AUDIT, BEST VALUE AND COMMUNITY SERVICES SCRUTINY COMMITTEE

MONDAY, 23 NOVEMBER 2015

2.00 pm COMMITTEE ROOM, COUNTY HALL, LEWES

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

A G E N D A

1   Minutes of the meeting held on 15 September 2015 *(Pages 3 - 8)*

2   Apologies for absence

3   Disclosures of interests

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

4   Urgent items

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

Audit items

5   Internal Audit progress report Quarter 2 (01/7/15 - 30/9/15) *(Pages 9 - 20)*
Report by the Chief Operating Officer

6   Strategic Risk Monitoring - Quarter 2 2015/16 *(Pages 21 - 26)*
Report by the Chief Operating Officer

Scrutiny items

7   People Strategy *(Pages 27 - 46)*
Report by the Chief Operating Officer

8   Spend on agency workers in East Sussex County Council 2015 *(Pages 47 - 64)*
Report by the Chief Operating Officer

9   Annual Audit Letter and Fee update 2014/15 *(Pages 65 - 76)*
Report by the Chief Operarting Officer

10   Scrutiny committee future work programme *(Pages 77 - 82)*

11   Forward Plan *(Pages 83 - 88)*

The Forward Plan for the period to 29 February 2016. The Committee is asked to make comments or request further information.

12   Any other items previously notified under agenda item 4

PHILIP BAKER
Assistant Chief Executive
County Hall, St Anne's Crescent
LEWES BN7 1UE   13 November 2015

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AUDIT, BEST VALUE AND COMMUNITY SERVICES SCRUTINY COMMITTEE

MINUTES of a meeting of the Audit, Best Value and Community Services Scrutiny Committee held at County Hall, Lewes on 15 September 2015.

PRESENT	Councillors Mike Blanch (Chair), John Barnes (Vice Chair), Laurence Keeley, Bob Standley, Trevor Webb and Francis Whetstone
LEAD MEMBERS	Councillor Keith Glazier, Leader and Lead Member for Strategic Management and Economic Development Councillor David Elkin, Lead Member for Resources
ALSO PRESENT	Becky Shaw, Chief Executive Kevin Foster, Chief Operating Officer Keith Hinkley, Director of Adult Social Care and Health Russell Banks, Head of Assurance Cynthia Lyons, Acting Director of Public Health Laura Langstaff, Joint Head of Procurement Ola Owolabi, Head of Accounts and Pensions Nick Skelton, Assistant Director Communities

17   MINUTES

17.1   RESOLVED to approve as a correct record the minutes of the meeting held on 17 July 2015.

18   APOLOGIES FOR ABSENCE

18.1   Apologies for absence were received from Councillor Carolyn Lambert.

19   DISCLOSURES OF INTERESTS

19.1   Councillor Mike Blanch declared a personal interest in Item 9 (see Minute 23), as a relative of one of the Beachy Head Chaplaincy Team, but he did not consider this to be prejudicial.

20   URGENT ITEMS

20.1   None notified.

21   REPORTS

21.1   Reports referred to in the minutes below are contained in the minute book.

21.2   It was RESOLVED to amend the agenda order and take items 7, 9 and 10 first (see minutes 22, 23 and 24).

22   RECONCILING POLICY, PERFORMANCE AND RESOURCES (RPPR)

22.1   The Committee considered a report by the Chief Executive which invited the Committee to begin its involvement in the Reconciling Policy, Performance and Resources (RPPR) process. A revised Appendix 3 had been circulated. The Lead Member for Resources confirmed that no budget was exempt from investigation for potential savings.

22.2   The Committee discussed:
- The capital programme, the links to the revenue budget and limits on capital spending;
- The living wage and its impact;
- The inclusion of the Dedicated Schools Grant within the overall figures, and the potential for public misunderstanding;
- The Highways maintenance contract;
- The Asset Management Strategy, and in particular the 73 sites previously planned for disposal;
- Speeding up cost reduction programmes, especially in areas such as digitisation and energy efficiency, in particular the street lighting initiative;
- How to measure productivity;
- The future shape of the senior management and structure of the Council, and the potential for increased partnership working with Borough and District Councils and with Health colleagues through the Orbis programme.

22.3   The Chief Executive and Chief Operating Officer confirmed that the matter of what could be capitalised was subject to a set of technical accounting issues. The tenders for the Highways maintenance contract are being examined and assessed, and the process had been overseen by a Review Board of the Economy, Transport and Environment Scrutiny Committee. The Lead Member for Resources set out that the Asset Management Strategy was under review, including the use of community asset transfers, and would be presented to Scrutiny at a future meeting.

22.4   The Leader and Lead Member for Strategic Management and Economic Development emphasised the need for the Council to take a business-like approach, to improve opportunities to generate income. He stressed the need to exploit available resources fully, which could include community uses for Council-owned property, but that a flexibility of approach should be retained, to allow for disposal if necessary.

22.5   The Chief Operating Officer explained the impacts of digitisation in several modernisation programmes, such as Agile and the Social Care Information System (SCIS) update, and the links to the Information Management Strategy.   The Chief Executive set out that there were significant demands on senior management as a result of the various transformation programmes that were under way and planned.   A briefing on the street lighting project was offered, and it was confirmed that the Economy, Transport and Environment Scrutiny Committee were keeping the matter under review.

22.6   RESOLVED to (1) note the report;

(2) convene meetings of the standing RPPR Board in October and December 2015, and note that Review Boards had been established to examine the Library Service and Communications;

(3) focus on (a) the Property Strategy, (b) the shape and structure of the Council in the medium term, and (c) capital programme levels and funding sources.

23   SUICIDE PREVENTION: BEACHY HEAD INFRASTRUCTURE UPDATE

23.1   The Committee welcomed a report by the Acting Director of Public Health which provided an update on how the recommendations of the Beachy Head infrastructure report have been taken forward to date, including involvement of partners especially the Beachy Head Chaplaincy Team.

23.2   The Committee discussed: the Virtual Fence and what it consisted of; long term funding for the street triage pilot; the need to consider all users of the area and trying not to act to the detriment of the character of a national landmark; dog walker training; the follow up to a successful interception.

23.3   The Director of Adult Social Care and Health set out: that the County Council is engaged with partners from Eastbourne Borough Council, Sussex Police, Natural England and the National Park Authority; the need to ascertain what is viable and what will be effective; the capacity of other agencies to respond to increased alerts and the potential need to commission services.

23.4   RESOLVED to note the report and the measured approach being taken, and to request a further update at a future meeting.

24   UPDATE ON THE PUBLIC HEALTH GRANT UNALLOCATED RESERVE ONE-OFF FUNDED PROPOSALS

24.1   The Committee considered a report by the Acting Director of Public Health which provided an update on the progress of the Public Health Grant unallocated reserve one-off funded proposals.

24.2   The Committee was informed that the Department of Health consultation on the methodology for the in-year reduction to the Public Health budget had closed in August, and the outcome was awaited. It has also been signalled that the Department of Health will require recurring savings to be made but there is no further detail on the methodology for that to date.

24.3   The Committee discussed Community Resilience and was apprised of how this work links with the Locality Team development which is a core part of East Sussex Better Together. The projected funding for Community Resilience is informed by evidence from a project in Cumbria. The work on Community Resilience will seek though localised programmes to reduce demands on health services.

24.4   The Committee picked up other strands in the report: falls prevention, young people's mental health, speed reduction and reducing social isolation through technology. The Director of Adult Social Care and Health reinforced the point that some of the funding was for pilots to allow assessment of the impact of the proposals, which may lead to a revised way of working should the pilot demonstrate a cost-effective and sustainable alternative approach when set against all the other competing demands and savings requirements. With regard to falls prevention, the Director set out that an increased use of technology, funded from the community care budget, to monitor those vulnerable to falls had led to a decrease in incidents and therefore a reduction in budget pressure.

24.5   There was general agreement that future monitoring of the one-off projects should be undertaken by the relevant service Scrutiny Committee.

24.6   RESOLVED to (1) note the report; and

(2) request a further update on the programme of one-off funded projects including more detail on the community resilience work, to examine value for money, within six months.

25   INTERNAL AUDIT PROGRESS REPORT QUARTER 1 2015/16

25.1   The Committee considered a report by the Chief Operating Officer which provided a summary of the key audit findings, progress on delivery of the audit plan and the performance of the internal audit service during Quarter 1 of 2015/16. The Committee were provided with a Supplementary Briefing on the Procurement and Contract Management audits.

25.2   The Committee discussed the assessment of compliance with Procurement Standing Orders and Contract Management with the Head of Procurement. She offered the Committee the assurance that clear roles and responsibilities were built into the framework for awarding new contracts, and that training was being provided to staff to manage the process robustly. Progress in implementing the findings of the Procurement Standing Orders audit will be included in future Procurement update reports.

25.3   The Committee discussed the assessment of the Controcc system. The Head of Assurance set out the complexity of the system, which the Chief Operating Officer confirmed would shortly be integrated into the new Liquid Logic system of care management. A comprehensive action plan has been developed and will be followed up by the internal audit team, and reported on at a future meeting.

25.4   The Committee also discussed the means available to secure control over performance of outsourced work, especially that of sub-contractors, and used the Highways Maintenance contract as an example. Particular concerns over highway drainage issues were raised, and the Committee's attention was drawn to the Economy, Transport and Environment Scrutiny Review Board on Gully Emptying and Drainage.   The Head of Procurement set out that her team provided advice and guidance to service colleagues, on how to set measurable service levels, and ensure regular receipt of data to support those targets. Evidence of the effective management of sub-contractors is part of the process for assessing tenders.

25.5   RESOLVED to (1) note the report; and

(2) congratulate the internal audit team on their performance indicators.

26   STRATEGIC RISK MONITORING - QUARTER 1 2015/16

26.1   The Committee considered a report by the Chief Operating Officer which provided an update to the Committee on current strategic risks faced by the Council, their status and risk controls and responses.

26.2   The Committee discussed:
   • Risk 7 – Schools, and in particular the deficiency of regulatory powers granted to the local authority, and whether the Council had contacted the Department for Education with concerns about Academy performance in the light of recent reported results;
   • Risk 6 – Local Economic Growth, and the link between Risk 7 and the development of a skilled workforce

26.3   The Committee discussed whether the Broadband project should be considered a strategic risk, in terms of performance and value for money. A report to the September meeting

of the Economy, Transport and Environment Scrutiny Committee about Strategic Infrastructure, including Broadband, was highlighted to the Committee.

26.4   The Committee discussed a review of the departmental risk registers, to gain an insight into those risks that were considered not to be strategic. It was considered that individual Scrutiny Committees would be in a better position to assess those risks.

26.5   RESOLVED to (1) note the current strategic risks and the risk controls/responses being proposed and implemented by Chief Officers;

(2) request a report on the Business Services departmental risk register; and

(3) recommend that the other Scrutiny Committees consider an annual report on the relevant departmental risk registers.

27   TREASURY MANAGEMENT - STEWARDSHIP REPORT 2014/15

27.1   The Committee considered a report by the Chief Operating Officer which presented a review of the County Council's performance on treasury management for the year 2014/15 and mid year review for 2015/16.

27.2   The Committee discussed: Lender Option Borrower Option (LOBO) Loans and the low risk of loans being called in; internal borrowing as a means of funding capital projects and in particular the Bexhill Hastings Link Road; the LGA Municipal Bonds Agency, the lessons of the Municipal Assurance scheme and the effect on the Public Works Loans Board (PWLB); and the potential benefits of increasing the rate of investment into certain capital projects, designed to reduce revenue pressures, while interest rates are low.

27.3   The Committee was reassured that there was an extremely low risk of any LOBO loan being called in, following recent meetings with lenders, and that the Council would simply repay any loan without penalty should a loan be called in. Similarly there are no plans to exercise the Borrower Option to repay any loans early.

27.4   With regard to internal borrowing, the link to the Capital Finance Requirement was explained, together with the advice from our advisors, Capita, about the reduced differential between interest being paid by the Council on borrowings, and interest being received on loans out.

27.5   The Committee was reminded that that the Treasury Management Strategy had been amended by Cabinet to allow for investment in the Municipal Bonds Agency. Membership of the Agency would allow access to European funding for large scale infrastructure requirements.

27.6   RESOLVED to note the report.

28   SCRUTINY COMMITTEE FUTURE WORK PROGRAMME

28.1   The Committee considered the Committee's planned programme of work for the forthcoming year.

28.2   The Committee discussed the RPPR Board schedule and scrutiny of the Orbis programme. It was noted that there would be a meeting held jointly with Surrey County Council on 5 October 2015 in Kingston, and that the Committee would retain overview of the Orbis

programme in relation to matters concerning East Sussex. Scrutiny of other matters would be determined on an issue by issue basis with Surrey.

28.3   RESOLVED to (1) note the work programme; and

(2) arrange a pre-meeting to structure the RPPR Board agendas.

29   <u>FORWARD PLAN</u>

29.1   The Committee considered the Forward Plan for the period to 31 December 2015.

29.2   RESOLVED to note the Forward Plan.

30   <u>NEXT MEETING</u>

30.1   The next meeting of the Committee will be held on Monday 23 November 2015.

The meeting ended at 12.45 pm.

Councillor Mike Blanch
Chair

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

Date: **23 November 2015**

By: **Chief Operating Officer**

Title of report: **Internal Audit Progress Report – Quarter 2 (01/7/15 – 30/9/15)**

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 2.**

RECOMMENDATIONS: Members are recommended to:

1. **Consider and agree any action that should be taken in response to the issues raised in any of the audits carried out during Quarter 2;**

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 July 2015 and 30 September 2015.

2. Supporting Information
2.1 The current annual plan for internal audit is contained within the Internal Audit Strategy and Annual Plan 2015-16. This was prepared after consulting Chief Officers and senior managers and was endorsed by Audit, Best Value and Community Services Scrutiny Committee on 17 July 2015.

3. Conclusion and Reasons for Recommendation
3.1 Key audit findings from final reports issued during Quarter 1 are summarised in Appendix A.
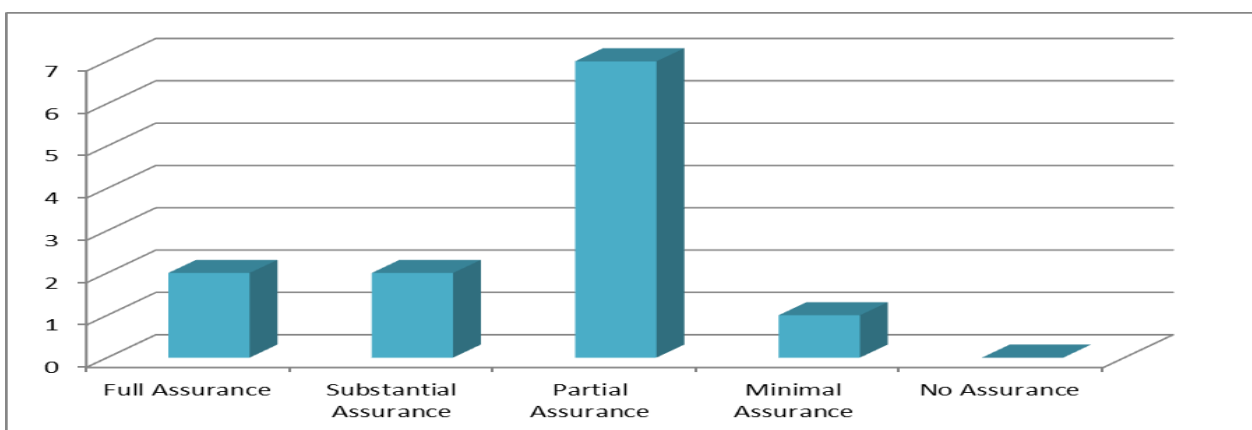
3.2 Overall, of the 12 formal audits completed, 2 received 'full assurance' opinions, 2 received 'substantial assurance', 7 received 'partial assurance' (3 of which were schools) and 1, relating to a school, received 'minimal assurance'. In the 7 instances of partial assurance being given (including Compliance with Procurement Standing Orders, Contract Management Follow-Up, Controcc, Special Education Needs and Disabilities), and the one instance of minimal assurance, 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   Although 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. Whilst it is disappointing to have to report on a higher than usual number of partial assurance opinions during the first quarter of the year, **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   As explained in previous progress reports, work has been taking place to strengthen financial governance in schools, particularly through a new training programme for governors, headteachers and school business managers and the delivery of a wider programme of school audits. This additional audit work, delivered in conjunction with Mazars Public Sector Internal Audit Limited, is intended to assess financial governance in a much larger sample of schools, not just those deemed to be higher risk, as well as gauging the effectiveness of the new training programme. Details of the schools audits completed so far have been summarised within Appendix A.

