'.
- g) The level of community benefit arising from the successful bidder.
- h) How the Council will protect community benefits, equality of access and guard against gains from future housing development.

15. The Board was established on the basis that:

- it had no authority to overturn or call-in the decision taken by the Lead Member for Resources on 29 October 2013;
- it was not intended to delay the agreement of the heads of terms for the disposal of the St. Anne's School site to Subud;
- it would make its recommendations to the Lead Member for Resources to improve the process of community asset transfers in the future.

16. The Board invited all interested parties to submit comments and evidence and agreed to hold its evidence gathering in public as far as practicable. All non-exempt information considered by the Board was published on the Council's website during the course of the review.

17. The Review Board held three public meetings: two evidence-gathering sessions on 15 October and 21 October 2014, and a final meeting on 14 November where it agreed that it had received sufficient written and oral evidence to reach a conclusion about each of the issues set out in the scope of the review.

18. This report sets out the findings, conclusions and recommendations of the Review Board for submission to the Lead Member for Resources for consideration.

Findings and conclusions

a) The extent to which the St Anne's Steering Group was representative of the community

19. The St Anne's Steering Group was established in 2011 and first met 13 October 2011 with the remit:

- To ensure that the communities of Lewes have opportunities to develop and deliver ideas and activities for the short term (minimum 3 years) use of the St. Anne's site grounds.
- To work with partners and the County Council (as landlord) to investigate potential opportunities for the long term use of the site (both grounds and buildings). Any short-term use cannot prejudice any potential long-term use of the site (grounds and buildings).

20. The County Council helped to establish the Group and assisted with suggesting a scope. Council officers attended the meetings of the St. Anne's Steering Group as advisers rather than members; their role was to facilitate, enable and advise the Group members in carrying out their agreed roles.

21. 3VA was the St. Anne's Accountable Body and the Interim Lease Holder of the site. 3VA provided advice, developmental support and administrative support to the Group.

22. Apart from the 12 December 2012 meeting, all the meetings of the Steering Group were quorate. The quorum was set at 50% of membership at the 24 September 2012 meeting.

23. Significant efforts were made in the lead up to the formation of the Group, and during its lifespan, to encourage as many people and interested groups as possible to get involved. Well-publicised public meetings were held on 7 and 27 July 2011 in Lewes Town Hall where local residents and other groups were actively encouraged to take part in the Steering Group. There is no evidence that anyone was excluded from participating. Indeed, when membership declined in mid-2012, the Group actively sought new members.

24. Not every affiliated organisation was represented at every meeting of the Group. Some had indicated their wish to be kept in touch by receipt of minutes rather than attendance. There is no evidence to suggest that the affiliated organisations were not aware of the Group's proceedings through notes of the meetings and other publicity. Any affiliated association or residents' group could therefore have voiced its views at any stage if it was concerned about the direction the Group was taking.

25. The County Councillor for Lewes Division was fully involved and played an active role as a member of the Steering Group throughout its life. However, the County Councillor for Ringmer and Lewes Bridge was not a member; she stated that she had not been specifically invited to join and that she had not joined voluntarily because she was not aware of the full extent of the remit of the Group in considering the long term future for the site. There is some evidence that County Council officers normally treat the member representing the ward/division in which a facility lies as the 'local Member'. Whilst the site lies within the Lewes County Division, some residents of Ringmer and Lewes Bridge considered that they were affected by the decision and had made representations to their County Councillor.

26. The Review Board concluded:
- There is no evidence that the St. Anne's Steering Group was dysfunctional. Members of the group demonstrated significant time commitment, enthusiasm and clarity of focus. The Group's remit was clearly stated and its members appear to have kept an open mind about the possible outcomes and based its views on the information it received.
 - It is probably impossible to create a steering group such as this that is ever going to be fully representative of every community interest. However, the St Anne's Steering Group was representative of those in the community who had indicated an interest in taking part in shaping the future of the St Anne's site.
 - Reasonable attempts were made to encourage anyone with an interest to take part. However, there is an argument to consider widening the definition of "local Member" in similar future circumstances.

Recommendation

1. When establishing any future similar steering group to consider a community asset transfer, the Council should:

- a) ensure that all local Members in the vicinity, and not just the Member in whose division the facility lies, are invited to become involved in the discussions.**
- b) encourage any future equivalent 'steering group', early in the process and as an ongoing exercise, to actively consider the extent to which it is fully representative of the community and to take necessary steps to ensure that all appropriate bodies have been invited to take part.**

b) Advice given to each bidder

27. Bidders have expressed concerns that the advice provided by the Council during the bidding process was inconsistent. The YMCA and LCLT each made the following objections about the process in August 2013:

- "There was a lack of clarity as to the parameters of the bid and what the Council wanted to achieve through the transfer of the site. We had contradictory advice to whether or not housing might be included on site for instance."
- "We were told that there may be an option to acquire the St Anne's Crescent overflow car park and develop this as part of the bid. Again, it was not made clear whether this was a definite option."
- "We were told that the shortlisted bidders should produce an outline bid and then we would be invited for interview, through which our bid could be refined if necessary. This [interview] did not happen."
- "Sussex Central YMCA and the Lewes Community Land Trust have asked for feedback from our bids which has not been received to date." (See paragraph 34).

28. The evidence suggests that the County Council provided bidders with a range of support and advice, most notably access to the advice of an estates surveyor, from the start of the process in January 2013 up until the application deadline on 7 June 2013. The Council also provided interested bidders with the sales particulars of the site and a bid application form. The estates surveyor provided advice in response to the bidder's questions about the application by phone and email and at face-to-face meetings.

29. The estates surveyor met with LCLT three times between January and March 2013, but they did not retain a record of these face-to-face meetings. LCLT states that it was confused about the advice provided. For example, LCLT considers that it was given a positive indication the inclusion of the St. Anne's Crescent overflow car park in its bid would be regarded favourably. However, in an email (dated 28 February 2013), the estates surveyor states:

“A bid that relies on the value of the St. Anne’s Crescent Car Park site to enable development of St. Anne’ school site would have to be judged against other bids but is unlikely to be considered favourably.”

30. There does appear to have been confusion amongst bidders in the interpretation of the Lewes District Council’s & South Down National Park Authority’s Strategic Housing Land Availability Assessment (SHLAA), which identifies potential sites to be developed for housing. The SHLAA designates St. Anne’s site, along with the County Hall site, as “developable – suitable but unknown availability”.

31. Advice given to each bidder was not generally shared with the other bidders as the Council reasoned that this could unduly “influence and homogenise” the scheme designs from the different bidding parties. It was also considered that it would have been unfair on the one party if the other parties benefited from the responses provided to a particularly proactive bidder.

32. After the Council had received the first draft of the bids in May 2013, the three applicants were asked to clarify aspects of their bids and were given the opportunity to make improvements prior to the deadline on 7 June 2013.

33. There is no evidence that the Bid Assessment Panel offered bidders the opportunity of an interview. There is no such offer in either the sales particulars or the bid application form, which are the only formal documentation that all bidders received.

34. The Council has stated that it will provide feedback to the losing bidders once the contract with Subud has been finalised.

35. The Review Board concluded:

- The Council provided the three bidders with the same documentation (the sales particulars for the site and the bid application pack indicating that the Council’s purpose was to secure “an asset for the community”) and the same offer of support from an estates surveyor. It was clear from the background information contained in the community asset transfer application form that the bidder would need to identify what planning advice they had sought from the local planning authority.
- Any allegations of varying or confused advice appear to relate to informal conversations at an early stage; the variations occurred primarily because bidders raised different issues that were met with different, but appropriate, responses.
- The offer of an interview with prospective bidders does not appear in any of the documentation seen by the Board and so it remains unclear why a bidder could have harboured such an expectation.
- Telephone and face-to-face conversations between council officers and bidders could, in hindsight, have been documented more carefully to provide a complete audit trail of every interaction.
- Whilst it is understandable that feedback to unsuccessful bidders may need to wait until the contract with the successful bidder has been signed, the long delay in securing the final contract in this case has led the unsuccessful bidders becoming frustrated at the lack of helpful feedback.

Recommendation

2. In respect of future transactions of this nature, Property Management should:

- a) keep a filed record of all informal conversations between officers and bidder representatives to provide a full and accurate audit trail of advice and information provided to bidders;
- b) ensure that where discussions with one bidder could lead to a potential change in the scope, conditions or physical extent of the asset under consideration, then such advice should be made available to all other bidders;
- c) offer to give unsuccessful bidders the opportunity of feedback at the earliest opportunity.

c) The extent of the Council's research into the policies (particularly equal opportunity policies) of the bidders

Equal opportunities policies

36. During the bid assessment process, Bid Assessment Panel members carried out their own independent research into the bidders. In particular, the Third Sector Policy Manager carried out background checks of all three bidders by:

- checking the governance and financial position with the Charity Commission and Companies House;
- seeking the views of the County Council's Equalities Manager in respect of the Council's duty under the Equality Act 2010 (as it applies to bid assessment);
- seeking the views of community and voluntary support organisations, such as 3VA, that were aware of the activities of all the bidders in the community over previous years.

37. The bid application forms requested bidders to indicate whether they had in place (or were considering) an equal opportunities policy, but bidders were not asked to submit a copy of the policy with the application form.

38. In September 2014, allegations were made by members of the community that Subud is an organisation that discriminates against people with specific protected characteristics¹ (See item 15, p.19) and by failing to take account of this information, East Sussex County Council was in breach of its obligations under the Equality Act 2010.

39. In its evidence to the Scrutiny Board, Subud representatives stated:

- That they have never discriminated against any group (with protected characteristics) in the operation of its current site in Lewes. (No evidence was provided to the Board to counter this point despite critical questioning of witnesses).
- That they would not discriminate against any group or organisation (with protected characteristics) that wished to use the community facilities to be provided at the St Anne's site.
- That they would operate an equalities policy that would be satisfactory to the Council and ensure that the services it provides would be to the wider Lewes community and not restricted to the community of Subud members.

• ¹ The Equality Act 2010 defines 'protected characteristics' as: age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex and sexual orientation.

- That the anomalies between the historical talks and writings of Bapak and the current practices of the organisation had initiated an internal debate which had resulted in series of actions within Subud, including the removal of much of the offending material from the Internet.

Mistaken clause inclusion

40. The bid application form used in the process derived from a generic form developed by Localities (an organisation that specialises in community asset transfers) for use by a number of organisations. During the process it was discovered that the form contained a clause whose purpose was ambiguous and which appeared to be unlawful. It had clearly therefore been included in error and stated:

“The questionnaire applies to requests for the purchase of a Council asset by voluntary, community or not for profit organisations, unless the organisation is promoting political or religious activities. It is not intended to be used for commercial organisations.”