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. At the time of writing this report, one high risk recommendation due remained outstanding beyond the agreed implementation date. A revised implementation date have been agreed with management. Details are in Appendix B.

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.   All targets have been assessed as on target (Green).

KEVIN FOSTER
CHIEF OPERATING OFFICER

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

BACKGROUND DOCUMENTS: Internal Audit Strategy and Annual Plan 2015-16

<u>**Summary of Key Audit Findings**</u>

Public Health Local Service Agreements

PHLSA's are in place with GP practices and pharmacies to provide a range of services, including smoking cessation and NHS health checks, with payments of approximately £1.1m being made to GPs and £300,000 to pharmacies during the 2014/15 financial year.

Whilst Public Health transferred to the Council in April 2013, Public Health Local Service Agreement (PHLSA) specifications, known as Locally Enhanced Services at that time (LES), did not transfer from NHS England until April 2014. NHS England held LES contracts which were elements of the General Medical Services/General Pharmaceutical services contract, i.e. contracts between the NHS and general practitioners (GPs)/pharmacies; because they were the only body entitled to enter into this type of contractual arrangement.

On transfer to the Council, the terms and conditions of the contracts were retained for one year to allow review and for them to be moved over to a contractual format that local authorities could hold.

This area was included within the audit plan as management had expressed concerns over the existing systems for making payments, where arrangements were understood to be resource intensive and open to error. Whilst it was management's intention to implement new ways of working to strengthen payment controls, it was agreed that internal audit would evaluate the existing arrangements in order for the findings from our review to be utilised by management to help secure the necessary improvements.

Overall, our work confirmed that current controls were not sufficiently robust to ensure that all payments in respect of PHLSAs are valid and accurate, and as a result we were only able to provide an opinion of **minimal assurance**. As highlighted by management, we found that inadequate systems were in place for verifying the services delivered, with excessive reliance being placed on the providers to present complete and accurate information.

A number of recommendations for improvement were made and agreed with management who, as explained above, were keen to understand the areas of weakness in order to take corrective action. It is understood that this work has already commenced and will be subject to a further follow-up review by internal audit to provide assurance that sufficient progress has been made.

Cultural Compliance Review – Joint Community Rehabilitation (JCR)

The Joint Community Rehabilitation service provides support and assistance to clients in order to promote independence and reablement and thereby reduce the need for longer term and more costly medical care. The service operates from three locations across the County.

This audit of cultural compliance within the Joint Community Rehabilitation service was undertaken to provide assurance that the service is delivered effectively and in compliance with appropriate Council policies and procedures. This is part of a wider review across different teams within the Council, looking specifically at the following areas:

- Service delivery and good practice;
- Budget management;
- Expenditure;

- Income;
- Staff management, and;
- Asset and inventory management.

Overall, we were able to provide an audit opinion of **substantial assurance**. We found that, generally, the service complies with Council policies. However, some areas for improvement were identified, as summarised below, and recommendations to improve controls were agreed with management:

- The need for all staff to complete a declaration in the register of business interests and for managers to establish appropriate safeguards where positive declarations are made;
- Ensuring ICT Services are informed when a member of staff leaves so that the appropriate action can be taken to remove access.

Once similar reviews of other teams across all Council departments have been completed, a consolidated report will be produced highlighting any common themes or areas of weaknesses for Corporate Management Team (CMT) consideration.

Treasury Management

This review of Treasury Management was carried out in order to test controls employed to ensure there is effective management of risk to ESCC financial assets (cash). In addition to testing of transactions between the period of October 2014 to September 2015, the review sought to confirm implementation of audit recommendations arising from our previous audit.

Based on this work, we have been able to provide **full assurance** over the control environment with only a small number of low risk recommendations being made.

Shared Care Information System (SCIS)

The Shared Care Information System (SCIS) Programme will change the way all records (or cases) in Adult's (ASC) and Children's (CSD) Services are created and monitored. The Council is implementing LAS (Liquidlogic Adults System) and LCS (Liquidlogic Children's System) to replace CareFirst as the client information and case management system. The current social care finance system for ASC, Controcc, will be incorporated for both systems to provide care and finance information in one place.

The main purpose of our work in relation to the SCIS programme, agreed with the SCIS Programme Board, is to provide an opinion on whether risks associated with five key aspects of the system implementation are being properly managed. The main focus areas are:

- Business process re-engineering across ASC, CSD and Finance;
- Data quality and migration;
- Testing arrangements;
- System security and administration, and;
- System interfaces and reconciliation.

A summary of our work can be found below, all of which has been reported to the SCIS Programme Board:

- **Business Process Re-engineering** – our work in this area has involved us working with the programme team to identify those processes that have a financial impact and to assess the adequacy of control within these to ensure related risks are appropriately managed. Whilst we have been able to do this to a limited extent, our work is having to continue in this area due to ASC processes being subject to further recent revision and amendment, which

has subsequently delayed the go-live date of the LAS system to December 2015 (LCS is scheduled to go-live in the new year). In addition, the changes made have augmented the reliance on manual, non-automated controls which increases the risk of error (and can mean that opportunities for potential efficiencies are reduced). It is therefore essential that manual controls are applied robustly and consistently.

In order to provide the Programme Board with assurance over the revised processes, including off-system controls, we have scheduled further reviews with key personnel. However, the time available to provide this assurance is limited due to the Board's imminent go-live decision.

- **Data Quality and Migration** - our work in this area has found data quality and migration arrangements to be sound. As reported previously, we did make some recommendations relating to the need to update data migration policy/strategy and to implement reconciliation controls, and we are now able to confirm that these have been adequately addressed by the programme.

- **User Acceptance Testing (UAT)** – the amendments to processes and the postponed LAS go-live date (referred to above) has resulted in an additional round of UAT. At the time of writing this report, this testing (UAT5) had not commenced. We had previously recommended that test scripts are developed and followed for any future UAT, having so far not been produced, in order to ensure that all issues identified through testing are recorded and subsequently addressed. More formal script-based testing has since been developed. However, there is still a need for test scripts to be reviewed and approved prior to being used to ensure they are adequate. We have therefore recommended that this is completed prior to UAT5.

  We have also highlighted to the Board the risk, given the delay in finalising processes, that:

  - the next round of UAT may commence before these processes are agreed and LAS configuration is completed, meaning that testing may not give the required level of assurance that the system is fit-for-purpose, and /or;

  - UAT may need to be delayed which could potentially have an impact on the revised go-live date in December.

Our work on the above areas and in relation to system security and administration, and system interfaces and reconciliation is continuing in order to enable us to provide assurance to the Programme Board prior to their go-live decision.

New Highways Contract

The Highways Contract Re-Procurement Project (HCRP) commenced in 2012 following completion of the Highways Transformation Project. The HCRP will commission new contract arrangements to replace the existing contract and will be managed through an Executive Client led contract, whereby strategy, asset management and contract, commercial and performance management is retained within the Council.

The new contract duration will be for seven years and the estimated value of the contract is £43.5m per annum, based on the value of services proposed for inclusion.

Our audit was undertaken to provide some preliminary assurance over the planned contractual arrangements in relation to the new contract, focussing on the proposed governance, contract, performance and payment mechanisms.

The audit was conducted as a high level review pending the implementation of more formal and detailed arrangements for service provision, governance and contract management once the

contract has been let and the new provider is known. Further, more detailed internal audit work will take place closer to this time.

Based on our work, we were able to conclude that the proposed governance, contract management and performance arrangements are sound. Consequently, we were able to provide an opinion of **full assurance**. Clearly, further development of all the areas reviewed as part of this audit will be necessary with the mobilisation of the new contractor, when detailed processes and procedures will need to be established.

Social Care Assessment and Planning Team (Sorrel Drive)

This review of the Social Care Assessment and Planning Team based at Sorrel Drive, Eastbourne, sought to assess the adequacy of internal controls in the following areas:

- All key activities undertaken within the team are conducted in accordance with ESCC policies and procedures and comply with basic internal controls;
- All expenditure, including petty cash and P-card transactions, is appropriate, and is accounted for and reconciled correctly;
- All Council assets and data are adequately protected;
- Adequate budget management is in place.

While opportunities to strengthen the current control environment were identified, none of these were of a high risk nature and therefore, based on the testing undertaken, we were able to provide an opinion of **substantial assurance** over the control environment.

All recommendations for improvement were agreed with management, all of which are due to be implemented by the end of October 2015.

Individual School Audits

School audit work in quarter 2 has been expanded to include:

- Continuation of audits of a sample of higher risk schools and follow-ups of previous school audits where poorer audit opinions have been given. This work is delivered by our own internal audit team, and;
- A wider programme of audits of randomly selected schools, delivered through Mazars Public Sector Internal Audit.

The purpose of the wider sample of school audit work is to assess financial governance in more schools, not just those deemed to be higher risk, and to gauge the effectiveness of a new training programme currently being delivered to governors, headteachers and school business managers. A summary of the results of opinions arising from this work is set out in the following table:

Higher Risk and Follow Up Audits (Delivered in house)	Opinion
St Richard's Catholic College Follow-up	Substantial Assurance
The Bishop Bell CE School Follow-up	Substantial Assurance
Denton Primary School and Nursery Follow-up	Substantial Assurance
Castledown Primary School and Nursery	Minimal Assurance
Randomly Selected Audits (Delivered by Mazars)	
St Andrews CE Infant School	Substantial Assurance
Rocks Park Primary School	Substantial Assurance
St Phillip's Catholic Primary School	Substantial Assurance
Bonners CE Primary School	Substantial Assurance

Higher Risk and Follow Up Audits (Delivered in house)	Opinion
Laughton Community Primary School	Substantial Assurance
All Saints CE Primary School, Bexhill	Partial Assurance
Chantry Community Primary School	Partial Assurance
Hamsey Community Primary School	Partial Assurance
St Mary Magdalene Catholic Primary School, Bexhill	Partial Assurance
Little Horsted CE Primary School	Partial Assurance
Nutley CE Primary School	Partial Assurance
Salehurst CE Primary School	Partial Assurance

In all cases, recommendations arising from our work have been formally agreed with school management, with copies of all audit reports sent directly to all members of each school's governing body. This is in addition to the 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. Common issues arising from our recent work include the need for schools to:

- maintain contract registers;
- always raise purchase orders prior to the goods or services being received;
- ensure decisions and approvals are explicitly recorded in the minutes of the Governing Body;
- confirm the employment status of self-employed people to ensure schools are not liable for additional payments to HMRC;
- strengthen income controls;
- retain sufficient evidence of reconciliations and approvals;
- ensure declarations of interests are managed effectively.

Staff Mileage Claims – Internal Control Report

Following two recent investigations involving irregularities in staff claims for business mileage, both of which have been previously reported, we have now produced a further internal control report for management highlighting the key issues and areas of control weakness in order to help avoid future repetition.

In both of the above cases, there had been a failure in management control leading to financial loss to the Council. Actions to address the issues identified have been agreed, mainly in relation to the need to remind staff and managers of their responsibilities in submitting and approving claims for travel and expenses respectively, and to ensure they are familiar with and understand the relevant Council policies in these areas.

Investigations

Internal Audit have recently supported Personnel and Training (PAT) as part of an investigation into a member of staff who was suspected of having undertaking private, self-employed, work whilst being absent from their County Council employment through sickness. The individual concerned resigned from the County Council during the course of this investigation and in advance of any disciplinary action being taken.

Fraud Awareness

As part of our ongoing programme to further strengthen the Council's arrangements for preventing and detecting fraud and corruption, we have recently begun the roll-out of formal fraud awareness training to targeted teams and staff across the Authority more generally. This includes training to front-line staff in areas where there is a higher risk of fraud to help them be more alert to the associated risks.

Feedback obtained from attendees has demonstrated that these have been well-received and served to increase fraud awareness amongst staff. We will continue to provide training in this area and will use our Council-wide fraud risk assessment (a work-in-progress) to further inform our targeted approach.

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):

- General Ledger;
- Social Care Assessment and Planning Team – Sorrell Drive;
- High Weald Area of Outstanding Natural Beauty;
- Department for Transport Capital Block Funding Grant Claim;
- Broadband Annual Return to BDUK.

Currently, no scheduled audits have been removed from the audit plan.

High Risk Recommendations Overdue

East Sussex Pension Fund Processes and Systems

We reported in our Quarter 1 progress report that one recommendation arising from this review had only been partially implemented. This related to the need to process a number of outstanding pension administration tasks that had not been actioned from as far back as 2011 and that were not allocated to any individual member of staff (which could potentially result in employees' full pensionable service not being considered in future benefit calculations). This action is still not fully complete and we have been informed that this is due to recruitment difficulties. There is, however, a commitment to resolve the remaining tasks by 20 November 2015.

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 2015, where high levels of satisfaction confirmed.
Client Managers	Satisfaction Questionnaires	Each Audit	>89%	**G**	95%
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	Audits Completed	Quarterly	90% of audit plan completed.	**G**	45.2%.

Measure	Source of Information	Frequency	Specific Measure / Indicator	RAG Score	Actual Performance
Plan					
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	No matters were raised following the last review of internal audit function by KPMG.

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

Date: **23 November 2015**

By: **Chief Operating Officer**

Title of report: **Strategic Risk Monitoring – Quarter 2 2015/16**

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.   Background

1.1   Sound risk management policy and practice should be firmly embedded within the culture of the council, providing a proportionate and effective mechanism for the identification, assessment and, where appropriate, management of risk. This is especially important in the current climate where there remains considerable uncertainty about the future.

1.2   Robust risk management helps to improve internal control and support better decision-making, through a good understanding of individual risks and an overall risk profile that exists at a particular time. To be truly effective, risk management arrangements should be simple and should complement, rather than duplicate, other management activities.

2.   Supporting Information

2.1   The Council's Strategic Risk Register is attached as Appendix A, which is formally reviewed by DMT's and CMT on a quarterly basis. Members should note that this version of the Strategic Risk Register was reviewed by CMT on 11th November 2015 and will be presented to Cabinet on 15th December 2015.

2.2   Whilst the overall number of risks within the register has remained the same since it was last presented to the ABVCSSC in September 2015, a number of amendments to the narrative have been made. Risk 7 (Schools) has an amended risk definition. Risk 1 (Roads), risk 6 (Local Economic Growth), risk 8 (Capital Programme), risk 9 (Workforce), and risk 10 (Welfare Reform) all have amended risk control responses, with risk 1 (Roads), risk 6 (Local Economic Growth) and risk 8 (Capital Programme) also having amended post mitigation RAG scores.