41. Once the error had been discovered, the Council halted the sale process and began an internal assessment as to its impact on the bidding process including whether the process needed to start again. At this stage, the Council’s Equalities Manager was consulted for advice. The assessment concluded that the inclusion of the clause:

- was contrary to the Equality Act 2010;
- had resulted partly from the adaption of a template provided by the voluntary and community support organisation, Localities;
- had not been included in the published advertisement for bidders; and
- had not deterred any bidder from applying or pursuing their bid.

42. As a result, it was decided that the bidding process could resume although bidders were to be given the option to amend their bids in the light of this change.

43. The Review Board concluded:

- The duties of the Council in regards to the Equality Act 2010 include a duty to eliminate discrimination by fostering good relations between people who share relevant protected characteristics and those who do not.
- The law makes a distinction between the internal workings of a religious organisation (or charity), including its responsibilities and behaviour towards those who join as members, and its outward facing responsibilities towards the wider community through the provision of community facilities or services. As long as an organisation provides community facilities in accordance with equalities legislation and an acceptable equal opportunities policy, it is largely a matter for the organisation to determine its own internal management policies and practices.
- Given this legal distinction, the Scrutiny Board considered that it would be outside its remit to assess Subud as a religious organisation in relation to the organisation’s own membership; the point at issue is Subud’s relationship with outside organisations and individuals that are likely to use the community facilities that are a key part of its bid.
- Any organisation bidding for a community asset should be expected to have in place an equal opportunities policy in respect of the services or community facilities it intends to provide, or have a firm commitment to developing one.
- No evidence was submitted, despite critical questioning, that Subud has discriminated against non-Subud members in respect of the facilities it has historically provided to the wider Lewes community. There was no evidence that either Subud or any associated organisation would provide community facilities in a discriminatory way in future.

- Subud has publicly undertaken to abide by the Equality Act 2010 and to adopt and implement an equal opportunities policy that is acceptable to the Council.
- The County Council did not breach the Equality Act 2010 by contracting with Subud.
- The erroneous inclusion of a misleading clause in the bid application form did not materially affect the bidding process or the outcome. However, the error may have been avoided had timely advice been sought from the County Council's Equalities Officer.
- All officers involved in future community asset transfers, or developing policies or amendments to policies around them, would benefit from a clear understanding of the Council's duties under the Equality Act 2010.

Recommendation

3. The County Council should ensure that in respect of future community asset transfers:

a) Any winning bidder should be required to provide, and demonstrate a commitment to, an equal opportunities policy that is comparable with the County Council's equal opportunities policy in respect of the services or community facilities it intends to provide. If none is in place at the outset, then the organisation must demonstrate a firm commitment to working closely with the Council to develop one.

b) The Council must be satisfied that the equal opportunities commitment of a bidder would be respected before the asset transfer can be approved.

c) All officers involved in community asset transfers must ensure they are fully aware of the requirements of the Equality Act 2010 as they apply to the County Council and bidders, and that they seek the advice of the Policy Manager (Equalities) as appropriate as part of the process.

d) How each bidder was assessed

44. The composition of the Bid Assessment Panel is outlined in the next section. The Panel assessed the three bids in order to recommend a preferred bidder to the Lead Member for Resources who made the final decision. The St Anne's Steering Group nominated two members to sit on the panel.

45. The bids were scored under five criteria with different weightings (percentages) applied to the scores:

- **The organisation (10%)** – the bidder's key aims; its involvement in the community; and how it will provide quality assurance;
- **Finance (30%)** – the bidder's funding and financial history; its bank balance; and its future financial and business projections.
- **Asset transfer rationale (30%)** – the bidder's intended use of the site; the feasibility of the bid; practicalities such as planning permissions; and the stated benefits to the community;
- **Relationship with tenant (10%)** – the bidder's relationship with the tenant of the site, 3VA.
- **Offer (20%)** – a judgement about the feasibility of the bid and not just the price being offered.

46. On 17 June 2013, the Panel met to make their decision. Each panel member scored the bidders without conferring, but they were able to seek additional clarifications from the lead officer. The outcome was that Subud unanimously received the highest score across each criteria.

47. The criteria “relationship with tenant” (3VA) was considered relevant as 3VA was expected to remain closely involved throughout the transfer process. The assessment of the nature of a bidder’s relationship with 3VA was seen as a measure of assurance on continuity in the handover arrangements as well as an indication of positive shared principles. 3VA later gave up its tenancy of the site and so the relevance of this criterion diminished.

48. The Board concluded:

- The bid assessment process was robust and appropriate.
- The winning bidder gained the highest scores consistently on each of the assessment criteria by all the assessors.
- The criteria for future similar assessments could be enhanced by:
 - Reducing the weighting of the criteria: “relationship with 3VA” or equivalent due to the lack of clarity about its relevance to the long term use of the site.
 - Including an additional specific criterion for project “achievability” or “feasibility”.
- Had these enhancements been in place in respect of St Anne’s the outcome would have been the same.

Recommendations

4. The bid assessment form in respect of future community asset transfers should contain an additional category of ‘achievability’ or ‘feasibility’.

e) The composition of the Bid Assessment Panel

49. The Bid Assessment Panel comprised:

- four Council officers
 - Asset Investment Manager;
 - Third Sector Policy Manager;
 - Assistant Director for Economy;
 - Principal Finance Officer;
- a 3VA representative who was also a member of the St Anne’s Steering Group (and did not score the bidders against the ‘relationship with tenant’ category);
- a St. Anne’s Steering Group representative (unanimously selected by the Group).

50. The Board concluded:

- The Bid Assessment Panel comprised members from all of the relevant backgrounds for it to arrive at a reasoned and professional judgement.
- There was no perceived bias and the panel members discharged their duty through a robust and disinterested process.

f) The reasons for disposal to an 'under-bidder'

51. On 29 October 2013, the Lead Member for Resources agreed with the recommendation of the Bid Assessment Panel and made the decision to dispose of the St. Anne's Site to Subud. In terms of monetary value, Subud's bid was not the highest or the lowest of the three bidders. Therefore, the term "under bidder" technically applies to Subud's bid, although the Council did not refer to Subud as an 'under bidder' during the disposal process. The evidence indicates that the 'best value' criterion went considerably wider than the monetary value of any of the bids.

52. The Council may, under the General Disposals Consent 2003, dispose of land or buildings at less than market value provided that the disposal is likely to contribute to the economic, social or environmental well-being of the area and the difference between the market value and the actual price paid is less than £2m. The Council is also expected to be transparent about the disposal of an asset at less than market value. The Council recommended that the Lead Member for Resources approve of the disposal "at an undervalue to the preferred bidder, Subud".

53. The evidence indicates that the Bid Assessment Panel selected the bid that they considered would provide the most advantageous community asset and in doing so took into account a range of relevant factors in addition to the monetary value of the bidders' offers.

54. The Board also considered whether the Council was justified in disposing of the site under the community asset transfer scheme rather than pursuing a conventional sale to achieve the best possible consideration for the County Council.

55. The evidence suggests that, because of the features and access limitations of the site, the value for residential purposes would not be significantly greater than that for community purposes. All factors considered, community use was therefore a rational and acceptable choice for this site.

56. The Review Board concluded:

- The Council was justified in marketing the site for community use considering the relative unsuitability for alternative commercial uses and the strong community support for such an approach.
- Whilst the Council disposed of the site to a bid of lesser monetary value than might have been achieved, it has achieved best value in the transaction.
- "Best value bidder" is preferable to "under bidder" in the context of describing the outcome of the transaction.

Recommendation

5. In the context of future community asset transfers, the Council should aim to make it clear that its assessment of 'best value' is not confined to, and may, within limits, even disregard the notion of achieving maximum price.

g) The level of community benefit arising from the successful bidder

57. The sales particulars used to publicise the disposal of the St. Anne's site highlighted that it was intended for community use. The Council deliberately did not prescribe what it envisaged by the term "community use" in order to maximise the likelihood of bidders coming forward with innovative and creative ideas.

58. Subud's bid document, and the subsequent public statements, clarified that there were wider community uses intended for the site including:

- two community halls available for public use;
- a social enterprise hub;
- a crèche;
- a community café (which will use produce grown at the site);
- public gardens;
- possible future additions to the site such as;
 - a facility for Living Well Dying Well (end of life care provider);
 - a lodge offering overnight accommodation.

59. The evidence from Subud's management of its Station Road, Lewes building suggests that:

- the venue is used by the local community 80% of the time and by Subud 20%;
- the facility is in heavy demand and is well used by the wider community;
- room rental is charged at affordable rates;
- facility bookings are on a first come first served basis.

60. Subud stated its intention to operate a similar arrangement at the St Anne's site, but with larger spaces, that would replace its Station Road premises.

61. The Review Board concluded:

- Subud's intended use of the site is likely to provide a facility satisfactorily geared towards the wider local community (in approximately the same ratio as operates at the Station Road, Lewes building) and not just the community of Subud members.

h) How the Council will protect community benefits, equality of access and guard against gains from future housing development.

62. The Community Asset Transfer policy requires assets such as the St Anne's site to be disposed of using a lease rather than a freehold sale except in special circumstances. No evidence of any special circumstances has emerged and therefore the decision to lease is in line with the policy and is welcomed. A leasehold agreement will make it easier for the Council to ensure that commitments, such as the provision of community benefits and equality of access, are carried out.

63. The lease, and its associated legal agreement and heads of terms, will effectively provide protection against any attempt to change the use of the site, for example to housing. If at any future stage the site were to be developed for housing, the Council should expect a fair share of proceeds.

64. The Review Board concluded:

- The decision to lease the site, as opposed to selling the freehold, is in line with the Community Asset Transfer policy and is appropriate in this case.
- The Council needs to take active steps to reassure the wider local community that there will be adequate monitoring of the terms of the transfer to ensure that all the stated wider community benefits are realised.
- The Council should offer to work with Subud to assist them to develop the necessary community engagement and equalities plans to ensure a successful operation.

Recommendations

6. The Council should offer advice and support (for example by the Council's Head of Communications and Third Sector Policy Officer) to assist Subud with the development of an effective community engagement and equalities strategy.

7. Any non-confidential elements within a community asset transfer lease should be made public, in particular: the extent of any requirement for continued use by the general public and how the Council intends to monitor and enforce the key terms of the lease relating to community use.

8. Subud should be asked to provide the Council and public with information at regular intervals about the general community use of the St Anne's site.

Conclusion

65. Community asset transfers are a relatively new venture for the County Council deriving from the Localism Act 2011, which permits the Council to declare its property to be "land of community value" that can be sold to community organisations at less than market value for the benefit of the community organisation and the wider local community.

66. The disposal of the St Anne's site is the first such transfer for East Sussex County Council under this policy. The process has been very successful in terms of the constructive engagement with the local community and a robust bidding process that has led to a clear outcome with tangible community benefits identified. There was no evidence of any deliberate attempt to mislead the public or the bidders and equalities factors have been properly addressed.

67. Given the complexity of the process, and the inevitability that there will never be 100% community support for any particular solution, there are learning points for the County Council to bear in mind when managing future asset transfers.