2.3   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.

2.4   In response to previous requests from ABVCSSC, it is proposed that the Orbis risk register will be presented to the committee at the meeting in March 2016, as an example of Departmental level risk registers.

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   The first meeting of the South East Risk Managers forum was held in October 2015. This group was set up by the Risk & Insurance Manager to help identify and share good risk management practice. The meeting was attended by risk managers from East Sussex, Kent, Surrey and Essex County Councils.

Kevin Foster
Chief Operating Officer

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Local Member: All

Background documents :
None

Strategic Risk Register – Q2 2015/16			
Ref	Strategic Risks	Risk Control / Response	RAG
2	**ORDINARY RESIDENCE** 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.	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. 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. Regular information gathering and reporting to DMT on all Ordinary Residence case referrals and financial projections.	R
7	**SCHOOLS** An increasingly diverse set of education providers could, potentially increase the risk of underperformance due to the local authority having fewer powers of intervention. This could impact negatively on the Council's reputation as Ofsted holds the local authority to account for the performance of all schools.	The LA has a duty to champion educational excellence for all children: •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. •In the first instance, the LA offers direct support to academies to address any performance concerns that become apparent through close analysis of the data or other intelligence gathering; this includes support from consultant headteachers for secondary academies. •Where academies do not appear to be accessing appropriate support, the LA brings this to the attention of the DfE, who may exercise their intervention powers.	R
8	**CAPITAL PROGRAMME** Failure to deliver capital programme outcomes on-time and on-budget, impacting on the Council's ability to support local economic growth.	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. In April 2015, a high level Capital Programme Management Review was commissioned with a recognition that we need to not only set firm targets for the next year of the programme, but set indicative targets for the following years and start to focus on shaping the 2018-2021 capital programme. The brief set out that there needs to be shift of focus from capital programme 'monitoring' to capital programme 'management' in order to improve forecasting and scheme scheduling and planning.	R

	Strategic Risk Register – Q2 2015/16		
Ref	Strategic Risks	Risk Control / Response	RAG
1	**ROADS** 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.	With the first two years of the current 4 year carriageway funding period now delivered, improvements in condition continue to be achieved in line with initial modelling. Condition of the unclassified road network has improved in line with the asset plan, reducing the length requiring structural maintenance and building resilience. A strategic approach to drainage is being developed, to implement the principles of asset management, deliver improved drainage performance and long term maintenance value. The strategy is to be presented to Lead Member for approval in October 2015. The strategy will develop a greater understanding of the asset alongside a risk based, preventative approach to drainage maintenance. This will enable the highway authority to more effectively plan for and mitigate the effects of extreme weather events including flooding.	A
4	**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.	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 are being reassessed following the outcome of the General Election in May.	A
5	**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.	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 Government's savings plans and the impact of new legislation, coupled with increased demands arising from demographic changes, could hamper the Council's ability to deliver its statutory duties. A bid for greater devolution has been submitted to the DCLG on behalf of the 3SC area (East and West Sussex and Surrey), which it is hoped will bring greater local control over all public sector funding, but greater autonomy is not without risk and care will need to be taken to ensure that these are fully understood in any subsequent negotiations.	A

Strategic Risk Register – Q2 2015/16			
Ref	Strategic Risks	Risk Control / Response	RAG
9	**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.	A People Strategy has been developed based on feedback from a series of employee engagement sessions run in 2013/14 and subsequent manager engagement events. This Strategy sets out a range of initiatives and interventions that will help achieve the people changes needed over the next 3-5 years, in the context of future savings requirements and business improvements. The emphasis is on supporting and developing our managers and staff to enable them to respond positively to the changing environment. We recognise that high levels of change can impact on staff wellbeing and that there is a risk of stress in this context. A Stress Risk Assessment process has been developed to facilitate employees and their managers in jointly investigating the causes of, and identify solutions to perceived stress. Approaching stress management in this way means that employees can play a major part in clearly identifying the issues involved and how these can be addressed. Alongside this, a range of Wellbeing Initiatives have been developed and a dedicated wellbeing internal communication plan is now in place. This has included a 'Wellbeing' Yammer group and intranet articles focusing on the importance of taking regular breaks and our commitment to the Mental Health 'Time for Change Pledge'. A dedicated intranet page on stress has been developed. This includes information around the support we can provide to staff to help them combat stress, the range of wellbeing services available, as well as some 'top tips' on managing and coping with stress. The appraisal and 1-2-1 protocols and the attendance management procedure are being reviewed and tailored to enable managers and employees to discuss any wellbeing concerns at an early stage and put in place a shared agreement to prevent future Stress and Mental Health related absences. A mindfulness programme is being developed as part of the resilience strategy and tasters were offered to staff on Stress Awareness Day (04 November 2015). The 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. Alongside this, we continue to engage with Trade Unions on both a formal and informal basis, including discussions about change programmes and the impact on staff motivation and wellbeing.	A
10	**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.	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. This has included universal benefit which has been introduced in Hastings and Rother and will be rolled out across the County. Funding from the Government for the Discretionary East Sussex Support Scheme, which helps people on benefits in crisis, has been secured for 2015/16. The Government has said that it will make £12bn savings from welfare during this Parliament, which could increase demands on County Council services. Risks and actions will be reviewed in the light of changes coming out of the CSR.	A

Strategic Risk Register – Q2 2015/16			
Ref	Strategic Risks	Risk Control / Response	RAG
3	**CARE ACT** Failure to implement the additional duties, demands and other direct implications arising from the Care Act, within reducing resources, whilst continuing to meet current statutory duties. Although the funding reforms due for implementation have been put on hold until 2020 There is still a need to implement and embed new duties relating to eligibility and assessment, financial assessment and deferred payments, commissioning and market management, advice and information and whole family working. There remain risks (at a lower level) in implementing the remaining duties in relation to financial pressures, staffing issues and legal challenge.	Care Act governance arrangements established with CMT oversight and workstreams identified for each aspect of the Act. 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 in place. Joint working with East Sussex Clinical Commissioning Groups, to develop the Better Care Fund is established and implementation is on schedule. Current programmes of work are cognisant of Care Act implications, where known, and are being planned and delivered accordingly. For example with the social care information system; review of internet content; care pathway business process redesign; Better Together - health and social care integration programme.	A
6	**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.	The East Sussex economy continues to grow, and the number of people claiming job seekers allowance is now at pre-1983 levels. East Sussex has been successful in gaining funding against local projects in Growth Deals Round 1 and 2 totalling £60.28m, along with additional funding of £11.5m via C2C and a pan-LEP Coastal Communities project, gained part-funding of £2m. Work is progressing to deliver all projects where funding has been secured, and business cases are being developed to unlock funding for other pipeline projects. Through the SE LEP 2015/16 Skills capital fund, Sussex Downs College (SDC) was successful in bidding for £160k to help deliver refurbished science facilities. In addition, under the new 'Skills Capital Specialist Equipment' fund SDC have secured a further £50k. Calls for EU funding projects have been issued through various mechanisms (European Social Funds, Regional Development Funds etc.), and bid proposals for 'Access to Finance' and 'Growth Hub' funding are being developed with partners. ESCC has agreed to be the lead partner for the Technical Assistance bid for the SE LEP that will help develop applications with partners. Now that Government has confirmed that there will be no 'break-up' of SELEP, work continues to develop the project pipeline on all fronts in advance of Growth Deal Round 3 which is anticipated to be announced later in the year.	G

Report to:	**Audit, Best Value and Community Services Scrutiny Committee**
Date:	**23 November 2015**
Report by:	**Chief Operating Officer**
Title of report:	**People Strategy**
Purpose of report:	**To advise the Committee on the work undertaken in developing the People Strategy and the progress made against the activities set out in the action plan.**

RECOMMENDATION: The Committee is recommended to note the development of the People Strategy and the progress made against the Action Plan deliverables.

1   Background

1.1   The Council Plan sets out the Council's ambitions and what it plans to achieve by 2018. The Council has identified four overarching priority outcomes which guide activities, direct how resources are used and are reflected in the Council Plan activities and targets.

1.2   The People Strategy has been developed to help achieve the people changes needed over the next 3-5 years, in the context of the Council Plan priorities. Set against the future savings requirements and business improvements needed, the emphasis of the People Strategy is on supporting and developing our managers and staff to enable them to respond to the changing environment, for example, Agile working, greater use of technology and working in partnership. All of these will radically change the role, and therefore skills needed, of a successful manager.

1.3   The Corporate Management Team approved the People Strategy (2014/15 – 2017/18) and supporting action plan in December 2014, along with the necessary investment of £100k in order to purchase and implement a Learning Management System. A copy of the People Strategy is attached at Appendix 1.

2.   Supporting Information

2.1   The Year 1 action plan identified two key elements:

➢   the implementation of a Learning Management System (LMS) – this will enable our future training offer to be provided digitally, for example, enabling remote access to learning, provision for online payment where external organisations access our training, improved reporting in respect of courses completed and therefore high quality management information data etc. Staff will 'own' their training records which they will be able to directly access and update, as well as book themselves on to appropriate courses;

➢   collaborative working with departments to help support their key people issues and specific 'hot-spots'.

Appendix 2 outlines the progress made against the Year 1 action plan.

2.2   Progress has also been made against a number of the deliverables for Years 2 and 3. These are detailed in Appendix 3 which, for clarity, is set out in accordance with the People Strategy themes:
➢   Leadership and Management (Appendix 3A)
➢   Performance, Development and Reward (Appendix 3B)
➢   Employee Engagement and Recognition (Appendix 3C)
➢   Employee Health, Wellbeing and Inclusion (Appendix 3D)

Measuring Progress

2.3   In terms of demonstrating value for money it is important that we measure our success against the action plan deliverables. The action plan identifies how we will know we are performing well. In the main, our measures of success are based on what staff and managers tell us and on that basis, consideration needs to be given to the most effective and appropriate way of capturing this. There are a number of options for doing this, ranging from a whole workforce survey through to more targeted

reference and/or focus groups, utilising those that already exist where possible. It is therefore proposed that a key action for Year 2 is to work up, in consultation with departments, the most appropriate ways and methods of accessing staff and manager feedback.

2.4   A range of other measures will also be developed including: LMS usage levels, appraisal completion rates (including the quality of that process), training evaluations in terms of feedback on the training administration process since the introduction of the LMS, an impact assessment on the Managers Curriculum and workforce metrics such as days lost due to sickness, turnover rates etc.

Year 2 Action Plan

2.5   In addition to setting out the progress made to date, Appendices 3A – 3D outline the actions for Years 2 and 3. As the next priority, the Year 2 actions are summarised in Appendix 4.

2.6   One of the key deliverables for Year 2 is the development of a Leadership and Management Capability framework. The development of this framework needs to sit within the context of the broader changing environment in which our managers are operating and incorporate the skills and capabilities needed of a future manager/leader. In particular, given the changing landscape of local government and the public sector more broadly, and the emerging new vehicles/models of service delivery, the Leadership and Management offer we have needs to be flexible enough to respond to these.

2.7   To that end, following discussion, the Human Resources Management Board (HRMB) have agreed to meet to identify the key emerging workforce trends including recruitment and retention issues, talent management, future skills requirements etc. This will provide the foundation on which the Leadership and Management Capability framework will be developed, as well as feeding in to the strategic workforce planning process which will also be developed as part of the Year 2 actions.

2.8   A further key strand of work for Year 2 will be the completion of the Appraisal Review project. A significant amount of progress has already been made and this will continue over the coming months.

3   Conclusion and reasons for recommendations

3.1   The last five years have seen the County Council make savings of £78m, achieved through a combination of service change, efficiency and prioritisation. Despite the level of savings achieved so far, the Council continues to face further significant financial challenges until at least 2018/19.

3.2   The scale of the financial challenge means there will inevitably be a direct impact on front line services and there will be a desire to try and limit this as far as possible. Our workforce will have a significant role to play in delivering against this difficult landscape.

3.3   The People Strategy will therefore have a key role to play in supporting the major service change and cross-council facilitating programmes that are needed to respond to the challenging operating environment. Fundamental to the success of those programmes will be the managers and staff responsible for those changes and this will require a resilient, flexible and committed / engaged workforce with a certain skill set. The People Strategy will go some way to ensuring those individuals have the required skills and display the resilience and behaviours required to deliver those vital programmes and service changes.

3.4   The workstreams so far undertaken have been done in collaboration with departments eg the development of the LMS and the appraisal review project. This has ensured that proposals are relevant, fit for purpose and meaningful for departments and this collaborative approach will continue for the Year 2 and 3 actions.

KEVIN FOSTER
Chief Operating Officer

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Local Members: All
Background documents: None

eastsussex.gov.uk

East Sussex
County Council
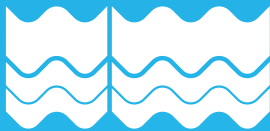
East Sussex County Council People Strategy 2014 – 2017

Developing Our Workforce

Our Strategic Priorities for 2017

Delivering better outcomes for local people

Our Priorities

The Council Plan sets out our ambitions and what we plan to achieve by 2017. It is centred on four strategic priority outcomes which will enable us to make the greatest difference for residents each day. These areas are the focus of our investment for the long-term success of East Sussex. The **priority outcomes** are:
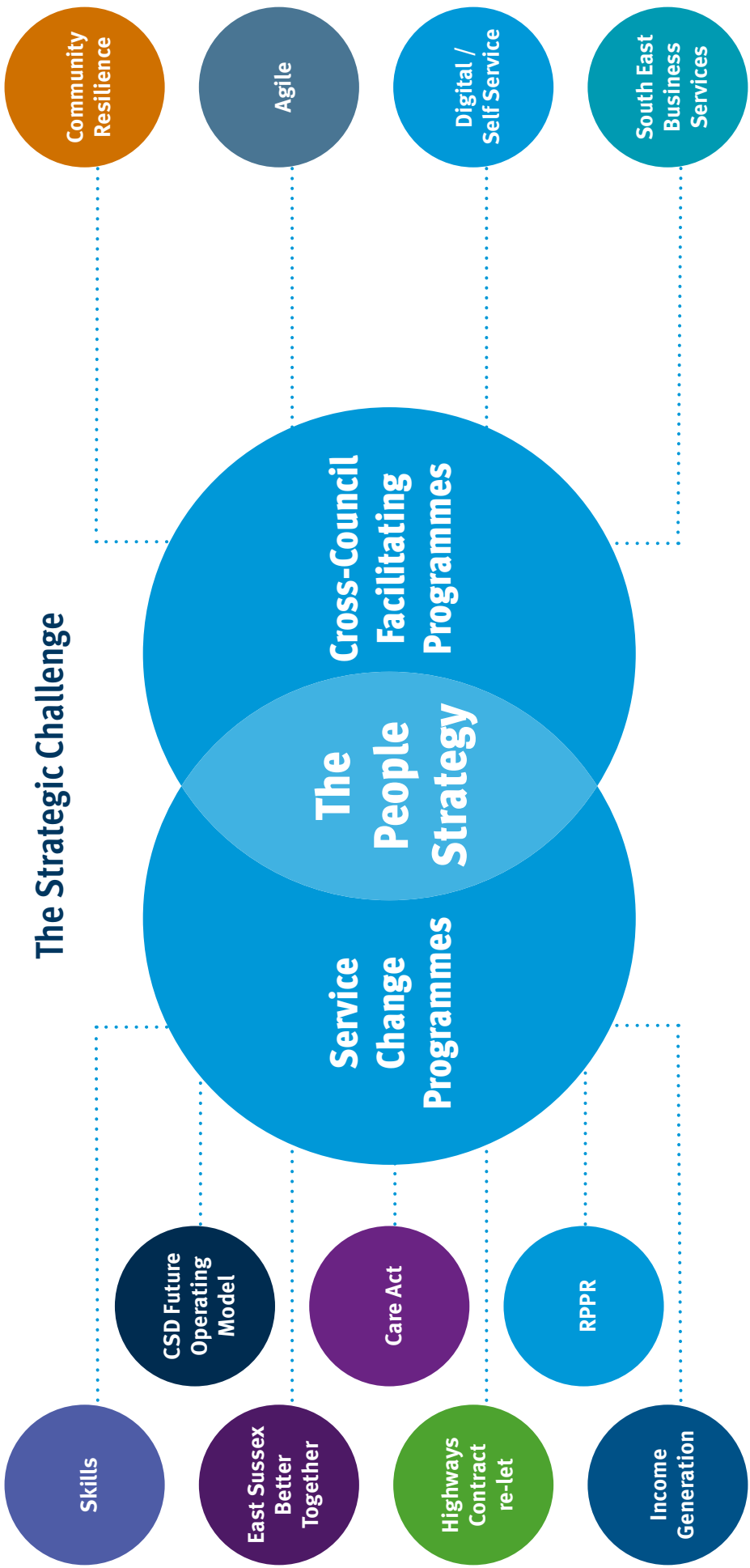
1. **Driving economic growth** – creating the conditions for growth and enterprise to help local business thrive and ensure local people have the skills they need to succeed.