68. This scrutiny review has made recommendations that are intended to enable future transfers to run more smoothly. In particular we would highlight recommendations 2a and 2b suggesting that informal discussions with bidders are managed and recorded more carefully and that advice that emerges from conversations with one bidder is made available to the others.

69. In response to the significant public interest, the Review Board held as much of the evidence gathering in public and the Review Board as it could. It has published as much of the written evidence as possible that was not restricted by commercial sensitivity or confidentiality.

70. The Review Board would like to thank all those who took the time to provide written evidence and who appeared to give oral evidence at the meetings. The Board would also like to thank the officers who supported the review including Harvey Winder and Paul Dean.

Appendix

Scope and terms of reference

To undertake an analysis of the process that led to the choice of preferred bidder in respect of the disposal of the St Anne's School site, and to hear the public concerns. The issues include:

- The extent to which the St Anne's Steering Group was representative of the community
- Advice given to each bidder
- The extent of the Council's research into the policies (particularly equal opportunity policies) of the bidders
- How each bidder was assessed/scored
- The composition of the Bid Assessment Panel
- The reasons for disposal to an 'under-bidder'
- The level of community benefit arising from the successful bidder
- How the Council will protect community benefits and equality of access to the site's facilities
- How protection against gains from future housing development on the site is to be achieved.

The Board will report its findings and any appropriate recommendations to the Lead Member for Resources.

Review Board Members

Councillors John Barnes, Jeremy Birch and David Tutt - substituting for Cllr Blanch (Chair)

Support to the Board was provided by the following East Sussex County Council officers:

Kevin Foster, Chief Operating Officer

Chris Reed, Asset Investment Manager and Bid Assessment Panel member

Paul Rideout, Third Sector Policy Manager and Bid Assessment Panel member

Sarah Feather, Policy Manager (Equalities)

Rachel Doran, Solicitor

Rebekah Herring, Solicitor

Witnesses

Kevin Foster Chief Operating Officer, East Sussex County Council (ESCC)

Chris Reed Asset Investment Manager, ESCC and Bid Assessment Panel member

Paul Rideout Third Sector Policy Manager, ESCC and Bid Assessment Panel member

Sarah Feather Policy Manager (Equalities), ESCC

Cllr Ruth O'Keeffe Member of St. Anne's Steering Group; elected member for Lewes Division, ESCC; elected member of Lewes Town Council and Lewes District Council.

Cllr Rosalyn St. Pierre Elected member for Ringmer and Lewes Bridge Division, ESCC.

Tony Leonard Local business owner.

Stephanie Davies-Arai Local resident and former member of Subud Lewes Group.

John Stockdale Member of the St. Anne's Group; former trustee of the Lewes Community Land Trust (LCLT); and elected member of Lewes Town Council and Lewes District Council.

Cllr Susan Murray Member of St. Anne's Steering Group and Lewes Town Council

David Anderson Member of Subud Lewes Group; member of the Subud St. Anne's Project Team; director of Pelham House; and trustee of the Living Well, Dying Well organisation.

Annabella Ashby Chair of Subud Lewes Group.

Review Board meeting dates

23 September 2014

- Adopted the terms of reference of the review.
- Agreed the process and questions to be answered during the course of the review.

15 October 2014 (in public)

- Considered written evidence pack A and 'exempt' evidence pack 1
- Heard oral evidence from and questioned:
 - John Stockdale (on behalf of the St. Anne's Group)
 - Tony Leonard
 - Stephanie Davies-Arai
 - David Anderson and Annabella Ashby (on behalf of Subud)
 - Cllr Susan Murray

21 October 2014 (in public)

- Heard oral evidence from and questioned:
 - Cllr Ruth O'Keeffe
 - Cllr Rosalyn St. Pierre
 - East Sussex County Council (Kevin Foster, Chris Reed, Sarah Feather and Paul Rideout).

14 November 2014 (in public)

- Assessed evidence and agreed that sufficient evidence had been collected.

14 November – 7 January 2015

- Deliberating and drafting report.

List of evidence documentation (published)

Item No.	Item	Pack ref.
1	<p>Summary of the disposal process (ESCC Business Services Department)</p> <ul style="list-style-type: none"> Outline description of the whole process concerning the disposal of the St. Anne's school site as a community asset. 	A
2	<p>Statement by ex-Head of Estates and Asset Management, ESCC</p> <ul style="list-style-type: none"> Statement to Lewes County Court as part of the application to evict the illegal occupiers of the St. Anne's site (May 2011). 	A
3	<p>St. Anne's Steering Group: Terms of Reference (summary)</p> <ul style="list-style-type: none"> Specifies the Group's purpose, membership, operation and proceedings. (October 2011). 	A
4	<p>Tree Preservation Order Notice</p> <ul style="list-style-type: none"> Issued by Lewes District Council on 7 May 2004 in respect of several trees on the St. Anne's site. 	A
5	<p>Report to the ESCC Lead Member for Resources (23 October 2012)</p> <ul style="list-style-type: none"> The report that supports the decision by the Lead Member for Resources to declare the St Anne' school surplus to the Council's requirements and to authorise marketing for community use. 	A
6	<p>Community Asset Transfer Policy</p> <ul style="list-style-type: none"> The Council's policy for disposing of assets for the purpose of community use. (May 2013). 	A
7	<p>Public notice of sale of former St. Anne's School for community uses</p> <ul style="list-style-type: none"> Public notice advertising the sale of the St Anne's site. (16 January 2013). 	A
8	<p>Sales Particulars for the former St. Anne's School</p> <ul style="list-style-type: none"> Detailed description of the St Anne's school site inviting expressions of interest, particularly from local community groups, the voluntary sector and other users seeking to create an asset for the community. (16 January 2013) 	A
9	<p>ESCC Asset Transfer Bid application (blank) form</p> <ul style="list-style-type: none"> The community asset transfer application form, including questionnaire, used by the Council to assess bidders' applications. 	A
10	<p>Bid Scoring 'matrix' template (blank)</p> <ul style="list-style-type: none"> The bid scoring matrix template used by the Bid Assessment Panel to 'score' the bidders against a number of criteria. 	A
11	<p>Report to ESCC Lead Member for Resources (29 October 2013)</p> <ul style="list-style-type: none"> The report that supports the decision by the Lead Member to approve the disposal of the St. Anne's school site to Subud, and to delegate authority to negotiate the terms for the sale of the site. 	A

Item No.	Item	Pack ref.
12	<p>Subud Lewes Group (submission 1)</p> <ul style="list-style-type: none"> • A statement to the Scrutiny Review Board • Letters of support from multiple Subud groups • Pelham House Human Rights Policy, Equal Opportunities and Diversity Policy, • A list of events held in Pelham House. 	A
13	<p>Joint letter from YMCA and LCLT</p> <ul style="list-style-type: none"> • A joint letter to the County Council's Chief Executive and Leader raising a formal objection to the procurement process. (Undated but believed to be August 2013) 	A
14	<p>Submissions from members of the public and other parties (personal data redacted)</p> <ul style="list-style-type: none"> • 45 emails sent to Cllr Ruth O'Keeffe (44 were supportive of the decision) • Submission from: Cllr Susan Murray. • 8 emails sent directly to the Review Board. Includes submissions from: <ul style="list-style-type: none"> ○ Stephanie Davies-Arai ○ St. Anne's Group 	A
15	<p>Submission from Tony Leonard (submission 1)</p> <ul style="list-style-type: none"> • Summary of arguments alleging that Subud "was an organisation with sexist, homophobic doctrines and policies at the time the bid was awarded". Citing a range of supporting documents: <ul style="list-style-type: none"> ○ Letter to ESCC Chief Executive from Tony Leonard & Dominic McCartan (1 September 2014) / Reply (9 September 2014) ○ Historical Subud publications: <i>Advice & Guidance for Helpers</i> (1988) / Extract from <i>Subud Survival Guide</i> (May 2010) ○ Article by Annabella Ashby, Chair of Subud Lewes Group in <i>Subud Voice</i> (October 2014) ○ Letter to all Subud members from 'Stefan', Coordinator, World Subud Association (January 2009) ○ Article by Lilliana Gibbs (June 2007) ○ "Lewes Subud Responds to Open Letter Anti-Gay Allegations", <i>The Gay UK</i> (19 September 2014) 	A
16	<p>Bid Assessment Panel members</p> <ul style="list-style-type: none"> • List of Bid Assessment Panel members and organisation represented. 	B
17	<p>St. Anne's Steering Group miscellaneous papers</p> <ul style="list-style-type: none"> • Membership and attendance record (amended 12 November 2014 to include details of meeting facilitated by ESCC with the Steering Group). 	B

Item No.	Item	Pack ref.
	<ul style="list-style-type: none"> • 'Guidance book' including processes & terms of reference • Minutes of St. Anne's Steering Group meetings. 	
18	<p>Lewes Community Land Trust (LCLT)</p> <ul style="list-style-type: none"> • Email correspondence between Council Estates Surveyor and Chair of LCLT (dated between 26 and 28 February 2013) • Letter of objection (15 July 2013) • Email to bidders from Principal Estates Surveyor announcing review of process (23 July 2013) • Response from ESCC Chief Operating Officer to joint letter from YMCA and LCLT (see 13 above) (11 October 2013) 	B
19	<p>Subud Lewes Group (submission 2)</p> <ul style="list-style-type: none"> • General statement and responses to issues raised. 	B
20	<p>Living Well Dying Well</p> <ul style="list-style-type: none"> • Response from Director of Living Well Dying Well to specific issues raised (see p.254 of 15/10/2014 evidence pack) 	B
21	<p>Miscellaneous written statements on various aspects of the process:</p> <ul style="list-style-type: none"> • Cllr Rosalyn St. Pierre <ul style="list-style-type: none"> ○ Written copy of oral evidence given to the Review Board on 21 October 2014 ○ Additional submission about community benefit, equalities and St. Anne's Steering Group (30 October 2014) • Stephanie Davies-Arai <ul style="list-style-type: none"> ○ Personal notes of Scrutiny Review Board meeting of 21 October 2014 • Chair of Lewes Conservation Area Advisory Group <ul style="list-style-type: none"> ○ Opinions on the St. Anne's Steering Group and the bidding process (16 October 2014) • Tony Leonard (submission 2) <ul style="list-style-type: none"> ○ Views on local authority equality duties sent to Chief Executive, ESCC (31 October 2014) ○ Screenshots of Subud Books (subudbooks.com) website (19 October 2014) ○ "Subud Internet Etiquette" by Matthew Weiss, WSC Internet Coordinator (October 2014). 	B
22	<p>Public response to a Freedom Of Information (FOI) request ref: 2940</p> <ul style="list-style-type: none"> • Officer email correspondence about the community asset transfer bids for St. Anne's School. 	B