2. **Keeping vulnerable people safe** – intervening early to help vulnerable adults and children, finding permanent solutions for children who cannot stay with their families and reduce road casualties.

3. **Helping people help themselves** – enhancing what individuals, families and communities can do for themselves thereby reducing demand for services and breaking dependency.

4. **Making best use of our resources** – maximising the value from public finance, maximising operational efficiency and effectiveness, deliver services that meet the needs of local communities and maximise resources focused on front line services.

These four priority outcomes are underpinned by three **operating principles** which set out how these objectives will be achieved:

- **Use of Strategic commissioning** – to direct our efforts to where they are needed most ensuring we deliver good outcomes in the most cost effective way.

- **One Council** – focusing on what works best for our customers, driving out ineffective processes or barriers to delivering good services or value for money.

- **Strong Partnerships** – with those who share our ambitions so that together we can make the greatest positive impact.

How does the East Sussex People Strategy Support other Strategies?

The Council Plan outlines the priority outcomes for the Council. Each Department then sets priorities which support and enable the achievement of the Council's priorities.

Page 30

The Strategic Challenge

Community Resilience

Agile

Digital / Self Service

South East Business Services

Cross-Council Facilitating Programmes

The People Strategy

Service Change Programmes

CSD Future Operating Model

Care Act

RPPR

Skills

East Sussex Better Together

Highways Contract re-let

Income Generation

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The People Strategy

Introduction

This Strategy has been developed to help achieve the people changes needed over the next 3-5 years. Set against the future savings requirements and the business improvements needed, the emphasis of the People Strategy is on supporting and developing our managers and staff – who are key to our success - to enable them to respond to the changing environment. For example, Agile working, greater use of commissioning, working in partnership, greater use of technology – all of these will radically change and alter the role, and therefore the skills, of a successful manager. An appropriate OD programme is essential in order to ensure that our managers are in the best position to be able to make these changes.

Developing our workforce to meet our strategic priorities

The People Strategy identifies the interventions available and required to support the development of the future workforce to deliver these priorities.

The Strategic Workforce Plan provides for the proactive, long term planning of the Council's staffing resources – it identifies the type of workforce that will be required for the future and provides a framework for identifying current gaps as well as development needs.

The People Strategy has been developed to support the workforce plan in the context of future operating models in the Council, and to equip us in responding to these challenges. The People Strategy identifies four key themes that will help us to shape our workforce over the next three years (see diagram opposite, top).

In order to deliver high quality, cost efficient services to our local residents, we must continue to seek out new ways of operating. We will:

- Seek opportunities to improve the way things are done and be responsible and flexible to change. This will require our workforce to be open to working in ways

that are smarter and more efficient;

- Deliver quality services taking into account the diverse needs to our local communities and their specific requirements, with a clear focus on delivering improved outcomes;

- Enhancing professional excellence, ensuring all staff have up to date expertise and the skills needed to undertake their duties to the highest professional level; and

- Add value, by doing our job well everyday and following the Council's processes, practices, procedures and systems. For managers, this is also about effectively leading and managing their teams.

- Exploit new technology to deliver more efficient and cost-effective ways of doing things.

Our workforce is the key to our success and it is essential therefore that we support our staff appropriately to enable them to meet the challenges ahead. Rather than a 'top down' approach, we will work collaboratively with our staff to understand the challenges they face on a day to day basis and provide them with the opportunity to shape and develop the support we provide.

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The People Strategy

The four key themes

Leadership and Management

Performance, Development and Reward

Employee Engagement and Recognition

Employee Health, Wellbeing and Inclusion

The East Sussex Way

How we do things is just as important as what we do. In support of this we have developed, in conjunction with staff, the 5 key behaviours that apply to all staff. This is known as the 'East Sussex Way'.

How will we measure progress?

This strategy will be successful when we have delivered against the four key themes as set out in the People Strategy Action Plan.

For each key theme we have identified what the deliverables are, which will be measured to determine how successful we have been. The measures used will vary from theme to theme and may change as difference elements of the work are delivered or started.

Monitoring & Progress Reporting

Every six months we will review this strategy to ensure continued alignment to the corporate priorities. As part of this review we will look at the four key themes and assess the impact of what has been delivered at that point.
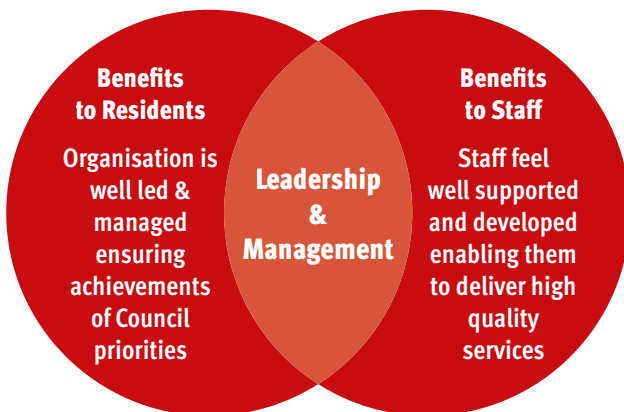
The 'East Sussex Way'

1 We are customer driven

2 We deliver a great service

3 We take responsibility

4 We work together as one Council

5 We find better ways of doing things

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Leadership and Management

Context

The current and future challenges facing the Council mean that we will need different things from our leaders and managers in order to help drive the required business transformation. In order to be as effective and efficient as possible across all service areas we require empowered, strategic leaders, confident to work in new ways, as One Council to achieve the best outcomes with the resources available. We also need managers who are able to engage with their teams and manage performance of individuals in a fair and consistent manner. A key aspect of this is the development of our managers to enable them to confidently operate with greater self-sufficiency to enable resources to be released and directed to where they are needed most.

Benefits to Residents — Organisation is well led & managed ensuring achievements of Council priorities

Leadership & Management

Benefits to Staff — Staff feel well supported and developed enabling them to deliver high quality services

Our Aim for 2017

Is to develop a consistent set of Management and Leadership standards linked to the East Sussex Way behaviours to enable managers to have a greater understanding of what is expected of them.

Next Steps

We have a number of activities planned over the next 3 years. We will:

- Determine what a 'good' leader / manager looks like by developing a set of expected management and leadership standards in support of the Councils strategic priorities and operating principles. These will facilitate the

collation of objective evidence based feedback on performance and behaviour which will help define development conversations.

- Review our current leadership and development offering against the priority outcomes and key operating principles and use this as a basis to design and develop a Managers Curriculum. There will be a shift in emphasis from a general package of training and development to more focused and individual based support.

- Embed a coaching culture within the Council, developing managers to use coaching as part of their everyday approach to promote a supported, motivated workforce; maximise staff potential; build team skills and cultivate creativity. As coaches managers can create the space to work more strategically themselves, providing strong strategic leadership.
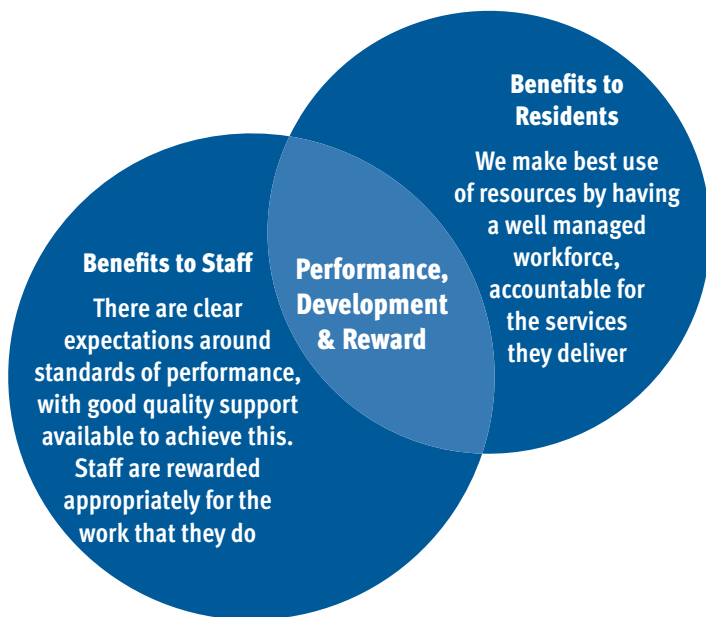
How will we know we are performing well?

✓ Managers and leaders will be able to clearly articulate what is expected of them.

✓ The appraisal process will enable us to identify high performing managers to inform succession planning and will identify those managers where further development is required. Data collected via the appraisal process will be used to inform the ongoing review and development of the managers curriculum ensuring it remains fit for purpose.

✓ Feedback from staff will tell us that managers and leaders are engaging with their teams and there will be an increase in the number of managers addressing performance related concerns within their teams.

✓ Managers will tell us that they feel equipped to operate more self-sufficiently and have received the required development to do this confidently.

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Performance, Development and Reward

Context

People are key to the success of the Council and in order to deliver high quality services to our residents we need to manage the performance of our staff, their attendance, and their development whilst also ensuring they are appropriately rewarded for what they do.

Benefits to Residents

We make best use of resources by having a well managed workforce, accountable for the services they deliver

Benefits to Staff

There are clear expectations around standards of performance, with good quality support available to achieve this. Staff are rewarded appropriately for the work that they do

Performance, Development & Reward

Our Aim for 2017

To have embedded a clear and consistent performance management culture whereby staff and managers are clear about the standards expected of them and know how to access development support where it is required. We want managers to have the skills, and feel confident, in managing staff performance and attendance.

Next Steps

We have a number of activities planned for the next 3 years. We will:

- Develop a culture of self-managed and ongoing learning for every employee.
- Implement a Learning Management System (LMS) to support self-sufficiency of managers and staff in respect of their learning and development and to facilitate the shift in focus from classroom learning to self-managed and ongoing blended learning.
- Launch a revised appraisal process (linked to the LMS) aligned to the Council's priority outcomes and operating principles, promoting clear target setting and monitoring and improved systems for measuring and recording performance. When assessing performance we will ensure appropriate consideration is given to both how we do things as well as what has been achieved.
- Ensure, via the Managers Curriculum, that Managers and Leaders have the skills and feel confident addressing and dealing with performance and attendance related issues.
- Launch a Council wide strategy for managing, nurturing and retaining talent in recognition that in order to meet the challenges ahead we will need to recruit and retain the best people.
- Improve career development pathways for all employees.
- Refresh existing learning and development programmes to support the shift in focus away from classroom based training.
- Review our existing pay and reward arrangements.

How will we know we are performing well?

✓ There is a clear training and development offer for all of our staff which supports and enables self-managed learning.

✓ An LMS has been implemented and is providing the anticipated benefits.

✓ Appraisal completion data and analysis is obtained from the LMS with Appraisal completion rates at over 90%.

✓ Managers tell us they feel confident and able to deal with staff performance and attendance issues.

✓ Reduction in staff turnover and managers and leaders report that they are retaining the people they want keep.

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Employee Engagement and Recognition

Context

To achieve the Councils ambitions and positively address the challenges ahead, we will need to engage employees through encouraging active participation and constructive contribution in decision making. This will be underpinned by open and honest feedback so that individuals understand the rationale for changes; how their own work contributions to the Council priority outcomes and operating principles and what these mean for our local communities.

Benefits to Staff

Feeling valued and respected with an understanding of how their work contributes to the Councils priority outcomes and operating principles and what these mean to our local communities

Employee Engagement / Recognition

Benefits to Residents

The delivery of high quality services from an engaged workforce

Our Aim for 2017

To have an engaged workforce who feel valued and are taking personal responsibility for finding better ways of doing things.

Next Steps

We have a number of activities planned for the next 3 years. We will:

- Seek regular and timely feedback from employees in a variety of ways, including the use of Q12 questionnaires to measure staff engagement.

- Develop a joint Employee Forum to encourage and facilitate collaboration which will be via a combination of virtual and organised meetings.

- Consult with our employees to gain their views on which benefits they value and use this feedback to inform a review of the staff benefits package

- Recognise and reward our high performers and those who are exemplars of our operating principles in a more formal manner through the reinvigoration of employee awards.

How will we know we are performing well?

✓ Our employees can articulate how they personally contribute to the delivery of the strategic priorities of the Council.

✓ Our employees tell us that they feel engaged and valued and that where work is well done they receive recognition of this.

✓ Our employees tell us that their feedback is sought and that their views and ideas are listened to.

✓ Our employees feel that they can help shape the future direction of the Council.

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Employee Health, Wellbeing and Inclusion

Context

We recognise the importance of having a healthy and diverse workforce, which understands the needs of our residents, enabling them to provide the best service that they can. In addition encouraging our workforce to 'give something back' to their local community through volunteering can promote local understanding and compliment the Council's service provision.

Benefits to Staff

The health and wellbeing of staff is important to the Council and they have access to a range of wellbeing initiatives. Diversity and difference is values in the workforce

Employee Health, Wellbeing and Inclusion

Benefits to Residents

Services that are accessible to all our residents, delivered by a diverse workforce that reflects the needs and interests of our local community

Our Aim for 2017

To ensure we create and maintain a healthy working environment for all our employees and that this supports their wellbeing at work.

To engender a culture that values the diversity of our employees and residents.

Next Steps

We have a number of activities planned for the next 3 years. We will:

- Continue to monitor absence rates and set improvement targets.

- Develop an improved approach to Stress Management through the adoption of more timely interventions, training for managers and the introduction of ESCC's Wellbeing Summit

- The revision of the Attendance Policy to ensure a simplified, more robust approach to managing absence.

- Ensure all employees receive a return to work interview when they return following a period of sickness absence.

- Improve access to established wellbeing initiatives, including the workplace mediation scheme, through improved communication and promotion.

- Develop policies, processes and systems to support the Agile Working Programme and flexible working practices.

- Develop closer working relationships with Public Heath colleagues.

- Encourage and develop volunteering schemes in partnership with charities and a range of other organisations, both internal and external.

- Continue to monitor our workforce to understand its profile to inform future courses of action.

How will we know we are performing well?

- ✓ There will be a reduction in the number of days lost due to sickness absence, leading to efficiencies through improved attendance.

- ✓ We have a workforce that reflects the needs and interests of our local community.

- ✓ We will have a workforce that is drawn from all sectors of our community.

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East Sussex County Council People Strategy Action Plan 2014 – 2017

East Sussex People Strategy Theme	Link to the Council Plan	What are our key activities	How will we know we are performing well?
Leadership and Management	✓ Keeping vulnerable people safe ✓ Making best use of resources ✓ Use of strategic commissioning ✓ One council ✓ Strong partnerships	1. Development of Management and Leadership Standards 2. Development of a Managers' Curriculum 3. Embedding a coaching culture	Managers will be confident about the role they are undertaking. Their development will be supported appropriately and there will be greater self-sufficiency.
Performance, Development and Reward	✓ Driving economic growth ✓ Making best use of resources ✓ Once council	1. Implementation of a Learning Management System (LMS) 2. Launch a revised appraisal process 3. Launch a Council wide strategy for talent recognition 4. Move away from classroom based learning 5. Review our Existing Pay and Reward Arrangements	Staff and managers are clear about the standards expected of them; performance and attendance issues are well managed by our managers.
Employee Engagement and Recognition	✓ Making best use of resources ✓ One council	1. Seek regular feedback from our staff 2. Develop a joint Employee Forum 3. Review the Staff Benefits package 4. Reinvigorate our employee award arrangements	Our staff tell us that they feel valued and engaged, with their views being listened to and they take personal responsibility for the work they are doing.
Employee Health, Wellbeing and Inclusion	✓ Helping people help themselves ✓ Making best use of resources ✓ One council ✓ Strong partnerships	1. Monitor absence rates and set improvement targets 2. Ensure all employees receive a 'return to work' interview and improve access to wellbeing initiatives 3. Develop policies to support the Agile Working Programme 4. Develop volunteering schemes to support our work our local community 5. Monitor the profile of our workforce	Our staff will tell us that they have a healthy workplace in which their wellbeing is supported. The diversity and cultural background of our workforce is respected.

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Appendix 2 – Year 1 Key Deliverables Progress Update

Key Deliverable Year 1	Link to Council Plan	Progress
Implementation of a Learning Management System (LMS) • Learning portal for internal and external organisations with provision for online payment. • Improved reporting in respect of courses completed, qualifications and accreditation levels. • Potential link to appraisal (pending completion of appraisal review work) • Hosting e-learning and development of blended learning pathways • Modernisation of training administration process	• Making best use of resources • Driving economic growth • One Council	• LMS implementation working group has been created with representatives from the key end users of the system (PAT, ASC & CSD) • Procurement process completed • Implementation well advanced including engagement with all key stakeholders including ICT, Finance and Audit. • System delivery has been split into 2 phases with phase 1 due to go live in December 2015 and Phase 2 delivered shortly after.
Collaborative Working with Departments • Collaborative /partnership role with departments • Detailed understanding of departmental priorities and pressures • Help navigate critical people issues and specific hot-spots • Support role in up-skilling managers to deal with complex people issues through coaching, mentoring etc • Build capacity and confidence of managers in handling people issues thereby improving organisational performance.	• Making best use of resources • One Council	• Rather than directly employing an additional resource, the model being used is for departments to identify people 'hot spots' and the interventions required. This is then supported by 'associates' (essentially individuals with the relevant knowledge/background) that can be drawn upon when needed during peak workload times.

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Appendix 3A – Leadership and Management Progress Update

We said we will	We Did
1. Develop a set of management and leadership standards / capabilities.	✓ Initial workshop with Managers to identify what is needed from our leaders of the future. ✓ HRMB update report for discussion in October 2015 outlining progress so far and seeking approval to engage more widely with managers to co-create the capability framework.
2. Review our leadership and development offering and design a Managers curriculum which ensures we have the managers we need for the future.	✓ Working with Surrey OD team to identify whether there are opportunities for joint delivery of management development programmes. This in part will be driven by the outcome of the Management and Leadership capability work.
3. Embed a coaching culture by developing our managers to use coaching as part of their everyday approach thereby promoting a supported and motivated workforce.	✓ Improved promotion of existing coaching resource through an intranet page explaining the benefits of coaching and how to access it. ✓ Research to identify successful 'coaching' organisations and looked at how they embedded a coaching culture to maximise the business benefits of such an approach. ✓ This element is very closely linked to the appraisal review so is considered further in appendix 2b

Next Steps Years 2 & 3

Theme	Link to Council Plan	Key Activities
Leadership and Management	✓ Keeping vulnerable people safe ✓ Making best use of resources ✓ Use of strategic commissioning ✓ One Council ✓ Strong partnerships	**Year 2** ❖ A review of our current core skills training programme has taken place to clearly identify which courses are appropriate for people at different stages of their managerial career ❖ Finalise and launch the Management & Leadership Standards / Capability Framework. ❖ Consideration to be given to what our learning and development offer will be going forward, across all levels of management. This will be considered against the context of the range of service change programmes that are underway including East Sussex Better Together and possible Devolution. ❖ Build on existing work to embed a coaching approach to management across the Council **Year 3** ❖ Continue work to embed a coaching culture across the Council ❖ Review Managers curriculum to ensure fit for purpose.

Appendix 3B – Performance, Development and Reward Update

We said we will	We Did
1. Implement a Learning Management System	✓ See Appendix 1 – Year 1 Key Deliverables Progress Update
2. Launch a revised appraisal process	✓ Working group created with departmental representatives. ✓ Staff engagement completed seeking their views on current process and what they would like to see from anything new. ✓ Design new process during Sept / Oct following which we will engage with CMT / HRMB / Staff to seek their views on proposed approach with a view to rolling out from April 2016.
3. Launch a Council wide strategy for talent recognition	✓ This is in part being considered as part of the appraisal review but further work will be required in Year 2.
4. Move away from classroom based learning	✓ Reviewed the training intranet pages to promote the benefits of other forms of learning including coaching and mentoring. ✓ Explored using the LMS to create a learning pathway for managers as part of the new appraisal rollout. This will include a more blended approach to learning with a range of learning approaches used and to complement and re-inforce any classroom training.

Next Steps Years 2 & 3

Theme	Link to Council Plan	Key Activities
Performance, Development and Reward	✓ Driving economic growth ✓ Making best use of resources ✓ One Council	**Year 2** ❖ Launch new appraisal process including initial post course evaluation of success ❖ Commence work on developing a Council wide strategy for talent ❖ Review of existing pay and grading arrangements in the context of the new National Living Wage requirements. This will include a review of the market position to understand where the Council is located in respect of this. **Year 3** ❖ Monitor application of appraisal process and continue work to embed a coaching approach to performance management ❖ Maximise the use of learning pathways on the LMS.

Appendix 3C – Employee Engagement and Recognition Update

We said we will	We Did
1. Seek regular feedback from our staff	✓ Consideration of the tools that could be used to establish employee engagement levels. ✓ Consideration in terms of the tools that could be used to monitor engagement across a number of key areas including the application of the revised appraisal process. Poor engagement levels could indicate that the new process isn't being effectively applied and this intelligence can inform targeted support to help drive a high performance culture.
2. Develop a joint Employee Forum	✓ Review of existing employee forums and usage levels. ✓ Used the appraisal work stream to consider a thematic approach to an employee joint forum
3. Review the Staff Benefits package	✓ Introduction of tax-free computer and bicycle salary sacrifice scheme ✓ Intranet campaign and event at County Hall to raise awareness of current staff benefits package
4. Reinvigorate our employee award arrangements	✓ Review of existing departmental employee award arrangements and consideration of the value and appropriateness of an organisational wide arrangement that could complement those.

Next Steps Years 2 & 3

Theme	Link to Council Plan	Key Activities
Employee Engagement and Recognition	✓ Making best use of resources ✓ One Council	**Year 2** ❖ Engagement tool launch, analysis and report back to CMT / HRMB. ❖ Outcome of engagement findings will inform further activities in this area. **Year 3** ❖ Develop an understanding of the forums currently available and explore the value and appropriateness of introducing a joint employee forum. ❖ Launch reinvigorated employee award arrangements (pending completion of work as set out under point 4 above).

Appendix 3D – Employee Health, Wellbeing and Inclusion

We said we will	We Did
1. Continue to monitor absence rates and set improvement targets	✓ Monthly reporting of long term absence cases, identification of trends and intervention put in place as needed. ✓ Short term absence – identification of top 30 employees experiencing short term absence. Contact line manager to ensure appropriate action is being taken and offer further support and escalate as required.
2. Develop an improved approach to Stress Management through the adoption of more timely interventions, training for managers and the introduction of ESCC's Wellbeing Summit	✓ Attendance Management intervention when a stress absence hits 7 days. Contact made with manager to ensure support in place ✓ Stress Toolkit and Stress Management Policy launched in January 2015 for Managers to use with their teams. ✓ Workshop for managers provided on core programme and for target groups ✓ Wellbeing forum in February 2015 with follow up actions identified.
3. Revise the Attendance Policy to ensure a simplified, more robust approach to managing absence.	✓ Initial draft of revised policy completed. This will be further reviewed in partnership with Surrey as part of the service integration process.
4. Develop policies to support the Agile Working Programme	✓ Revised Attendance Policy has been written with consideration to Agile Working. ✓ Commissioned Managing Agile Workers Course to support Managers in managing agile teams ✓ Team Agreement sessions to enable teams to work through any issues associated with Agile Working.
5. Develop closer working relationships with Public Heath colleagues.	✓ Worked together on the 'Time to Change' campaign to remove the stigma that surrounds Mental Health. This involved creating and submitting an action plan. All actions have been completed or are in progress. ✓ Closer links with wider public health campaigns to ensure these are promoted on the intranet.
6. Continue to monitor our workforce to understand its profile to inform future courses of action.	✓ Bi-annual survey completed. Analysis to be completed.

Next Steps Years 2 & 3

Theme	Link to Council Plan	Key Activities
Employee Health, Wellbeing and Inclusion	✓ Helping people to help themselves ✓ Making best use of resources ✓ One Council ✓ Strong partnerships	**Year 2** ❖ Work with departments to develop departmental / service absence improvement targets. ❖ Introduce Wellbeing into Supervision meetings and promotion of existing wellbeing information and resources. ❖ Launch an ESCC Wellbeing App. ❖ Launch the 5 Weeks to Wellbeing Campaign; this will include a 'Give' week looking at promoting volunteering opportunities. ❖ Improvement in return to work completion compliance. ❖ Development of a Wellbeing intranet page ensuring all wellbeing initiatives are captured in one place. **Year 3** Activities for Year 3 will be informed following analysis of attendance data in Year 2 and broader organisational requirements and feedback following implementation of Year 2 initiatives.

Appendix 4 – Year 2 Action Plan

East Sussex People Strategy Theme	Link to Council Plan	Key Activities for Year 2	How will we know we are performing well? (NB: Performance data will be captured by the use of a Q12 questionnaire)
Leadership and Management	✓ Keeping vulnerable people safe ✓ Making best use of resources ✓ Use of strategic commissioning ✓ One Council ✓ Strong partnerships	1. Finalise and launch the Management & Leadership Standards / Capability Framework. 2. Develop and promote our Mangers Curriculum to ensure we have leaders for the future whilst considering options to work in partnership with Surrey CC 3. Further report setting out the options for the organisation in relation to adopting a coaching approach to management and leadership and the potential investment needed to support that.	Managers will be confident about the role they are undertaking. Their development will be supported appropriately and there will be greater self-sufficiency.
Performance, Development & Reward	✓ Driving economic growth ✓ Making best use of resources ✓ One Council	1. Launch new appraisal process including initial evaluation of success 2. Commence work on developing a Council wide strategy for talent 3. Review the existing pay and grading arrangements in the context of the new National Living Wage requirements, including a review of the market position to understand where the Council is located in respect of this.	Staff and managers are clear about the standards expected of them; performance and attendance issues are well managed by our managers. Our pay and grading structures and legally compliant.
Employee Engagement and Recognition	✓ Making best use of resources ✓ One Council	1. Consideration, in consultation with departments, as to the most appropriate way / method of accessing staff and manager feedback to determine engagement levels within the Council.	Our staff tell us that they feel valued and engaged, with their views being listened to and they take personal responsibility for the work they are doing.
Employee Health, Wellbeing and Inclusion	✓ Helping people to help themselves ✓ Making best use of resources ✓ One Council ✓ Strong partnerships	1. Work with departments to develop departmental / service absence improvement targets. 2. Introduce Wellbeing into Supervision meetings and promotion of existing wellbeing information and resources. 3. Launch an ESCC Wellbeing App. 4. Launch the 5 Weeks to Wellbeing Campaign; this will include a 'Give' week looking at promoting volunteering opportunities. 5. Improvement in return to work completion compliance. 6. Development of a Wellbeing intranet page ensuring all wellbeing initiatives are captured in one place.	Our staff tell us that they have a healthy workplace and their wellbeing is supported.

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Report to:	**Audit, Best Value and Community Services Scrutiny Committee**
Date:	**23 November 2015**
By:	**Chief Operating Officer**
Title of report:	**Spend on agency workers in East Sussex County Council 2015**
Purpose of report:	**To consider the latest information available about the use of agency workers via Comensura**

RECOMMENDATION: The Committee is recommended to note the findings and conclusions presented in this report.

1. Background

1.1 A report was presented to the Audit, Best Value and Community Services Scrutiny Committee on 4 March 2011 detailing the outcomes of the scrutiny review of the use of agency workers and consultants in the Council. Progress updates were provided in October 2011, June 2012, November 2013 and November 2014. This report is the latest update.

2. Supporting Information

2.1 The Council has a planned approach to strategic workforce planning and the use of agency workers is integral to this. There are a wide range of circumstances where the Council makes a clear choice to engage agency workers, including to:

i) manage capacity during periods of workload peaks;

ii) facilitate the move to new structures and models of service delivery, for example, using agency workers rather than recruiting to posts to minimise the risk of redundancy to permanent staff;

iii) provide a flexible staffing model to ensure cover for short term absences such as annual leave or sickness;

iv) ensure minimum staffing levels are maintained in services where this is a regulatory requirement, for example, in ASC Directly Provided Services;

v) provide cover for vacancies where there are recruitment difficulties;

vi) secure specialist knowledge or activity where it is not efficient for the Council to employ a permanent resource, and

vii) provide additional capacity to key projects and workstreams where it is not appropriate and/or viable for internal resources to be released.

Summary and Key Findings

2.2 Attached at Appendix 1, Table 1, is a summary of the use of agency workers in the Council showing spend for the periods 2011/12, 2012/13, 2013/14 and 2014/15. The figures for 2015/16 have been forecast based on the actual Q1 (April to June 2015) spend. It should therefore be noted that these figures may change as we progress through the year, for example, as a consequence of seasonal variations etc.

2.3 The predicted expenditure on agency workers for 2015/16 is broadly similar to 2014/15. This was expected given the on-going significant level of changes to staffing structures and the way in which services are organised in the Council that took place in 2014/15 and continues to take place in 2015/16.

2.4 Salary spend by department is summarised in Appendix 1, Table 2. In considering the departmental spend further:

i) in overall terms, the predicted spend on agency workers for 2015/16 is broadly similar to the previous year's spend;

ii) Business Services Department (BSD) has the highest proportion of agency workers compared to permanent, contracted staff with 9.9% of the BSD workforce engaged through agencies;

iii) BSD is forecast to reduce spend on agency workers from a £3.6m expenditure in 2014/15, to a predicted spend of £2.4m in 2015/16;

iv) Children's Services (CS) has shown year on year reductions in spend and this is predicted to continue for 2015/16;

v) Communities, Economy and Transport (CET) and Governance and Services (GS) are currently showing a predicted increase in spend, to that of 2014/15.