Pack reference key

A= [Public agenda pack available for 15 October 2014 Review Board meeting.](#)

B= [Additional documents \(updated on 6 and 12 November 2014\)](#)

List of 'exempt' evidence documentation (not published)

	Item	Pack ref.
1	<p>St. Anne's Steering Group members' comments (18 June 2013)</p> <ul style="list-style-type: none"> St. Anne's Steering Group members' comments from an ESCC-facilitated meeting. The meeting was set up to provide the Steering Group Members with details about all the bids and to outline the Bid Assessment Panel's rationale for recommending Subud. (The Bid Assessment Panel had met and reached its decision the day before, 17 June 2013). 	1
2	<p>Confidential bid scoring sheet²</p> <ul style="list-style-type: none"> The bid scores awarded by each member of the Bid Assessment Panel to the three bidders 	1
3	<p>Assessment summary from Bid Assessment Panel</p> <ul style="list-style-type: none"> A summary of the assessment of the bids across each of the five bid assessment criteria. 	1
4	<p>Heads of Terms</p> <ul style="list-style-type: none"> A draft of the Heads of Terms between ESCC and Subud for the sale of the St. Anne's school site. 	1
5	<p>Letter from Living Well Dying Well (submitted in confidence)</p> <ul style="list-style-type: none"> A letter of support to the Lewes Subud Group project submitted in confidence to the Review Board by Hermione Elliott (1 October 2014). 	1
6	Lewes Community Land Trust (LCLT) – first bid	2
7	Lewes Community Land Trust (LCLT) – second (revised) bid	2
8	Subud bid	2
9	YMCA bid	2
10	Living Well Dying Well: Articles of Association	2
11	<p>Notes of meetings between Lewes Community Land Trust and ESCC (dated January – March 2013)</p> <ul style="list-style-type: none"> Personal notes made by the Chair of the LCLT during three meetings with an ESCC Estates Surveyor. 	3

² The Board considered that there were some public interest arguments for publishing the scoring sheet (particularly as the scores for Subud were decisively higher than the scores for the other two bidders), but on balance agreed that there were grounds (commercial sensitivity) for the document to remain exempt for the time being; additionally, two of the bidders have requested that the document remains exempt.

12	Complaint (submitted in confidence) <ul style="list-style-type: none"> A formal complaint about the process of the disposal of the St. Anne's site by a member of the public. 	4
13	YMCA email (submitted in confidence) and response from officers <ul style="list-style-type: none"> An email to the review board from the YMCA raises concerns about the process submitted in confidence. Officer's response to the specific example raised in the email is included. 	4
14	Exempt (unredacted) information in relation to FOI request ref: 2940 <ul style="list-style-type: none"> Comprises three unredacted emails from the FOI Request ref: 2940. 	4

Pack reference Key

1= Exempt evidence pack for the 15 October 2014 review board.

2= Exempt evidence pack 2 circulated prior to the 21 October 2014 review board.

3= Exempt evidence pack 3 circulated prior to the 21 October 2014 review board.

4= Evidence circulated to the Board following 21 October 2014 review board.

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Scrutiny Review of the Disposal Of the Former St. Anne's School Site, Lewes – Action Plan			
Scrutiny Recommendation	Director's Response And Action Plan	Timescale	
R1	<p>When establishing any future similar steering group to consider a community asset transfer, the Council should:</p> <p>a) ensure that all local Members in the vicinity, and not just the Member in whose division the facility lies, are invited to become involved in the discussions.</p> <p>b) encourage any future equivalent 'steering group', early in the process and as an ongoing exercise, to actively consider the extent to which it is fully representative of the community and to take necessary steps to ensure that all appropriate bodies have been invited to take part.</p>	<p>When establishing any future similar steering group to consider a community asset transfer, the Council will:</p> <p>a) contact any neighbouring Members whose ward may be affected by such a transfer.</p> <p>b) where appropriate encourage the creation of a steering group and promote community representation within that group, but will ensure the group acts independently of the Council.</p>	Immediate

Scrutiny Review of the Disposal Of the Former St. Anne's School Site, Lewes – Action Plan			
Scrutiny Recommendation	Director's Response And Action Plan	Timescale	
R2	<p>In respect of future transactions of this nature, Property Management should:</p> <p>a) keep a filed record of all informal conversations between officers and bidder representatives to provide a full and accurate audit trail of advice and information provided to bidders;</p> <p>b) ensure that where discussions with one bidder could lead to a potential change in the scope, conditions or physical extent of the asset under consideration, then such advice should be made available to all other bidders;</p> <p>c) offer to give unsuccessful bidders the opportunity of feedback at the earliest opportunity.</p>	<p>In respect of future transactions of this nature, Estates will:</p> <p>a) reinforce to all officers that they continue to take notes (both formal and informal) of conversations with bidding parties are recorded and where officers are leaving the Council's employment, Estates will ensure a thorough handover of the case is undertaken.</p> <p>b) With regards to fair practice, continue to ensure that, where scope, conditions or physical extent change during the pre-purchase phases, all bidders are kept informed of any changes. However, it would be unfair to provide advice to one party following another party's own investigations.</p> <p>c) Feedback will be offered at the earliest opportunity, though will not be provided prior to exchange and/or completion of sale/lease. Should the matter become protracted, Estates will notify all unsuccessful bidders (who have requested feedback) of said delays.</p>	Immediate

Scrutiny Review of the Disposal Of the Former St. Anne's School Site, Lewes – Action Plan			
Scrutiny Recommendation	Director's Response And Action Plan	Timescale	
R3	<p>The County Council should ensure that in respect of future community asset transfers:</p> <p>a) Any winning bidder should be required to provide, and demonstrate a commitment to, an equal opportunities policy that is comparable with the County Council's equal opportunities policy in respect of the services or community facilities it intends to provide. If none is in place at the outset, then the organisation must demonstrate a firm commitment to working closely with the Council to develop one.</p> <p>b) The Council must be satisfied that the equal opportunities commitment of a bidder would be respected before the asset transfer can be approved.</p> <p>c) All officers involved in community asset transfers must ensure they are fully aware of the requirements of the Equality Act 2010 as they apply to the County Council and bidders, and that they seek the advice of the Policy Manager (Equalities) as appropriate as part of the process.</p>	<p>The County Council will ensure:</p> <p>a) Winning bidders have provided/confirmed a commitment to an equal opportunities policy that is compatible with the County Council's Equality of Opportunity and Diversity Policy Statement. Assessment of such a policy will form part of the pre-sale process.</p> <p>b) As above.</p> <p>c) The Council currently provides training to officers as well as employment induction modules focusing on the Equality Act 2010. We will ensure that officers dealing with asset transfers have received appropriate training on equalities issues. Advice can be sought from the Policy Manager (Equalities), where appropriate and where additional support is needed.</p>	Immediate
R4	<p>The bid assessment form in respect of future community asset transfers should contain an additional category of 'achievability' or 'feasibility'.</p>	<p>Each bid assessment form needs to be tailored to each individual community asset transfer. Feasibility is a significant aspect of each bid and would ordinarily be sub-divided in to categories around purchaser funding, business case viability and planning viability. In future, the Council will ensure feasibility is more clearly assessed.</p>	Immediate

Scrutiny Review of the Disposal Of the Former St. Anne's School Site, Lewes – Action Plan			
Scrutiny Recommendation		Director's Response And Action Plan	Timescale
R5	In the context of future community asset transfers, the Council should aim to make it clear that its assessment of 'best value' is not confined to, and may, within limits, even disregard the notion of achieving maximum price.	Published Lead Member reports require specific legal wording. In order to better illustrate that Council's decisions have not focused solely on value the Council will use clearer wording in press releases to convey what factors had been considered when assessing 'best consideration'.	Immediate
R6	The Council should offer advice and support (for example by the Council's Head of Communications and Third Sector Policy Officer) to assist Subud with the development of an effective community engagement and equalities strategy.	The Council will look to set up a Community Use Advisory Group, whose members are to be confirmed, but will be attended by the Council's Head of Communications Third Sector Policy Officer. This group will assist SUBUD with community engagement.	Immediate
R7	Any non-confidential elements within a community asset transfer lease should be made public, in particular: the extent of any requirement for continued use by the general public and how the Council intends to monitor and enforce the key terms of the lease relating to community use	In future negotiations the Council will seek to reserve a provision for the sharing of any non-confidential elements of the lease to any party at their request.	Immediate
R8	Subud should be asked to provide the Council and public with information at regular intervals about the general community use of the St Anne's site.	Tying in with the formation of the Community Use Advisory Group, the Council is looking to set up the ability to obtain SUBUD's schedule of bookings for any given period via a lease provision. As the lease is currently in draft form, we cannot yet advise further the form of this provision.	Lease to be agreed on receipt of satisfactory planning permission – estimated end of 2015

LEAD MEMBER FOR RESOURCES' COMMENT

The scrutiny review was a thorough and fair process which has identified recommendations that have been welcomed by officers. As Lead Member Resources, I note the outcomes and recommendations of the scrutiny review board, and endorse the director's proposed actions against the recommendations. I thank the review board for their diligence and commitment.

Lead Member for Resources: Councillor David Elkin

5 March 2015

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Report to: **Audit, Best Value and Community Services Scrutiny Committee**
Date: **17 March 2015**
By: **Acting Director of Public Health**
Title of report: **Suicide Prevention: Beachy Head Infrastructure Report Findings**
Purpose of report: **To update the Scrutiny Committee on the findings of the Beachy Head infrastructure report and how the findings will be taken forward.**

RECOMMENDATION: The Committee is recommended to consider and note this report.

1. Background

1.1 As a consequence of the complexity of changes in responsibility across health services and local authorities there was some funds in the 2013/14 Public Health grant which were unallocated. East Sussex Public Health Group agreed that this resource be allocated, through a business case process, to one-off interventions which would create or support a step-change in addressing public health outcomes, i.e., where East Sussex is performing significantly worse against the Public Health Outcomes Framework indicators than other areas.

1.2 The following four projects subsequently received funding: Addressing Obesity, Tobacco Free East Sussex, Safer Streets, and Suicide Prevention.

1.3 Members received an overview of each project on 9 January 2014 and the summary is copied as Appendix A. On 16 December 2014, members received an update on progress in relation to each of the four projects.

1.4 This report presents the findings of the infrastructure report commissioned for Beachy Head. It outlines the report recommendations, the challenges and proposals on how this needs to be taken forward.

2. Introduction

2.1 The suicide rate in East Sussex is significantly worse than the rate for England and has been for many years. Of the East Sussex residents who took their own lives between 2004-2013, 13% did so by jumping from Beachy Head. Nationally, jumping from a height is one of the least common methods of suicide, accounting for only around 3% of suicides. This suggests that East Sussex residents are several times more likely than people elsewhere in England to choose jumping from a height as a method of suicide, and that they are influenced in their choice of method by the availability of Beachy Head and its reputation as a suicide site. 2.2 In the 10 years 2004-2013, there were 221 recorded suicides at Beachy Head, an average of 22 per year or 1-2 per month. Data recorded by both HM Coastguard and Beachy Head Chaplaincy Team indicate that the figure rose to 34 in 2014. Nearly three-quarters (72%) of the individuals who took their lives at Beachy Head during this period were not resident in East Sussex. This represents an exceptionally high level of 'suicide tourism', a phenomenon which is particularly associated with suicide by jumping from a height. It places a very heavy burden on East Sussex, which already has a suicide rate among its resident population that is well above the national average.

2.3 The suicide prevention project is composed of five elements as detailed in Appendix A. One of the elements is focused on commissioning an infrastructure assessment of the Beachy Head area to inform potential developments in the area as restricting access to the means of suicide is an established method of suicide prevention. It buys time, thwarting impulsive acts and giving individuals a chance to reconsider, as well as increasing the chances of some form of help reaching

them. This is an action that is recommended by national experts on suicide hotspots. 2.4 The purpose of the assessment was to produce a report setting out what is the existing accessibility to the cliff edge and any infrastructure or other changes that could be made. The report was extended to include bringing together existing knowledge about Beachy Head, focusing on both the 'hard' infrastructure (e.g., access routes, parking, signage) and the 'soft' infrastructure (e.g., human resources, land management arrangements), making recommendations and proposing a way forward. 2.5 The report has implications for a number of agencies and agreeing a common way forward will be key to developing a strategy that is agreed and owned by all.

3. Findings of the Infrastructure Assessment Report

3.1 Access

One of the main factors contributing to Beachy Head's frequent use as a suicide site is its accessibility. There are a number of ways in which suicidal individuals can reach the site. Little is known about their actual transport patterns, since no agency routinely captures data on the method of travel used by deceased individuals.

The area between Beachy Head Road and the sea is designated open access land, over which the public has a right to roam freely without having to use paths. The cliff edge is for the most part unfenced. The practice of loitering at the edge, together with the fragile nature of the chalk, has given rise to a number of well-worn and sunken areas, where those contemplating suicide can crouch or sit hidden from view before jumping. These are colloquially known among the emergency services as 'launch pads'.

Data supplied by HM Coastguard service suggests that suicidal jumps are concentrated around the red and white lighthouse. According to these data, nearly half of all jumps (45%) occur directly either side of the lighthouse, and 75-80% between the lighthouse and the area in front of the Beachy Head Inn.

3.2 Opportunities for human intervention and for help-seeking

Suicide prevention at Beachy Head currently relies very heavily on the services of a team of Christian volunteers, whose continued presence is dependent on charitable giving. Sussex Police, working in tandem with Sussex Partnership NHS Foundation Trust through the Street Triage pilot scheme, HM Coastguard Service and the other emergency services respond to incidents at the site, but do not maintain a constant presence at the cliffs.

There is currently no electronic surveillance in any part of the site, apart from a commercial system in the Beachy Head Inn's own car park. There is one large Samaritans signboard by the main car park and various Samaritans stickers. There is one public phone box beside the main car park; mobile phone signals are not consistently available in the car parks and laybys.

3.3 Images of the site as a suicide hotspot

Private memorials and floral tributes to those who have lost their lives are numerous and are distributed right across the site, with a concentration of commemorative crosses in one particular spot.

There is very strong evidence that reporting of suicidal acts, particularly when photographs are included and details given about the method and location, has the potential to trigger further acts at the same site and using the same method.

4. Summary of Report Recommendations

4.1 A summary of the report recommendations are set out in the table below in terms of what should be done immediately and what should be done in the longer term.

Access to and lethality of the site	
Issues	Recommendations
<ul style="list-style-type: none"> • Vehicular access to the site appears to increase likelihood of its being used for suicide • Proximity of road and unobserved laybys to cliff edge • No current agreements with taxi drivers to identify and report vulnerable individuals • Redundant fencing and lack of clear signage at cliff edge is an issue 	<p><u>Immediate-term:</u></p> <p>---</p> <ul style="list-style-type: none"> • Conduct a one- to two-year trial of closure of selected car parking areas, supported by surveillance (see below), and gather evidence to inform further planning. • As well as reviewing/renewing specific protocols, strenuous efforts should be made to engage taxi companies in a broader 'suicide-safer community' agenda. • Taxi drivers should be offered ASIST or safeTALK training as part of the above and encouraged to take a pledge to help prevent suicides. • Consideration should be given to the feasibility of implementing a policy locally of 'No taxis to Beachy Head after dark'. • Bus drivers should be involved in a broader 'suicide-safer community' initiative and offered ASIST or safeTALK training. • Inter-agency discussions regarding the acceptability of a continuous boundary or minimally invasive fence, together with clearly worded signs, should be begun as a matter of priority. • Innovative and environmentally-sensitive design solutions should be sought . <p><u>Longer-term:</u></p> <ul style="list-style-type: none"> • As part of a long-term vision, serious consideration should be given to the possibility of restricting vehicular access to the site as a whole.

Opportunities for human intervention at the site	
Issues	Recommendations
<ul style="list-style-type: none"> Concerns expressed about the potential for BHCT to attract vulnerable individuals to the site No secular on-site provision Lack of surveillance system 	<p><u>Immediate-term:</u></p> <ul style="list-style-type: none"> Notwithstanding its need to fundraise, BHCT should give urgent and serious consideration to lowering its online profile, as a precaution against attracting vulnerable individuals to the site. The proposed secondment of a mental health worker to work with BHCT should be vigorously pursued. Whilst the cliff edge remains unsecured, serious consideration should be given to a low-key community policing initiative. Serious consideration should be given to the installation of a bespoke electronic surveillance system using minimally-invasive technology. A visit from the international security expert who designed the surveillance system for Gap Park should be arranged, to advise on what might be possible at Beachy Head, taking into account the topography and environmental constraints. <p><u>Longer-term:</u></p> <ul style="list-style-type: none"> As part of a long-term vision, consideration should be given to reinstating the mounted Downs Patrol.
Opportunities for help seeking at the site	
Issues	Recommendations
<ul style="list-style-type: none"> Samaritans signs unclear as to call charges Insensitive placing of signs Very limited phone provision and inconsistent mobile coverage 	<p><u>Immediate-term:</u></p> <ul style="list-style-type: none"> A clear indication of Samaritans' call charging arrangements should be provided. Urgent consideration should be given to the provision of a free phone number. The placing of Samaritans signs on refuse bins should be reconsidered from a psychological point of view, as it may give a subliminal message to those who are in despair that the refuse bin is where they themselves belong. Immediate consideration should be given to the installation of free emergency telephones or intercoms that are linked directly to Samaritans and the police.

The image of the site as a 'suicide hotspot'	
Issues	Recommendations
<ul style="list-style-type: none"> Private memorials perpetuate the "Cliffs of Despair" image and may encourage people to jump 	<p><u>Immediate-term:</u></p> <ul style="list-style-type: none"> Discussions with coroners' offices and bereavement services should begin, with a view to strongly discouraging the practice of installing private memorials. Serious consideration should be given to whether existing memorials could be safely and sensitively removed. Discussions should be initiated with Grassroots in Brighton regarding a 'suicide-safer community' initiative, including the idea of remarketing Beachy Head locally as the "Cliffs of Hope".

5. Taking the Findings Forward

5.1 Barriers to Progress

There are two major barriers to progress in terms of reducing the number of lives that are lost at this site. The first relates to the site itself and the second to the science of suicide prevention.

The site: Beachy Head poses challenges for suicide prevention unlike any other known site, in terms of its vastness, the wide-open nature of its downland, its international importance as a natural landscape and a wildlife habitat and its value to the local community as a recreational space and source of tourist revenue.

The science: Suicide prevention is a young science, where results are preliminary and definitive evidence is lacking. Recommendations therefore represent an approach based on our understanding of suicidal behaviour and the experience of those involved in similar projects elsewhere, which have not yet been evaluated.

5.2 Developing a Suicide Prevention Strategy for Beachy Head

The report puts forward the following components to inform a draft suicide prevention strategy for Beachy Head:

Physical measures:

- One main eastern and one main western car park, with no parking anywhere else on Beachy Head Road
- A smart surveillance and early-alert system in each of the car parks, possibly extending to adjacent paths and trails and areas of downland
- A clear cliff-edge boundary, reinforced by a virtual fence
- Free emergency telephones connected directly to Samaritans and police
- Elsewhere, Samaritans signs displaying free phone number
- No memorials anywhere on the site

Human measures:

- Community police patrol at site, and a mental health worker to support BHCT

- Alert and skilled transport providers and other on-site workers
- A whole-community commitment to suicide prevention, with interventions skills training available to all.

5.3 Collective Resolve

A number of agencies and public bodies have an important stake in Beachy Head. They are divided, however, between those whose primary purpose is to conserve the natural landscape and promote public enjoyment of it, and those who bear responsibility for preventing the use of the site for acts of suicide. Any plans for the site that are driven by the latter will not succeed without due regard for the purposes of the former, nor without their wholehearted support.

5.4 The process for considering the findings and recommendations of the report, deciding on next steps and the actions to take forward will be agreed with partners.

5.5 Members will receive an update in six months.

6. **Recommendations**

6.1 The Committee is recommended to note and consider this report.

Cynthia Lyons
Acting Director of Public Health

Contact Officer: Martina Pickin Tel No. 01273 335132

Summary of Projects

Addressing Obesity

At the time of transfer of responsibility to the council for public health services funding for obesity interventions had been substantially lower in East Sussex than elsewhere in the country. In particular there had been no investment in the provision of services to help obese people lose weight and services to enable communities to have the knowledge and skills to prevent individuals and families from becoming obese or overweight as a result of poor diet and low levels of physical activity/sedentary behaviour. Funding had been allocated in the public health grant for weight management services for children and young people and these have now been commissioned and will commence in April 2013. In order to prevent the weight management service becoming overwhelmed and to ensure that people who are most able to benefit access the right intervention for them, a resource to develop a web and telephone triage system to enable people to identify or be supported to identify appropriate support to help them lose weight was requested. Support options will include; self directed weight loss (easy to access advice, information, resources and motivational input), referral to a commissioned weight management service, referral to a Health Trainer service, recommendation to contact G.P. for medical advice. To assess the effectiveness of this system an evaluation of its effectiveness will be commissioned to understand the applicability of this triage approach to other areas of council work e.g. self-care

Alongside this there is a robust evidence base detailing effective approaches at community and individual level to address obesity and interventions to support families to increase knowledge and skills to prevent obesity e.g. through early years settings. Resource was requested to deliver interventions in Early Years Settings, including:

An 'Eat Better, Start Better' scheme piloted last year in some children's centres to be rolled out to early years settings including nurseries and child-minders to increase the provision of healthy options in these settings (food and physical activity).