2.5   Attached at Appendix 2 is a detailed summary of the departmental agency spend and rationale for the use of agency workers.

2.6   A direct comparison of the costs between agency workers and employees is not readily possible as there are a range of factors in play. For agency workers there are essentially three strands of cost: (i) the basic hourly rate (that is paid to the worker), (ii) Comensura's costs of 20p per hour, and (iii) the actual agency's costs (eg Blue Arrow etc).

2.7   The latter costs vary, ranging from, for example, 0.45p per hour for Admin & Clerical work through to £2.80 per hour for a qualified Social & Healthcare worker (eg a Social Worker). For staff directly employed, there are 2 strands of cost: (i) the basic hourly rate of pay (salary), and (ii) the on-costs, including pensions and national insurance contributions. As such, the costs of agency workers and employees are, in practice, relatively similar.

2.8   As noted in paragraph 2.1 above, one of the key reasons for the use of Agency workers is to cover for short term absences such as sickness and attached therefore at Appendix 3 is a summary of agency spend in relation to sickness absence, including a summary of the initiatives being taken to reduce sickness absence levels.

Contract re-tender

2.9   The current contract with Comensura expires on 31 December 2015. A mini-competition tender process, compliant with the Public Contracts Regulations 2015 and the Council's Procurement Standing Orders, has therefore been carried out, in collaboration with Surrey County Council, to appoint a single supplier to provide the managed service across both East Sussex and Surrey County Councils.

2.10   Following this process, Adecco has been appointed as the new provider, with the new arrangements expected to commence November/December 2015. The new contract offers a hybrid solution, with the managed provider fulfilling a number of roles and using local SMEs to support the delivery of niche and specialist roles. The new contract will provide an individual, customised sourcing strategy per service area to ensure the delivery of the contract is fit for purpose for all areas of the Council.

Financial Appraisal

2.11   There are no direct financial implications resulting from the recommendations in this report as the use of agency workers is funded as part of the existing staffing establishment.

2.12   The current contract through Comensura provides for the Council to access agency workers via a contractual agreement with a neutral third party who sources agency workers on behalf of the Council. Essentially, this provides for some certainty (without giving any guarantees) to be given to agency providers as to the level of spend by the Council and in return, the Council is able to access highly competitive rates.

2.13   Going forward however, the cost of the new contract with Adecco is approximately £49,000 per annum less than the current contract. As such, during the initial four year contract period it is predicted the Council will save approximately £196,000 compared to the current contract.

3.   **Conclusion and Reason for Recommendations**

3.1   Over the last four years, the Comensura system has provided the Council with a means of controlling the booking of agency workers and ensuring consistent pay and charge rates for agency assignments. As part of our overall performance management arrangements, we have in place a 'Comensura Management Information Group' (comprising representatives from Comensura and across the Council) which has meet on a quarterly basis to monitor operational issues around the day to day management of the contract, as well as performance against the agreed key performance indicators of the contract.

3.2   In addition, agency spend continues to be reviewed on a monthly basis with details provided to the Corporate Management Team via the Workforce Dashboard. We are therefore confident that we have in place sound arrangements for monitoring and challenging appropriately the spend on agency workers.

3.3   The new contract will also have robust monitoring and review arrangements.

3.4   The Committee is recommended to note the findings and conclusions presented in this report.

KEVIN FOSTER
Chief Operating Officer

Contact officers: Sarah Mainwaring, Interim Assistant Director and Ruth Wilson, HR Adviser, PAT
Tel No: 01273 482060 and 01273 481762

Local Members: All
Background Documents: None

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Table 1: Summary of Departmental Comensura Expenditure for 2012/13, 13/14, 14/15 and 15/16

Department	2015 – 2016 (Forecasted based on Q1 figures)	2014 - 2015	2013 – 2014	2012 – 2013
ASC and Health	£2,720,467	£2,076,892	£2,532,750	£3,445,513
CSD	£590,910	£795,983	£974,672	£778,687
BSD (formerly CRD)	£2,432,692	£3,606,068	£2,443,876	£2,008,878
CET*	£601,741	£493,957	£466,032	£309,909
GS & CEX*	£246,725	£129,869	£203,549	£479,005
Total	**£6,592,534**	**£7,105,393**	**£6,620,879**	**£7,021,992**

* These directorates restructured in 2013/14 and a number of departments have moved from GCS to CET

Table 2: Summary of Agency Spend as a Percentage of Total Salary Spend – Forecasted for 2015/16 using Q1 figures

Department	Salary Spend	Agency Spend	Total Spend	% Agency Spend 2015/16	% Agency Spend 2014/15
ASC and Health	£50,327,457	£2,720,467	£53,047,924	5.13%	3.92%
CSD	£54,757,765	£590,910	£55,348,675	1.07%	1.31%
BSD (formerly CRD)	£18,883,271	£2,432,692*	£21,315,963	11.41%	16.08%
CET	£19,051,555	£601,741	£19,653,296	3.06%	2.10%
GS & CEX	£4,649,641	£246,725	£4,896,366	5.04%	4.50%
Total	**£147,669,689**	**£6,592,534**	**£154,262,224**	**4.27%**	**4.45%**

*Of the total projected spend for BSD nearly 80% of it i.e. £1,959,112, is forecast to be spent on key organisational wide corporate projects, with only the remaining 20% i.e. £473,580, being spent on business as usual temporary cover arrangements in the absence of permanent staff.

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Departmental Agency Spend and Rationale for Agency Use

The figures in this appendix are from <u>2014/15</u> agency spend and usage, as using 2015/16 figures from quarter 1 to forecast for the full year would not provide a complete or accurate picture, given seasonal variations in usage.

<u>**Adult Social Care & Health**</u>

- The nature of some services provided by Adult Social Care & Health (ASC&H) requires that staffing shortages must be covered to ensure that minimum staffing levels are met.

- The nature of ASC&H services also creates fluctuating staffing needs. Unplanned activity and changing conditions in client needs, additional numbers of clients, or clients with more complex needs can increase the staffing levels required for a period of time.

- The highest usage categories for agency workers within ASC&H 2014/15 were;

  Social and Healthcare Unqualified (e.g. Care Worker) - £914,257
  Social and Healthcare Qualified (e.g. Social Worker) - £580,803
  Admin and Clerical - £256,151

- These categories were also the highest spend areas in 2013/14;

  Social and Healthcare Unqualified (e.g. Care Worker) - £1,280,423
  Social and Healthcare Qualified (e.g. Social Worker) - £712,540
  Admin and Clerical - £365,003

- The spend for the categories has reduced since 2013/14 by 29%, 19% and 30% respectively. There were similar levels of reduction for each category in 2013/14 compared to 2012/13 spend.

- The total spend on agency staff in ASC&H has reduced. In 2012/13 the total ASC&H spend was £3.4 million, in 14/15 it was just over £2 million. The predicted spend (based on the first quarter year performance) for 15/16 is currently £2.7 million, however this forecast does not account for seasonal variations.

The table below summarises the number of assignments for each category (listed from highest to lowest category of spend for ASC&H) for each reason:

	Cover During Recruit-ment	Replace Leaver	Annual Leave	Long Term Sickness	Short Term Sickness	Work Peak	Project	Total No
Social and Healthcare Unqualified	367 (12%)	108 (4%)	608 (21%)	87 (3%)	689 (24%)	1024 (35%)	12 (1%)	2894
Social and Healthcare Qualified	16 (33%)	2 (4%)	2 (4%)	2 (4%)	0 (0%)	18 (37%)	9 (18%)	49
Admin and Clerical	35 (45%)	13 (17%)	7 (9%)	4 (5%)	3 (4%)	11 (14%)	5 (7%)	78
All other categories	41 (25%)	4 (2%)	86 (53%)	3 (2%)	19 (12%)	6 (4%)	3 (2%)	162
Total All Categories	456 (14%)	127 (4%)	703 (22%)	96 (3%)	711 (22%)	1061 (33%)	29 (1%)	3183 (100%)

Social and Healthcare Unqualified

- The majority of Social and Healthcare Unqualified assignments were to cover a work load peak (35%), short term sickness (24%) and annual leave (21%). This is consistent with 2013/14 when these were the three main reasons for temporary cover.

Social and Healthcare Qualified

- The majority of Social and Healthcare Qualified assignments were to cover a work load peak (37%), for cover during recruitment (33%) and project work (18%). Both workload peak and cover during recruitment were also the main reasons for temporary cover in 2013/14.

- These assignments were to cover Occupational Therapists, Physiotherapists, Senior Practitioners (Social Work) and experienced Social Workers which are all hard to recruit to roles. These roles also require DBS checks which can delay the start date of a new starter and agency workers are used in the interim period.

Admin and Clerical

- The majority of Admin and Clerical assignments were to cover during recruitment (45%), replace a leaver (17%) and cover a work load peak (14%).

Analysis of Agency Spend and Usage in ASC&H

- Whilst much of the Comensura comparison information is provided by assignment numbers this can be a misleading measure in ASC&H when considered in isolation. For example, an agency admin and clerical worker may be employed on one assignment for several months but in contrast an unqualified care worker in a Directly Provided Services (DPS) establishment can cover a large number of short-term, say one or two day, assignments over the same period but in fact works considerably less hours overall. The analysis of agency usage within ASC&H therefore needs to include actual spend as well as the number of assignments.

- In DPS, a major closure and re-provisioning exercise was underway in 2013/14 and continued into 2014/15. Some permanent vacancies across the service are covered for short periods by agency staff in order to subsequently provide redeployment opportunities for staff displaced by the closure programme. This increase is agency staff expenditure is offset by the savings in the permanent staff budget.

- The areas of highest agency spend in ASC are:
  - Care Assistants £783,002
  - Occupational Therapists £316,471
  - Executive Interim - £209,142
  - Social Worker – £143,216

Qualified Social Workers and Occupational Therapy staff.

- ASC continued to use a high numbers of qualified Social Workers and Occupational Therapy agency staff through Comensura in 2014/2015. This was partly due to the difficulty in recruiting to these roles permanently.

- Occupational Therapists were a high area of spend out of the ASC total in 2014/15 at £316,471. This is a significant increase on the spend in 2013/14, which was £198,524, but is significantly less than in 2012/13, which was £610,617. OTs are very difficult to recruit both locally and nationally for all local authorities.

Other

- A spend of £325,681 was spent within ASC on other job categories such as Procurement, Manual jobs and Catering. Many of these were to fill gaps in DPS staff for example £41,084 was spent on cooks. The high level of spend on Executive Interim roles, £209,142, included a team of nurses who are supporting the intermediate care programme.

Children's Services

- As with ASC, the nature of some services provided by Children's Service's (CS) requires staffing shortages to be covered by permanent staff or temporary workers to ensure that minimum staffing levels are met.

- The highest usage categories for agency workers within Children's Services were;

  Social and Healthcare Unqualified (e.g. Support Worker) - £238,171
  Social and Healthcare Qualified (e.g. Social Workers) - £127,490
  Admin and Clerical - £296,267

- Two of these categories were also the highest spend areas in 2013/14;

  Social and Healthcare Qualified (e.g. Social Workers) - £339,427
  Admin and Clerical - £195,082

- The spend for the Admin and Clerical has increased since 2013/14 by 52%. The spend on Social and Healthcare Qualified has decreased by 62%. There were a number of service reviews within CSD in 2014/15. Covering some permanent vacancies across CSD by agency workers during such reviews enables the council to avoid the potential for compulsory redundancies and provides redeployment opportunities for staff who may be displaced as a result of such service reviews. This has inevitably led to an increase in agency workers expenditure, but it is offset by the savings in the permanent staff budget.

The table below summarises the number of assignments for each category (listed from highest to lowest category of spend for Children's Services) for each reason:

	Cover During Recruit-ment	Replace Leaver	Annual Leave	Long Term Sickness	Short Term Sickness	Work Peak	Project	Total No
Social and Healthcare Unqualified	40 (8%)	64 (12%)	76 (15%)	17 (3%)	200 (39%)	110 (21%)	7 (1%)	514
Social and Healthcare Qualified	7 (54%)	2 (15%)	1 (8%)	0 (0%)	0 (0%)	3 (23%)	0 (0%)	13
Admin and Clerical	20 (27%)	16 (22%)	6 (8%)	9 (12%)	0 (0%)	19 (26%)	3 (4%)	73
All other categories	4 (9%)	1 (2%)	17 (36%)	9 (19%)	6 (12%)	7 (15%)	3 (6%)	47
Total All Categories	71 (11%)	83 (13%)	100 (15%)	35 (5%)	206 (32%)	139 (21%)	13 (2%)	647 (100%)

Social and Healthcare Unqualified
- The majority of Social and Healthcare Unqualified assignments were to cover short term sickness (39%) and work load peaks (21%).

Social and Healthcare Qualified

- The majority of Social and Healthcare Qualified assignments were to cover during recruitment (54%) and to cover a work load peak (23%).

Admin and Clerical

- The majority of Admin and Clerical assignments were to cover during recruitment (27%), to cover a work load peak (26%) and to replace a leaver (22%). As the majority of administrators are required to give 1 months' notice, it may not be possible to recruit to the position before the worker leaves. In these instances an agency worker may be sourced to ensure adequate administrative support to the services.

Other spend

- A total of £134,055 was spent within Children's Services on other job categories such as Executive Interim, Facilities and Catering. The majority of the other spend was in the Executive Interim category, £104,678, for Independent Reviewing Officers.

Comparison with ASC

- Both ASC and CS use agency workers for broadly similar reasons with similar levels of agency workers used to cover during recruitment, long term sickness and project work. The main difference is ASC use a higher proportion of assignments to cover work peaks; 33% of all assignments in ASC compared to 21% in CS. This was also the position in 2013/14. ASC have a greater demand than CS for short term, short duration work for unplanned support work which may be due to the need to have one to one support with a client or due to staffing to client ratio requirements. This is one of the reasons ASC have chosen to increase the availability of relief staff so that they do not need to use agency workers to cover these types of assignments.

- CS use a higher proportion of assignments to cover short term sickness compared to ASC.

Business Services

- The highest usage categories for agency workers within BSD were;

  Information Technology - £1,716,334
  Executive Interim - £673,788
  Financial - £259,015

- These categories were also the highest spend areas in 2013/14;

  Executive Interim - £1,311,300
  Information Technology - £708,977
  Financial - £183,555

The table below summarises the number of assignments for each category (listed from highest to lowest category of spend for BSD) for each reason:

	Cover During Recruit- ment	Replace Leaver	Annual Leave	Long Term Sickness	Short Term Sickness	Work Peak	Project	Total No
Executive Interim	0 (0%)	1 (8%)	0 (0%)	1 (8%)	0 (0%)	1 (8%)	9 (76%)	12
Information Technology	7 (10%)	3 (4%)	0 (0%)	0 (0%)	1 (1%)	2 (3%)	58 (83%)	70
Financial	10 (30%)	6 (18%)	0 (0%)	1 (3%)	0 (0%)	10 (30%)	7 (21%)	33
All other categories	7 (5%)	3 (2%)	1 (1%)	1 (1%)	102 (72%)	13 (9%)	15 (10%)	139
Total All Categories	24 (9%)	15 (6%)	1 (1%)	3 (1%)	103 (40%)	26 (10%)	89 (34%)	259 (100%)

Work Programmes

- BSD leads on a number of significant corporate programmes for the benefit of the organisation. For example, the Agile Programme, the Desktop Anywhere project and replacement of the current Social Care Information System. These transformational change programmes require a significant amount of additional capacity to implement and often specialist skills that would otherwise be expensive to retain permanently. Using agency resource, funded from the specific investment programmes, to augment establishment staff is an efficient way of flexing resource for a time limited period in order to deliver transformational change. The need for this specialist capability and additional capacity will decrease

as the programmes finish. This is reflected in the Q1 figures for 2015/16 which forecasts the spend in BSD to be £1m less than the spend in 2014/15.