Total funding allocated £300,000

Tobacco Free East Sussex

Historically there had been little investment in tobacco control interventions in East Sussex, with the focus previously being on service to help people to stop smoking (rather than preventing people from starting smoking). Additional resource was requested to enable this agenda to be reprioritised and through the tobacco control plan for East Sussex to kick start the council and partners approach to addressing tobacco use beyond smoking cessation and support establishing tobacco control interventions in routine practice. Smoking is the single biggest modifiable cause of the gap in life expectancy between groups and tobacco control approaches de-normalise smoking, creating a cultural shift in views and attitudes towards smoking and in particular reduce the likelihood of young people taking up smoking, reduce exposure to smoke by non smokers and increasing the likelihood of existing smokers stopping smoking.

Comprehensive tobacco control plan implementation, e.g.

Behaviour change and communications approach (social marketing): Programme of work to generate insight into and segment and address specific needs: Smoking population, purchasers/places for illegal /illicit tobacco (people and where they buy it), motivational drivers for change in each group according to preference (e.g. fear of prosecution, financial, impact on family), motivational drivers to improve provision of intelligence e.g. where 'tab-shops' are e.g. impact on community, organised crime, normalisation (other report), etc

Targeted planned programmes for each segment e.g. approach for pubs and shops, approach for small scale sellers approach to increase reporting, approach to de-normalising smoking in pregnancy in key communities, approach to de-normalising smoking in home/car.

Enhanced enforcement activity for test purchasing with retailers, timed appropriately within campaign schedule: Additional one off resource to test whether increased resources alongside increased intelligence can generate reduction in illegal activity e.g. increase seizures Trading standards/Sussex police including purchase of resources and staff time

Training to key community organisations and agencies including police and neighbourhood management: Tobacco control training resource. Tailored package for each agency member of TC partnership (and their key contacts where appropriate) e.g. by adding tobacco elements to existing training

Total funding allocated £380,000

Safer Streets

East Sussex has one of the highest rates for hospital admissions for accidental and unintended injuries in children in the country and one of the highest rates of people Killed and Seriously Injured on the roads. The requested resource would create a step change in approach to road safety funding one- off interventions with long term gain and reshaping the system for sustainability with a focus on reducing speed in 30mph zones. It was requested that resources were set aside to fund a behaviour change ‘winning hearts and minds’ approach to implementing 20mph areas in appropriate areas in East Sussex, subject to agreement by relevant partners. Resource to fund a project manager to work with partners to understand the potential for this and if appropriate to develop a full business case was identified from existing public health budget under spend. A proposal for agreement with partners went to the East Sussex Community Safety Partnership in December and further conversations with all partners will now take place to agree the scope of this work. Subject to these conversations a project manager will be recruited to take forward work with partners and develop a business case.

Total funding allocated £1,000,000

Suicide Prevention

The suicide rate in East Sussex is significantly worse than the rate for England and has been for many years. Since 2007/09 the rate has been increasing. Beachy Head is a suicide hotspot.

The project is composed of five elements:

1. Infrastructure assessment and developments in the Beachy Head area.
Restricting access to the means of suicide is an established method of suicide prevention. An environmental audit of cliff areas in East Sussex is required and an assessment of the feasibility of suggestions made by Sussex Police, Sussex Partnership Foundation NHS Trust, the Coast Guard and other agencies is required.
2. Staff training
Training will be provided for primary care, A&E and community services, including the voluntary sector. The training will use established evidence-based courses of varying length depending on the target audience.
3. Staff secondment to the Chaplaincy who provide cliff patrols at Beachy Head.
4. Increased non-statutory provision for those affected by suicide
A service aimed at anyone affected by suicide or attempted suicide, their families and their carers. The psycho-social support addresses the immediate crisis and provides ongoing support to help manage mental health problems and improve wellbeing.
5. Investigation and provision of more non-statutory support to prevent admissions via A&E.
Pilot non-statutory ‘place of safety’ to improve the quality of care of those with mental health problems by avoiding unnecessary hospital admission via A&E.

Total funding allocated £1,000,000

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Report to: **Audit, Best Value and Community Services Scrutiny Committee**
Date: **17 March 2015**
By: **Acting Director of Public Health**
Title of report: **Use of the Public Health Grant Unallocated Reserve to Provide One-Off Funding**
Purpose of report: **To update the Scrutiny Committee on the process followed and progress to date.**

RECOMMENDATION: The Committee is recommended to consider and note the report

1. Ring-Fenced Public Grant

1.1 The Council receives a ring-fenced Public Health Grant to give the authority the funding needed to discharge their new public health responsibilities. Currently, the grant is ring-fenced until April 2016.

1.2 The grant is received with conditions as set out in Local Authority Circulars for the use of the Public Health Grant (LAC(DH)2013)1; (LAC(DH)2013)3; LAC(DH)20142). If there are any funds left over at the end of the financial year they can be carried over into the next financial year as part of a Public Health reserve. All the conditions that apply to the use of the grant continue to apply to any funds carried over.

1.3 Where there are large underspends the Department of Health reserves the right to reduce allocations in future years. Public Health England continues to closely monitor Public Health Grant funding.

1.4 Public Health Grant Funding for 2014/15 was £24.507m and for 2015/16 is £24.067m. In addition, to this the transfer of 0-5 children's public health commissioning (Health Visiting and Family Nurse Partnership) to Local Authorities for the six month period between 1 October 2015 and 31 March 2016 will add a further £3.5m.

2. Public Grant Unallocated Reserve

2.1 The medium term financial plan for Public Health indicates that at the end of 2014/15 there will be unallocated reserves of £5m, with the potential of a future £2m unallocated funding in 2015/16, giving an approximate total of £7m.

2.2 In considering the use of the unallocated reserve it is important to take account of the grant conditions and of the specific requirement that investment reflects the priorities set out in the Public Health Outcomes Framework (PHOF). The funding therefore can be used to support one-off projects aligned to PHOF indicators where East Sussex performance is significantly worse than England or where Districts or Boroughs performance is significantly worse than England. Given the scale of the underspend consideration can also be given to using the funding for the full three years of the Medium Term Financial Plan, where this fits with the PHOF, County Council priorities and where the time limited nature of the spend is fully understood.

2.3 The PHOF reflects a vision for Public Health which seeks to improve health and wellbeing by addressing the wider determinants of health, health improvement, health protection and public health. The PHOF is aligned with a broad range of outcomes within the NHS and Adult Social Care outcomes frameworks and with County Council priorities. This is particularly relevant in areas of prevention, demand management and with the requirement to build community resilience. Therefore, given the overall budget position, there is scope to deploy the grant to support new or ongoing commitments to health and wellbeing and prevention that the County Council may otherwise be unable to sustain.

3. Use of the Public Grant Unallocated Reserve

3.1 A proposal was agreed by Corporate Management Team which proposed that investment decisions were to be made within the broader context of the County Council's priorities and resource position. Therefore Chief Officers, through their Departmental Management Teams, would consider the use of the grant taking account of their own financial position, PHOF, County Council priorities and overall level of available reserve. The funding is time limited for up to three years could be deployed against existing services that would otherwise be cut or against new proposals.

3.2 Proposals were then drawn together from each department for consideration by the Acting Director of Public Health and for agreement by the Corporate Management Team.

3.3 An initial set of proposals are detailed in Appendix 1 and total £6,437,689. These proposals will be worked through and detailed implementation plans developed with partners.

4. Recommendations

4.1 The Committee is recommended to consider and note the report.

Cynthia Lyons
Acting Director of Public Health

Appendix 1: Public Health Unallocated Reserve Proposals

Proposals	Dept	2015/16 £	2016/17 £	2017/18 £
Phonics - To provide funded specialist training for schools and preschools on speech, language and communication training (PHOF indicators 1.02i & ii)	CSD	55,000	55,000	55,000
School Readiness - To maintain a team of 8 Early Communication Support Workers and 2 Senior Teachers who support the development of children's early speech, language and communication (PHOF indicators 1.02i & ii)	CSD	240,000	240,000	240,000
A pilot programme to help staff in schools understand the impact of trauma on brain development. Through training reduce levels of absence and exclusion. (PHOF indicators 1.03 & 4.10)	CSD	50,000	-	-
Hospital admissions due to unintentional and deliberate injuries (PHOF indicators 2.07i & ii)	CSD	120,000	-	-
Re-offending levels (PHOF indicators 1.13i & ii)	CSD	117,000	117,000	117,000
Pupil absence (PHOF indicator 1.03)	CSD	86,994	86,994	86,994
Capital Funding for speed management for 5 locations (PHOF indicator 1.10))	CET	125,000	-	-
HIV expanded testing - Eastbourne Pilot (PHOF indicator 3.04)	PH	160,889	160,889	160,889
Chlamydia (PHOF indicators 3.02i & ii)	PH	103,520	103,520	-
Carers isolation (PHOF indicators 1.18ii)	ASC	32,000	12,000	12,000
Implementation of community resilience programme (PHOF indicators multiple)	Across Depts	1,000,000	1,000,000	1,000,000
Community resilience programme support (PHOF indicators multiple)	Across Depts	200,000	200,000	200,000
Community resilience population health check surveys x 3 (PHOF indicators multiple)	Across Depts	300,000	-	-
Total Annual Cost		2,590,403	1,975,403	1,871,883
TOTAL overall COST				6,437,689

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Report to:	Audit, Best Value and Community Services Scrutiny Committee
Date of meeting:	17 March 2015
By:	Chief Operating Officer
Title:	Update on Atrium Property Asset Management System and running costs of Council buildings
Purpose:	The report, supported by a presentation and discussion will update the Committee on the implementation of the Atrium Property Asset Management System and work taking place to measure running costs of Council buildings.

RECOMMENDATIONS

1) The Committee is recommended to engage in a discussion to further their understanding of and input to:

- **the implementation of Atrium Property Asset Management System (PAMS); and**
 - **work taking place to measure running costs of Council buildings.**
-

1. Background

1.1 The Audit, Best Value and Community Services Scrutiny Committee (ABVCSSC), requested an update on the development and implementation of the Atrium Property Asset Management System (18 November committee meeting) and an understanding of the running costs of Council buildings (9 December RPPR Board).

2. Supporting information

2.2 A presentation will be delivered at the 17 March ABVCSSC meeting to update the Committee on the context and development of a number of activities. Key areas to be addressed are:

- Positioning Atrium Property Asset Management System (PAMS) in the context of our journey towards a more mature approach to asset management;
- An outline of PAMS system capabilities and expected service benefits;
- Proposals for improving visibility of property costs; and
- Seeking the Committee's views on the further development of a Corporate Landlord approach.

3. Conclusion and reasons for recommendations

3.1 The Committee is recommended to engage in the discussion on 17 March in order to further their understanding of and input to:

- the implementation of PAMs; and
- work taking place to measure the running costs of Council buildings.

KEVIN FOSTER
Chief Operating Officer

Contact Officer: Richard Grass
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Email: Richard.grass@eastsussex.gov.uk

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Report to: **Audit, Best Value and Community Services Scrutiny Committee**
Date of meeting: **17 March 2015**
By: **Chief Executive**
Title: **Reconciling Policy, Performance and Resources 2015/16**
Purpose: **To review scrutiny's input into the Reconciling Policy, Performance and Resources (RPPR) process during 2014/2015.**

RECOMMENDATIONS

The Committee is recommended to:

- 1) Review its input into the Reconciling Policy, Performance and Resources process and;**
- 2) Identify any lessons for improvement for the process in future.**

1 Background

1.1 Reconciling Policy, Performance and Resources (i.e. aligning the Council's budget setting process with service delivery plans) has established an effective and transparent business planning process. A Medium Term Financial Plan (MTFP) has been produced and the 2015/16 round represents year three, of the three year savings plan.

1.2 Scrutiny committees actively engage in the process, firstly to allow them to bring the experience they have gained through their work to bear and, secondly, to help inform their future work programmes.

2 Reconciling Policy, Performance and Resources (RPPR) and scrutiny in East Sussex

2.1 In September 2014 each scrutiny committee considered extracts from the *State of the County* report and the departmental savings and Portfolio Plans. Requests for further information or reports were made to help the scrutiny committee evaluate proposals made in the respective Portfolio Plans.

2.2 The scrutiny committees established scrutiny boards to provide a more detailed input into the RPPR process. These met in December 2014 to consider the draft portfolio plans and the impact of proposed savings. The Audit, Best Value & Community Services Scrutiny Committee held an additional board meeting in November 2014. The boards:

- considered any amendments to the Portfolio Plans and how they were being delivered against the proposed key areas of budget spend for the coming year;
- assessed the potential impact of these savings on services provided to East Sussex County Council customers.

2.3 Appendix 1 summarises the comments and recommendations made by the Audit, Best Value and Community Services Scrutiny Committee RPPR board to Cabinet.

3. Conclusion and reasons for recommendations

3.1 The committee is recommended to review its input into the 2015/16 RPPR process and in particular to establish whether there are lessons for improvement for the future.

BECKY SHAW
Chief Executive

Contact Officer: Martin Jenks
Tel. No. 01273 481327
Email: martin.jenks@eastsussex.gov.uk

LOCAL MEMBERS

All.

BACKGROUND DOCUMENTS

None.

Overview and Scrutiny: Reconciling Policy, Performance and Resources (RPPR) boards 2014/15

This is a summary of the outcomes, observations and findings of the Audit, Best Value & Community Services Scrutiny Committee RPPR Board held in December 2014.

All the scrutiny boards considered draft Portfolio Plans and savings plans and attempted to assess the impact of both any significant budget cuts facing the County Council over the coming years and activities where savings were not necessarily being proposed but which accounted for significant use of resources.

Scrutiny boards commented on the plans being put in place and the means being proposed to protect front line services as far as practicable. As a consequence of this work, they have identified new priorities for scrutiny work programmes in the coming year.

Audit, Best Value & Community Services

RPPR Board on 9 December 2014

Councillors: Mike Blanch (Chair), John Barnes, Bob Standley and Francis Whetstone

Observers: Councillor David Tutt

Lead Members: Councillors Chris Dowling and David Elkin

Key messages to Cabinet:

Public Health

1. The Board noted that Public Health proposed to continue the use of underspends on one-off projects to improve community resilience. The Board were not appraised of detail. It was requested that such expenditure required a prior scrutiny by members and the Board asked for the opportunity to return to this before any firm decisions were made.

Capital Programme

2. The Board recommended that Cabinet:
 - (1) examine whether additional borrowing should fund what are currently revenue contributions to the capital programme given pressures on the revenue budget
 - (2) review currently contractually uncommitted elements of the capital programme (£105m) in order to seek ways to reduce revenue servicing costs.

Feasibility of installing photovoltaic canopies over Council car parks

3. The Board supports the Council's investigation of the possibility of installing photovoltaic panels on its buildings and canopies on top of car parks. It recommended that any energy generated by the photovoltaic panels is assessed in the first instance for its ability to reduce the running costs of the buildings themselves, irrespective of whether access to the grid can be obtained and further revenue generated.

Libraries

4. The Board supported an investigation into installing self-service facilities in the remaining libraries that do not yet have them and welcomed the continued conversion of libraries into 'community hubs' that provide a range of front end Council services, such as providing residents with Blue Badges.
5. The Board recommended:
 - (1) That the self-service installation project investigation is undertaken as soon as reasonably practicable and is given clear timescales for completion.

(2) The Libraries and Information Service should continue to research alternative ways of running libraries, for example, lending books through local booksellers in villages.

(3) The Libraries and Information Service should consider whether it is cost effective to continue to run more than one library in larger towns.

(4) That if the use of the Mobile Library Service continues to decline, the Council should consider replacing it with alternative ways of lending books.

Communications

6. The Board recommended that *Your County* magazine should aim to become, at a minimum, self-funding and noted the reputational damage arising from a lack of understanding of its cost-effectiveness. The policy on advertising should be reviewed and other means also be investigated to achieve this goal.

Procurement

7. The Board welcomed the forecast savings for 2015/16 of £3.4m revenue and £4.4m capital that are to be delivered through procurement, contract and supplier management activities.

Registration Service

8. The Board noted that the surplus for 2014/15 is projected to be £101,000 against a target of £50,000. It therefore recommended that the annual savings target be increased from the current level by £50,000 (each year for the next three years).

Agile Programme

9. The Board learnt that it would be a difficult, and potentially inefficient, process to try to extract Agile savings from a department's wider savings targets. All the projected Agile savings would not be realised during 2014/15 and the Board was told that reserve funds would cover the shortfall; this would need to be factored into the 2015/16 budget. The Board recommended that the Agile programme be pursued as expeditiously as possible.

Personnel

10. The Board wished to draw Cabinet's attention to the potential need to focus additional HR resources on reducing short term sickness (and the associated reliance on agency staff) especially within Adult Social Care. This might involve the council in a short term additional cost.

Further scrutiny work

11. The Board highlighted its intention to undertake further detailed scrutiny work in the following areas:
 - Exploring alternative models for running **libraries** including the provision of mobiles.
 - Reviewing the provision of the **policy and performance** functions within the Council with prioritised options for levels of service.
 - Reviewing the provision for **internal and external communications** within the Council with prioritised options for levels of service (to establish what savings could be achieved).
 - Draft proposals for 2015/16 one-off **public health** projects.
 - Reviewing the running costs of **Council buildings** and planned improvements such as photovoltaic panels.
 - The level of **motor mileage and car leasing costs** for staff and members (report to the Committee).

Audit, Best Value and Community Services (ABVCS) Scrutiny Committee



Future work at a glance

Updated: March 2015

This list is updated after each meeting of the scrutiny committee
Follow us on Twitter for updates: @ESCCScrutiny

Items that appear regularly at committee	
Internal Audit Progress Reports	Summary of quarterly key audit findings, highlighting significant control issues and reporting on delivery of the audit plan and internal audit services' performance against performance indicators.
Strategic risk monitoring log	The latest version of the County Council's strategic risk register.
The Council's Forward Plan	<p>The latest version of the Council's Forward Plan is included on each scrutiny committee agenda. The Forward Plan lists all the key County Council decisions that are to be taken within the next few months together with contact information to find out more. It is updated monthly.</p> <p>The purpose of doing this is to help committee Members identify important issues for more detailed scrutiny <i>before</i> key decisions are taken. This has proved to be significantly more effective than challenging a decision once it has been taken. As a last resort, the call-in procedure is available if scrutiny Members think a Cabinet or Lead Member decision has been taken incorrectly.</p> <p>Requests for further information about individual items on the Forward Plan should be addressed to the listed contact. Possible scrutiny issues should be raised with the scrutiny team or committee Chairman, ideally before a scrutiny committee meeting.</p>

Page 1 of 5

Items that appear regularly at committee

Committee work programme	This provides an opportunity for the committee to review the scrutiny work programme for future meetings and to highlight any additional issues they wish to add to the programme.
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<i>Future committee agenda items</i>		<i>Presenting officer</i>
17 July 2015		
Internal Audit Strategy 2015/16 and Annual Plan	Sets out the internal audit strategy, including key themes and detailed coverage across departments for the year ahead.	Russell Banks, Head of Assurance
Internal Audit Services – Annual Report and Opinion 2014/15	Provides an overall opinion on the Council’s framework of internal control; summarises the main audit findings and performance against key indicators.	Russell Banks, Head of Assurance
Monitoring Officer’s Annual Review of the Corporate Governance Framework	Sets out an assessment of the effectiveness of the Council’s governance arrangements and includes an improvement plan for the coming year, and the corporate assurance statement which will form part of the statement of accounts.	Philip Baker, Assistant Chief Executive
Updated risk management framework	A report requesting the Committee to endorse the updated risk management framework.	Russell Banks, Head of Assurance
Carbon management report	Annual carbon management report. To include detailed information on energy use by the Council.	Kevin Foster, Chief Operating Officer
Procurement: Category Management Strategies and Savings Sign Off	A report on two procurement strategies: <ul style="list-style-type: none"> • Category Management strategies 	Laura Langstaff, Head of Procurement

Future committee agenda items		Presenting officer
Approach	<ul style="list-style-type: none"> Savings Sign Off Approach 	
15 September 2015		
Review of the Annual Governance Report and Statement of Accounts	Report of the external auditors following their audit of the Council's statutory accounts. It allows the committee to review the issues raised and assess the management response.	Marion Kelly, Chief Financial Officer, and external auditors
Reconciling policy, performance and resources (RPPR)	To begin scrutiny's involvement in the RPPR process. To establish a RPPR Board of members to undertake more detailed investigations as required.	Becky Shaw, Chief Executive
Page 197 Treasury Management Half Year Report and Outturn Report	<p>The Code of Practice for Treasury Management requires the Council to review its treasury management performance. The report will set out:</p> <ul style="list-style-type: none"> A summary of the original strategy agreed for 2014/15 and the economic factors affecting this strategy in the first six months of this year. The treasury management activity during the first six months. The performance to date of the Prudential Indicators, which relate to the Treasury function and compliance within limits. The outturn report 	Marion Kelly, Chief Financial Officer
17 November 2015		
Annual update on usage of Agency Staff	Annual update on the usage of agency staff at East Sussex County Council and progress on establishing the bank of casual staff.	Kevin Foster, Chief Operating Officer
Reconciling Policy, Performance and Resources (RPPR)	To provide the Committee with further information relating to the RPPR process that was requested at the last Committee meeting.	Becky Shaw, Chief Executive