Management

- Many of the services delivered by BSD are of a specialist nature, for example, ICT roles and Interim Managers are therefore engaged for their specialist knowledge and expertise. The majority of the interim assignments were for specialist or senior ICT assignments.

ICT

- Agency workers are predominantly used tactically in ICT for time limited periods to augment the staff base temporarily in order to deliver transformational change. Core establishment staffing levels are predominantly designed to support business as usual and routine growth activity. Increasing capacity to deliver major change projects ensures that day to day business is not impacted during project implementation. These assignments are funded by the specific investment projects, the cost of implementation factored into the business case and the gross establishment of the ICT staff base flexed only for the minimal delivery time required by the project. This tactical deployment of resource accounts for 83% of assignments in 2014/15 (66% in 2013/14), predominantly involved in delivering contemporary technology to the desktop to allow users to access business applications from any council building, implementing a replacement Social Care Information System (SCIS) and delivering the Agile Programme. Currently, the ICT gross establishment operates at 24% above base staffing levels in order to provide adequate short term capacity to meet the demand of transformational change. As soon as these projects complete (predominantly Agile and SCIS), agency workers on these time limited contracts will be released.

- Using agency workers in this way allows for flexibility in resourcing, ensuring there are adequate staffing levels to deliver projects efficiently whilst maintaining business as usual. To ensure consistency and credibility, agency workers are carefully integrated with the team to either provide additional project capacity direct, often bringing specialist skills to the team and imparting knowledge or by providing backfill to the establishment staff in order that existing skills can be monopolised and knowledge can be retained within the establishment support staff. An example of this is the additional training resource, over and above the existing 8 ICT Trainers, that has been brought in to deliver specialist training which requires specific knowledge of social care and associated processes and systems. This is a short term need during the roll out phase of the SCIS programme.

- It is worth noting that nationally, the ICT market is a highly competitive area, especially when the roles are of a more technical or specialist nature. The close proximity to London and Brighton makes the local market competitive as skilled ICT professionals have a range of job opportunities available to them. The pay rates for specialist agency workers therefore reflects the local market and the fixed term nature of these positions.

- Both projects represent a significant area of spend, approximately £20M combined. As such, ensuring that they are delivered to time and on budget is critical in ensuring the success of the project.

Financial

- The majority of Financial assignments were to cover a work load peak (29%) and to cover during recruitment (29%).

Other spend

- A total of £956,931 was spent within BSD on other job categories such as Admin and Clerical, Facilities and Environmental Services, Procurement and Engineering.

- The majority of assignments in other categories were to cover for 'Short term sickness' (80%). A significant majority of these assignments were to cover catering roles in order to ensure adequate staffing of the front facing income generating role and to maintain customer service. There were similar levels of cover for short term sickness in 2013/14 for catering staff.

Communities, Economy and Transport

- The highest usage categories for agency workers within CET in 2014/15 were;

  Admin and Clerical - £222,026
  Engineering and Surveying - £192,526
  Facilities and Environmental Services - £52,184

- Two of these categories were also the highest spend areas in 2013/14;

  Admin and Clerical - £254,666
  Engineering and Surveying - £182,833

The table below summarises the number of assignments for each category (listed from highest to lowest category of spend for CET) for each reason:

	Cover During Recruit-ment	Replace Leaver	Annual Leave	Long Term Sickness	Short Term Sickness	Work Peak	Proje ct	Total No
Admin and Clerical	7 (15%)	6 (13%)	6 (13%)	2 (4%)	1 (2%)	15 (32%)	10 (21%)	47
Engineering and Surveying	5 (39%)	2 (15%)	0 (0%)	0 (0%)	0 (0%)	5 (38%)	1 (8%)	13
Facilities and Environment	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	3 (100 %)	3
All other categories	0 (0%)	11 (22%)	22 (43%)	0 (0%)	3 (6%)	14 (27%)	1 (2%)	51
Total All Categories	12 (11%)	19 (17%)	28 (25%)	2 (2%)	4 (3%)	34 (30%)	15 (13%)	114 (100%)

Admin and Clerical

- The majority of Admin and Clerical assignments were to cover a work load peak (32%) and to cover project work (21%).

Engineering and Surveying

- The majority of Engineering and Surveying assignments were to cover during recruitment (39%) and during a work load peak (38%).

- The Council has a statutory duty to inspect the roads and pathways across the County and keep regular reports which can be used in Court as evidence. If the Council is unable to provide these reports, it will not be possible to defend any cases brought against them. This in turn would result in the Council being unable to claim any awards payable from the insurance company. Seven agency workers were therefore used to cover the work of Highway Inspectors when low staffing levels presented a risk to the Council being able to meet this statutory duty.

Facilities and Environmental Services
- There were 3 assignments for facilities and environment roles to cover project work (100%). These were for trading standards officers.

Other spend

A total of £27,221 was spent within CET on other job categories such as Trades and Operatives.

Governance and Community Services

- The highest usage categories for agency workers within GS in 2014/15 were;

  Legal - £98,855
  Management - £10,048
  Marketing - £10,201

- Two of these categories were also the highest spend areas in 2013/14;

  Legal - £57,323
  Management - £7,116

The table below summarises the number of assignments for each category (listed from highest to lowest category of spend for GCS) for each reason:

	Cover During Recruit-ment	Replace Leaver	Annual Leave	Long Term Sickness	Short Term Sickness	Work Peak	Project	Total No
Legal	1 (8%)	3 (25%)	1 (8%)	0 (0%)	0 (0%)	7 (58%)	0 (0%)	12
Management	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	1 (100%)	1
Marketing	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	1 (100%)	1
All other categories	0 (0%)	0 (0%)	1 (17%)	1 (17%)	1 (17%)	1 (17%)	2 (33%)	6
Total All Categories	1 (5%)	3 (15%)	2 (10%)	1 (5%)	1 (5%)	8 (40%)	4 (20%)	20 (100%)

Legal

- The majority of Legal assignments were to cover a work load peak (58%) and to cover work during recruitment (8%) and to replace a leaver (25%).

Management
- The management assignment was to cover a project.

Marketing
- The marketing assignment was to cover a project.

Other spend

A total of £10,765 was spent within GS on other job categories such as Admin and Clerical.

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Agency Spend and Sickness Absence
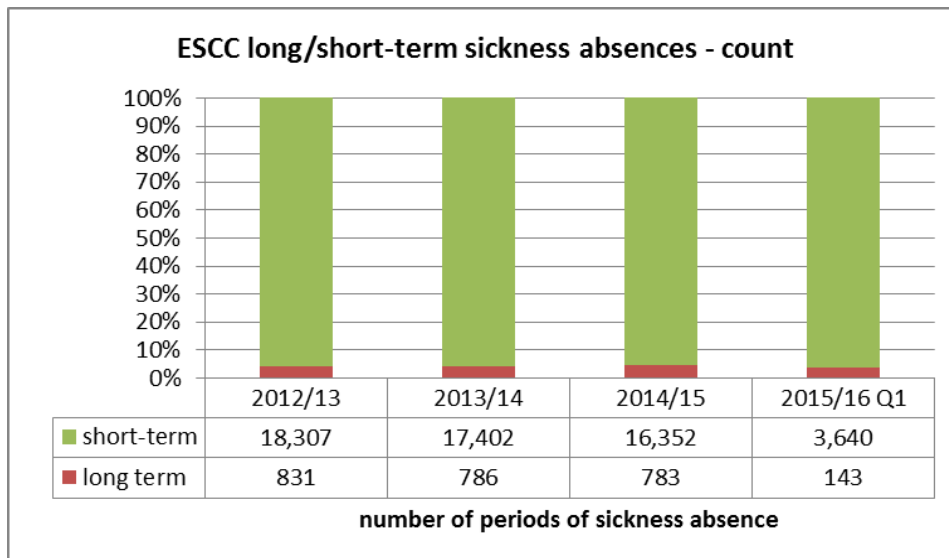
1.   Background

1.1 East Sussex County Council consistently spends between approximately £6.5 - £7 million pounds annually on the procurement of agency cover. Invariably this is in situations where business critical frontline services need staff such as care workers or social workers supplemented due to absence.

1.2 As agency cover for absences such as paternity, annual leave and sick leave incur additional cost without generating additional output, it is important to review and manage, as far as possible, the number of absence related agency assignments. It is significant that 27% of the overall agency expenditure relates to the cover of sickness absence. There are essentially two types of sickness absence: long term and short term.

2.   Long Term Sickness and Initiatives

2.1 When an employee has been absent for over 28 calendar days, the absence is considered as 'long term'. On average, across both corporate and school employees, there are 65 (FTE) members of staff on long term absence at any one time. Out of a staff group of approximately 8500 (FTE), this equates to approximately 0.7% of employees. This is a relatively small proportion of staff and consists of employees who are genuinely very unwell with often, life limiting illness. Cancer is a common cause for long term absence and an absence of this nature can extend for up to one year in order to allow sufficient treatment and recovery time. Chart 1 highlights the number of employees (FTE) absent over the last three years:

Chart 1

ESCC long/short-term sickness absences - count

	2012/13	2013/14	2014/15	2015/16 Q1
short-term	18,307	17,402	16,352	3,640
long term	831	786	783	143

number of periods of sickness absence

2.2 Each long term case is supported by a dedicated HR Adviser. In the event an absence extends beyond 15 weeks the HR Adviser will support the manager by attending the meeting in order to provide additional support around exploring all available options. HR recommends Occupational Health advice to be sought at an early stage in order to ensure any reasonable adjustments are considered to secure a timely return to work. Each long term case is dealt with in a timely manner, along with robust adherence to procedure and with the necessary sensitivity and compassion.

3.   Short Term Sickness and Initiatives

3.1 Short term sickness absence can span between 1 – 27 days in length, with the causes ranging from musculoskeletal and stress, through to coughs and colds. Given the range of factors that can affect these reasons for absence, managers are advised to apply the Short Term Attendance Procedure in a robust manner.

3.2 HR produce a monthly report highlighting employees who have experienced high levels of short term absence and this is shared with the appropriate manager to support the case as appropriate. However, the majority of short term management of attendance takes place within departments.

3.3 Whilst HR is available to support, guide and advise, it is the driving action from managers in the service that successfully makes a sustainable positive difference to attendance levels. With this in mind, HR aim to coach and support managers to have the necessary 'difficult conversations'. Discussions have been ongoing with the Human Resources Management Board to understand what additional support would be beneficial, along with initiatives that will have a positive impact on attendance levels. Alongside this, 'employee health and wellbeing' is one of the four themes of our People Strategy. The Year 2 action plan includes a range of initiatives to support the wellbeing of our staff and ensure a healthy workplace. Within Q1, absence has reduced and it is anticipated this will continue as these initiatives take effect.

4.   Broader Strategy

4.1 As noted above, in order to continue to improve attendance levels there are a number of ongoing corporate and departmental initiatives:

Musculoskeletal Absence

Absence due to musculoskeletal causes is one of the highest reasons for time lost. In order to effectively target this, a more detailed level of reporting has been instigated which has enabled identification on the location of the musculoskeletal ailment, e.g. neck or elbow. This also allows a review of service areas where there may be clusters of specific conditions. In addition, a pilot commenced in ASC on 24 August 2015 for a localised provision of physiotherapy. This will be measured in order to establish its impact on absence levels.

Mental Health and Stress absence

This is now one of the most common reasons for time lost. A higher level of reporting is now in place to identify the particular condition which will allow for better analysis and therefore more focused solutions. In addition to this the function of appraisal and 1-2-1 meetings is being reviewed to enable managers and employees to discuss any wellbeing concerns at an early stage and put in place a shared agreement to prevent future related absences. A revised Individual Stress Action Plan and policy was released in January 2015, designed to promote active resolution from the manager and the employee in order to prevent any issues escalating into further absence. A report is run by HR on a weekly basis to capture any employees who are absent with stress or mental health in order to ensure the manager is equipped with the tools and knowledge to support the employee effectively

Return to Work Interviews

As part of our Attendance Management Policy, when an employee returns from a period of sickness, the manager should have a 'Return to Work discussion' with the employee. The purpose of this is to understand the reason for the absence, ensure that they are well enough to return, check if there is any support that needs to be put into place, particularly in the context of preventing any further absences and feedback on any key pieces of work which may have been missed.

Research from Firstcare (our absence management service provider) has shown that return to work interviews have a positive impact on helping to prevent future absence. As such we have in place a Council wide target for the completion of return to work interviews and are currently working with departments to ensure that this target is met.

<u>Wellbeing Forum</u>

A Wellbeing Forum took place on 6 February 2015 where members of staff from across the organisation, including the Chief Executive, came together to consider initiatives that could be put in place that would have a positive impact but at minimal cost.

The four key areas identified were:
1. Introduce Wellbeing into Supervision Meetings
2. Promote existing Information and resources
3. Launch an ESCC Wellbeing App
4. Launch a 'Five Weeks to Wellbeing' campaign

An action plan has now been developed to take this work forward.

<u>Global Corporate Challenge (GCC)</u>

GCC is a national campaign that aims to provide employers with a simple and engaging way to create a true culture of health right across the business. Individuals are provided with a step counter, working together in teams to compete for the highest number of steps collectively. The challenge lasts for 100 days in total. The commitment over this period of time has succeeded to encourage some sustainable positive behavioural changes. The majority of ESCC participants have reported to leading more active lifestyles as a result of this.

<u>Five Weeks to Wellbeing Campaign</u>

A Five Weeks to Wellbeing' Campaign will commence in the coming months. This initiative invites all employees to partake in a series of activities aiming to improve both mental and physical wellbeing. For example having a range of 'taster' activities taking place at key sites (this could span from rambling to yoga) and providing opportunities to find out more about local volunteering opportunities, healthy eating and mindfulness.

A successful pilot has already taken place within Adult Social Care Learning Disability (LD) during July 2015. The Team ran their own cost effective version of the steps challenge which had a significant positive impact on attendance levels:

- 0.69 % reduction in absence rate from last month with 13 less absence spells reported
- 24 spells reported in July 2015, this is the lowest amount of absence spells reported in the last 13 months (the average for LD being 42 days)

<u>Mindfulness Pilot</u>

A mindfulness programme is currently being run for the Leaders of the Orbis change programme. This offers all participants the opportunity to explore how to 'mindfully lead' themselves and others through change and provide practical tools and techniques. The impact will be evaluated in order to determine whether or not further roll-out is appropriate.

<u>Conclusion</u>

The initiatives highlighted above are indicative of the range of interventions to improve attendance and demonstrates a clear commitment to reducing absence.

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Report to:	**Audit, Best Value and Community Services Scrutiny Committee**
Date:	**23 November 2015**
By:	**Chief Operating Officer**
Title of report:	**Annual Audit Letter and fee update 2014/15**
Purpose of report:	**To inform the Committee of the Annual Audit Letter and fee outturn for 2014/15.**

RECOMMENDATION – The Committee is recommended to note the Annual Audit Letter and the fee update for 2014/15.

1. Background information

1.1   The external audit fees for 2014/15 were £138,036 (County Council of £111,429 and the Pension Fund of £26,607) for the core audit in line with the planned fee.   Certifications of various grants and returns were completed including the Council's Transport Infrastructure grant with a combined agreed fee of £8,967.