Future committee agenda items		Presenting officer
Strategic Workforce Plan and People Strategy	A report on the Strategic Workforce Plan and People Strategy, once they have been agreed and put in place, to help the Committee gain a better understanding of how they will help to develop the required cultural and behavioural changes across the Council necessary to achieve the BSD outcomes.	Kevin Foster, Chief Operating Officer
March 2016		
External Audit Plan 2015/16	Sets out in detail the work to be carried out by the Council's external auditors.	Marion Kelly, Chief Financial Officer, and external auditors
External Audit Report on Grants Claim Certification	External auditors are required to certify certain grant claims; this is an annual report summarising that grant work and highlights the key issues arising.	Marion Kelly, Chief Financial Officer, and external auditors
External Audit Plan for East Sussex Pension Fund 2015/16	To consider and comment upon the External Audit Plan for the East Sussex Pension Fund for 2015/16	Marion Kelly, Chief Financial Officer, and external auditors

Current scrutiny reviews and other work underway	Date available
<p>Agile Working Reference Group Reference Group comprising Cllrs Blanch, Barnes, Keeley, Standley and Whetstone that meets with key officers to comment on the progress of the Agile Programme after key stages in the Programme.</p>	Ongoing

Potential future scrutiny work (Proposals and ideas for future scrutiny topics appear here)
<p>Updates on the progress of the School Risk Review Group The Committee to be kept informed of how the School Risk Review Group has reduced reputational and financial risk to the Council from schools once its plans have been fully implemented (the Chairs of Audit, Best Value & Community Services Scrutiny Committee and Children's Services Scrutiny Committee to consider how best to scrutinise the work of the School Risk Reviews Group going forward).</p> <p>Public Health The Committee to be kept informed of the Public Health Department's one off funding projects.</p>

Background / information reports circulated to the Committee (Items in this list are circulated to Members by email and appear on committee agendas only when proposed for scrutiny by committee members)		Date to be circulated
SPACES Programme	Update report circulated quarterly on the Strategic Property Asset Collaboration in East Sussex (SPACES) Programme	Quarterly
School Risk Review	A briefing on the School Risk Review Group's policy for recruiting and training local education	January 2015

Group's LEA training policy	authority (LEA) governors.	
Update on projects receiving one off funding	To update the Scrutiny Committee on progress in relation to each of the four projects receiving one off funding from the Public Health Grant	January 2015

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**Version
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EAST SUSSEX COUNTY COUNCIL'S FORWARD PLAN

The Leader of the County Council is required to publish a forward plan setting out matters which the Leader believes will be the subject of a key decision by the Cabinet or individual Cabinet member in the period covered by the Plan (the subsequent four months). The Council's Constitution states that a key decision is one that involves

(a) expenditure which is, or the making of savings which are, significant having regard to the expenditure of the County Council's budget, namely above £500,000 per annum; or

(b) is significant in terms of its effects on communities living or working in an area comprising two or more electoral divisions.

As a matter of good practice, the Council's Forward Plan includes other items in addition to key decisions that are to be considered by the Cabinet/individual members. This additional information is provided to inform local residents of all matters to be considered, with the exception of issues which are dealt with under the urgency provisions.

For each decision included on the Plan the following information is provided:

- the name of the individual or body that is to make the decision and the date of the meeting
- the title of the report and decision to be considered
- groups that will be consulted prior to the decision being taken
- a list of other appropriate documents
- the name and telephone number of the contact officer for each item.

The Plan is updated and published every month on the Council's web-site two weeks before the start of the period to be covered.

Meetings of the Cabinet/individual members are open to the public (with the exception of discussion regarding reports which contain exempt/confidential information). Copies of agenda and reports for meetings are available on the web site in advance of meetings. For further details on the time of meetings and general information about the Plan please contact Andy Cottell at County Hall, St Anne's Crescent, Lewes, BN7 1SW, or telephone 01273 481955 or send an e-mail to andy.cottell@eastsussex.gov.uk.

For further detailed information regarding specific issues to be considered by the Cabinet/individual member please contact the named contact officer for the item concerned.

EAST SUSSEX COUNTY COUNCIL

County Hall, St Anne's Crescent, Lewes, BN7 1UE

For copies of reports or other documents please contact the officer listed on the Plan or phone 01273 335138

FORWARD PLAN – EXECUTIVE DECISIONS (including Key Decisions) – 1 March 2015 – 30 June 2015

Additional notices in relation to Key Decisions and/or private decisions are available on the Council's website via the following link:

<http://www.eastsussex.gov.uk/yourcouncil/about/committees/download.htm>

Cabinet membership:

Councillor Keith Glazier - Lead Member for Strategic Management and Economic Development

Councillor David Elkin – Lead Member for Resources

Councillor Chris Dowling – Lead Member for Community Services

Councillor Rupert Simmons – Lead Member for Economy

Councillor Carl Maynard – Lead Member for Transport and Environment

Councillor Bill Bentley – Lead Member for Adult Social Care

Councillor Sylvia Tidy – Lead Member for Children and Families

Councillor Nick Bennett – Lead Member for Learning and School Effectiveness

Date for Decision	Decision Taker	Decision/Key Issue	Decision to be taken wholly or partly in private (P) or Key Decision (KD)	Consultation	List of Documents to be submitted to decision maker	Contact Officer
9 March 2015	Lead Member for Learning and School Effectiveness	Primary School Re-organisation in Crowborough		Local Members	Report, other documents may also be submitted	Gary Langford 01273 481758
	Lead Member for Learning and School Effectiveness	Determination of the admission arrangements following consultation	KD		Report, other documents may also be submitted	Sheila Locke 01273 335771
	Lead Member for Learning and School Effectiveness	Post 16 School transport	KD		Report, other documents may also be submitted	Sheila Locke 01273 335771

	Lead Member for Learning and School Effectiveness	DSG Inter Block Transfer Financial Year 2015-16			Report, other documents may also be submitted	Jon Brown 01273 336935
10 March 2015	Cabinet	Waste Operational Savings Programme	KD P		Report, other documents may also be submitted	Stephen Potter 01273 336520
	Cabinet	South East Business Services business case	KD		Report, other documents may also be submitted	Elizabeth Owen
	Cabinet	Council Monitoring – Quarter 3 2014/15			Report, other documents may also be submitted	Jane Mackney 01273 482146
	Cabinet	SE7 Update			Report, other documents may also be submitted	Lee Banner 01273 481857
Page 205	Cabinet	To consider recommendations of the South East Local Enterprise Partnership's ('SELEP') Board following consideration by the Board of their recently completed Delivery Review.			Report, other documents may also be submitted	James Harris 01273 482158
12 March 2015	Lead Member for Adult Social Care	To consider the report in relation to the Care Act implementation			Report, other documents may also be submitted	Kirstie Battrick 01273 482016
23 March 2015	Lead Member for Transport and Environment	Capital Programme for Local Transport Improvements 2015-16	KD		Report, other documents may also be submitted	Mark Valleley 01273 482237
	Lead Member for Transport and Environment	<u>Allocation of the 2015/16 Community Match Funding to a number of community led local transport schemes</u>			Report, other documents may also be submitted	Sarah Valentine 01273 335724
	Lead Member for Transport and Environment	Provision of an on street advisory disabled bay, Gladstone Terrace, Hastings		Local Member	Report, other documents may also be submitted	Claire Peedell 01424 726347
	Lead Member for Transport	To approve the detailed design and construction of a pedestrian crossing on Victoria Drive		Local Member	Report, other documents may also be submitted	Alan Cook 01273 482263

	and Environment	Eastbourne			be submitted	
24 March 2015	Lead Member for Resources	To declare the former care home, Homefield Place, Seaford, surplus to the Council's requirements		Local Member	Report, other documents may also be submitted	Roger Simmons 01273 335522
	Lead Member for Resources	Transaction at Dunbar Drive, Hailsham	KD	Local Member	Report, other documents may also be submitted	Roger Simmons 01273 335522
20 April 2015	Lead Member for Learning and School Effectiveness	Primary School age range changes	KD		Report, other documents may also be submitted	Gary Langford 01273 481758
	Lead Member for Learning and School Effectiveness	To review the impact of the Home to School Transport Policy change			Report, other documents may also be submitted	Lou Carter 01273 482809
21 April 2015	Cabinet	External Audit Plan 2014/15			Report, other documents may also be submitted	Ola Owolabi 01273 482017
Page 206	Cabinet	<u>Better Care Fund Section 75 Pooled Budget Agreement</u>			Report, other documents may also be submitted	Kirstie Battrick 01273 482016
27 April 2014	Lead Member for Transport and Environment	<u>Provision of an on-street advisory disabled parking bay for No 16, Robin Close, Eastbourne</u>		Local Member	Report, other documents may also be submitted	Victoria Bartholomew 01424 724284
	Lead Member for Transport and Environment	Petition to introduce traffic calming measures in St Philips Avenue, Eastbourne.		Local Member	Report, other documents may also be submitted	Alan Chanamoto 01273 337121
11 May 2015	Lead member for Learning and School Effectiveness	<u>To consider the consultation on Discretionary Transport</u>	KD		Report, other documents may also be submitted	Sara Candler 01273 336670
	Lead member for Learning and School Effectiveness	Primary school re-organisation in Crowborough (determination of statutory proposal)		Local Members	Report, other documents may also be submitted	Gary Langford 01273 481758

2 June 2015	Cabinet	Treasury management annual report			Report, other documents may also be submitted	Ola Owolabi 01273 482014
16 June 2015	Lead Member for Resources	Annual Write off of debts	P KD		Report, other documents may also be submitted	Janyce Danielczyk 01273 481893
22 June 2015	Lead Member for Transport and Environment	To consider the identified sites in Bexhill where formal parking restrictions have been requested and identify the most appropriate way to take them forward	KD	Local Members	Report, other documents may also be submitted	Brian Banks 01424 724558
	Lead Member for Transport and Environment	To consider Road Safety Priorities	KD		Report, other documents may also be submitted	Brian Banks 01424 724558
29 June 2015	Cabinet	Internal Audit Strategy 2015/16			Report, other documents may also be submitted	Russell Banks 01273 481447
Page 207	Cabinet	Internal Audit Services – Annual Report and Opinion 2014/15			Report, other documents may also be submitted	Russell Banks 01273 481447
	Cabinet	Ashdown Forest Trust Fund 2014/15			Report, other documents may also be submitted	Marie Nickalls 01273 337649
	Cabinet	Quarter 4 – Council Monitoring			Report, other documents may also be submitted	Jane Mackney 01273 482146
	Cabinet	State of the County			Report, other documents may also be submitted	Jane Mackney 01273 482146
	Cabinet	Health and Wellbeing Annual Strategy			Report, other documents may also be submitted	Sarah Feather 01273 335712
	Cabinet	South East 7			Report, other documents may also be submitted	Lee Banner 01273 482857
21 July 2015	Cabinet	South East Business Services (SEBS)			Report, other documents may also be submitted	

12 October 2015	Lead Member for Learning and School Effectiveness	Consultation on Discretionary Home to School Transport, final decision	KD		Report, other documents may also be submitted	Sara Candler 01273 336672
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