1.2   The auditors charged an additional £15,000 for work undertaken on objections received to the Council's 2013/14 financial statements, and £1,500 for the provision of tax advisory services during 2014/15. The costs of these additional services were funded from existing budgets.

2. Supporting Information

2.1   The Annual Audit Letter (AAL) attached as Appendix 1 summarises the key issues arising from the work carried out by the Council's external auditor (KPMG) during the year. This report contains no new findings or recommendations, but reflects the key issues already reported in the Annual Governance Report. The AAL has been circulated to all Councillors and published on the Council's website.

2.2   The report will be presented to the Cabinet for approval at its 15 December 2015 meeting, and the Council would like to extend its thanks to KPMG for their professionalism during this audit.

3. Conclusion and reasons for recommendations

3.1   The report is intended to communicate audit issues and the Value For Money conclusion to key external stakeholders, including members of the public.

KEVIN FOSTER
Chief Operating Officer

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LOCAL MEMBERS

All

BACKGROUND DOCUMENTS
1. Independent Auditor's (KPMG) Annual Governance Report on ESCC Accounts and Value for Money conclusion report

2. Independent Auditor's (KPMG) Annual Governance Report on Pension Fund Accounts
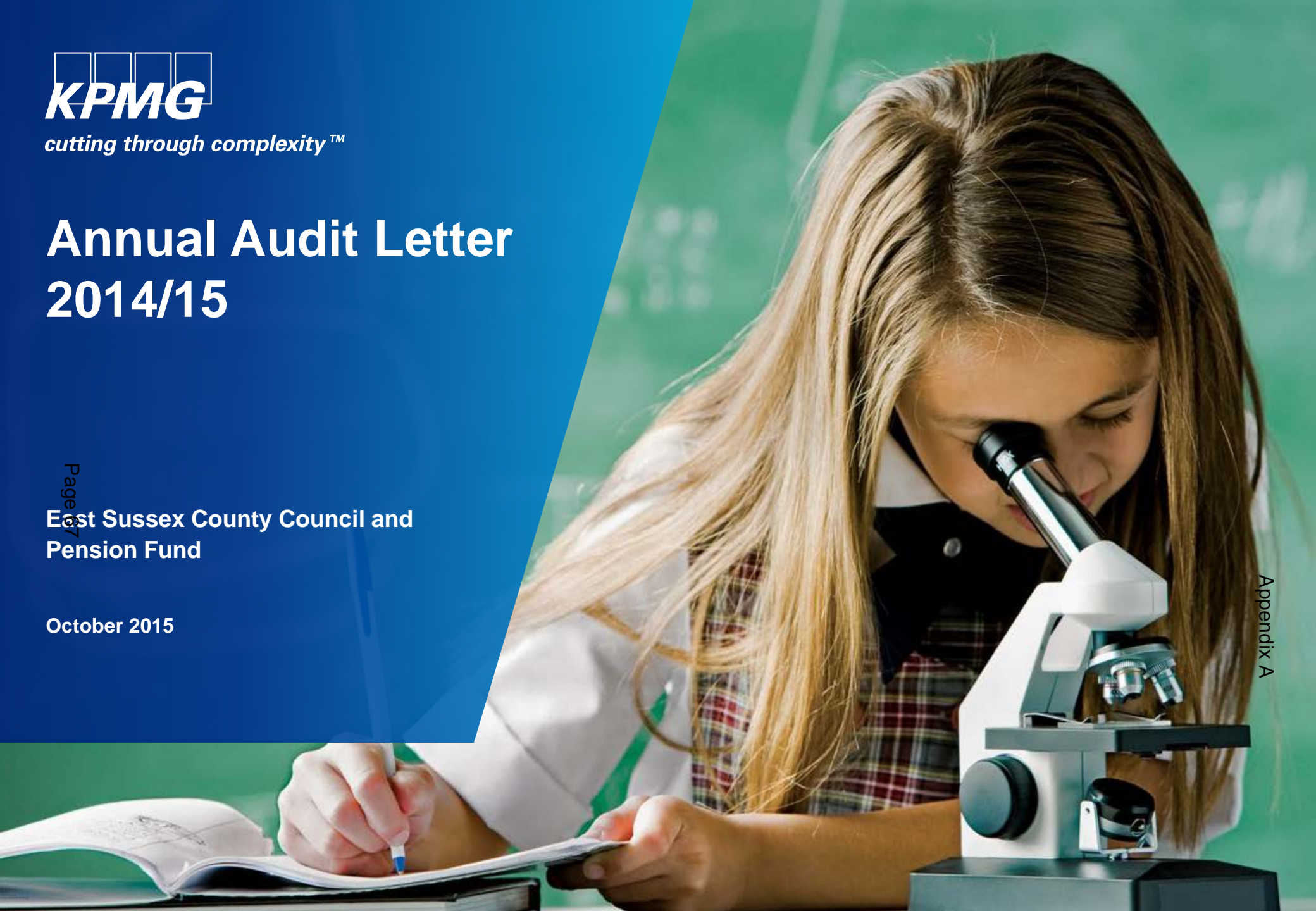
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KPMG

cutting through complexity ™

Annual Audit Letter 2014/15

East Sussex County Council and Pension Fund

October 2015

Contents

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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 issued a document entitled *Statement of Responsibilities of Auditors and Audited Bodies* summarising where the responsibilities of auditors begin and end and what is expected from audited bodies. We draw your attention to this document which is available on Public Sector Audit Appointment's website (www.psaa.co.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.

We are committed to providing you with a high quality service. 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 engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Trevor Rees (on 0161 246 4000, or by email to trevor.rees@kpmg.co.uk). After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing generalenquiries@psaa.co.uk, by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.

This report summarises the key findings from our 2014/15 audit of East Sussex County Council and Pension Fund (the Authority).

Although this letter is addressed to the Members of the Authority, it is also intended to communicate these issues to key external stakeholders, including members of the public.

Our audit covers the audit of the Authority's 2014/15 financial statements and the 2014/15 VFM conclusion.

VFM conclusion	We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2014/15 on 28 July 2015. This means we are satisfied that that Authority had proper arrangements for securing financial resilience and challenging how it secures economy, efficiency and effectiveness.
	To arrive at our conclusion we looked at the Authority's financial governance, financial planning and financial control processes, as well as the arrangements for prioritising resources and improving efficiency and productivity.
VFM risk areas	We undertook a risk assessment as part of our VFM audit work to identify the key areas impacting on our VFM conclusion and considered the arrangements you have put in place to mitigate these risks. We identified one significant risk to the VFM opinion which we communicated to you in our External Audit Plan 2014/15:
	■ Bexhill – Hastings Link Road
	Through our work undertaken during 2014/15, we are satisfied that the Authority has in place appropriate procedures such that the Bexhill – Hastings Link Road scheme has no impact on the Authority's VFM Conclusion.
Audit opinion	We issued an unqualified opinion on the Authority's financial statements on 28 July 2015. This means that we believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year. The financial statements also include those of the East Sussex County Council Pension Fund.
Financial statements audit	The Authority worked to an accelerated closedown timetable this year with the aim of having an audited set of accounts by 28 July 2015. Draft financial statements and audit working papers were provided to audit in line with agreed timescales. The Authority invested and planned carefully for the accelerated year end timetable, has good processes in place for the production of the accounts and good quality supporting working papers. Officers dealt efficiently with audit queries and the audit process has been completed within the planned timescales.
	Our audit has identified one significant audit adjustment, which has a total net adjustment value of £32 million in 2014/15, and a prior year adjustment value of £36 million. This relates to an amendment to the prior year restated figures for the impact of Voluntary Controlled ("VC") Schools being removed from the Council's balance sheet.
Annual Governance Statement	We reviewed your *Annual Governance Statement* and concluded that it was consistent with our understanding.
Pension fund audit	There were no significant issues arising from our audit of the pension fund and we issued an unqualified opinion on the pension fund financial statements as part of our audit report.
Whole of Government Accounts	We reviewed the consolidation pack which the Authority prepared to support the production of Whole of Government Accounts by HM Treasury. We reported that the Authority's pack was consistent with the audited financial statements.

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All the issues in this Annual Audit Letter have been previously reported.

High priority recommendations	We raised no high priority recommendations as a result of our 2014/15 audit work. We raised one medium priority recommendation which has been agreed with management.
Certificate	We have not yet issued our certificate for 2013/14 or 2014/15. This is because we received an objection to the Authority's 2013/14 financial statements which we are considering. This means we are not yet able to issue either our 2013/14 or 2014/15 certificate.
Audit fee	Our fee for 2014/15 for the Authority was £111,429, and for the Pension Fund was £26,607, excluding VAT. Further detail is contained in Appendix 2.

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Appendix 1: Summary of reports issued

This appendix summarises the reports we issued in the past year.

December

2015

January

February

March

April

May

June

July

August

September

October

External Audit Plan (March 2015)

The *External Audit Plan* set out our approach to the audit of the Authority's financial statements and to work to support the VFM conclusion.

Auditor's Report (July 2015)

The *Auditor's Report* included our audit opinion on the financial statements (including the [pension fund accounts, our VFM conclusion and our certificate.

Annual Audit Letter (October 2015)

This *Annual Audit Letter* provides a summary of the results of our audit for 2014/15.

Certification of Grants and Returns (January 2015)

This letter summarised the outcome of our certification work on the Authority's 2013/14 grants and returns.

Audit Fee Letter (April 2015)

The *Audit Fee Letter* set out the proposed audit work and draft fee for the 2015/16 financial year.

Report to Those Charged with Governance (July 2015)

The *Report to Those Charged with Governance* summarised the results of our audit work for 2013/14 including key issues and recommendations raised as a result of our observations.

We also provided the mandatory declarations required under auditing standards as part of this report.

Appendix 2: Audit fees

This appendix provides information on our final fees for the 2014/15 audit.

To ensure transparency about the extent of our fee relationship with the Authority we have summarised below the outturn against the 2014/15 planned audit fee.

External audit

Our final fee for the 2014/15 audit of the Authority was £111,429 plus VAT, which is in line with the planned fee. Our final fee for the Pension Fund was £26,607 plus VAT, which is in line with the planned fee.

Certification of grants and returns

Under our terms of engagement with Public Sector Audit Appointments we undertake prescribed work in order to certify the Authority's Transport Infrastructure grant ("TRA11"). This certification work was completed early in December 2014 in line with the agreed terms of the Audit Commission Certification Instruction. The agreed fee for this work was £1,467 plus VAT.

Other services

We also charged an additional £15,000 plus VAT for work required of us under the *Code of Audit Practice*. This represents work undertaken on objections received to the Authority's 2013/14 financial statements. We have also charged £7,500 plus VAT for the certification of grant claims which are not included within our contract terms with Public Sector Audit Appointments. We also charged £1,500 plus VAT for the provision of tax advisory services during 2014/15. This work was not related to our responsibilities under the *Code of Audit Practice*.

The *Code of Audit Practice* requires us to exercise our professional judgement and act independently of both Public Sector Audit Appointments Ltd and the Authority.

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Requirements

Auditors appointed by Public Sector Audit Appointments Ltd must comply with the *Code of Audit Practice* (the 'Code') which states that:

"Auditors and their staff should exercise their professional judgement and act independently of both the Commission and the audited body. Auditors, or any firm with which an auditor is associated, should not carry out work for an audited body that does not relate directly to the discharge of auditors' functions, if it would impair the auditors' independence or might give rise to a reasonable perception that their independence could be impaired."

In considering issues of independence and objectivity we consider relevant professional, regulatory and legal requirements and guidance, including the provisions of the Code, the detailed provisions of the Statement of Independence included within the Public Sector Audit Appointments Ltd *Terms of Appointment* ('Public Sector Audit Appointments Ltd Guidance') and the requirements of APB Ethical Standard 1 *Integrity, Objectivity and Independence* ('Ethical Standards').

The Code states that, in carrying out their audit of the financial statements, auditors should comply with auditing standards currently in force, and as may be amended from time to time. Public Sector Audit Appointments Ltd guidance requires appointed auditors to follow the provisions of ISA (UK &I) 260 Communication of *Audit Matters with Those Charged with Governance*' that are applicable to the audit of listed companies. This means that the appointed auditor must disclose in writing:

■ Details of all relationships between the auditor and the client, its directors and senior management and its affiliates, including all services provided by the audit firm and its network to the client, its directors and senior management and its affiliates, that the auditor considers may reasonably be thought to bear on the auditor's objectivity and independence.

■ The related safeguards that are in place.

■ The total amount of fees that the auditor and the auditor's network firms have charged to the client and its affiliates for the provision of services during the reporting period, analysed into appropriate categories, for example, statutory audit services, further audit services, tax advisory services and other non-audit services. For each category, the amounts of any future services which have been contracted or where a written proposal has been submitted are separately disclosed. We do this in our *Annual Audit Letter*.

Appointed auditors are also required to confirm in writing that they have complied with Ethical Standards and that, in the auditor's professional judgement, the auditor is independent and the auditor's objectivity is not compromised, or otherwise declare that the auditor has concerns that the auditor's objectivity and independence may be compromised and explaining the actions which necessarily follow from his. These matters should be discussed with the Audit, Best Value and Community Services Scrutiny Committee.

Ethical Standards require us to communicate to those charged with governance in writing at least annually all significant facts and matters, including those related to the provision of non-audit services and the safeguards put in place that, in our professional judgement, may reasonably be thought to bear on our independence and the objectivity of the Engagement Lead and the audit team.

General procedures to safeguard independence and objectivity

KPMG's reputation is built, in great part, upon the conduct of our professionals and their ability to deliver objective and independent advice and opinions. That integrity and objectivity underpins the work that KPMG performs and is important to the regulatory environments in which we operate. All partners and staff have an obligation to maintain the relevant level of required independence and to identify and evaluate circumstances and relationships that may impair that independence.

We confirm that we have complied with requirements on objectivity and independence in relation to this year's audit of the Authority's financial statements.

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Acting as an auditor places specific obligations on the firm, partners and staff in order to demonstrate the firm's required independence. KPMG's policies and procedures regarding independence matters are detailed in the *Ethics and Independence Manual* ('the Manual'). The Manual sets out the overriding principles and summarises the policies and regulations which all partners and staff must adhere to in the area of professional conduct and in dealings with clients and others.

KPMG is committed to ensuring that all partners and staff are aware of these principles. To facilitate this, a hard copy of the Manual is provided to everyone annually. The Manual is divided into two parts. Part 1 sets out KPMG's ethics and independence policies which partners and staff must observe both in relation to their personal dealings and in relation to the professional services they provide. Part 2 of the Manual summarises the key risk management policies which partners and staff are required to follow when providing such services.

All partners and staff must understand the personal responsibilities they have towards complying with the policies outlined in the Manual and follow them at all times. To acknowledge understanding of and adherence to the policies set out in the Manual, all partners and staff are required to submit an annual ethics and independence confirmation. Failure to follow these policies can result in disciplinary action.

Disclosure of action concerning tax engagement

KPMG member firms and KPMG professionals are required to comply with independence standards that meet or exceed those set out in the IESBA Code of Ethics. In addition, the UK firm and our professionals are also required to comply with the requirements of the APB Ethical Standards. We also adhere to the Public Sector Audit Appointment's (PSAA) specific requirements regarding non-audit services.

These professional standards require that where the firm has determined that a breach of an audit independence standard has occurred, we discuss this and the actions we have taken or propose to take with you as soon as possible, communicate with you in writing all matters discussed and obtain your concurrence that action can be, has been, taken to satisfactorily address the issue.

This section of the report summarises such an instance requiring Prior to October 2010 the Authority engaged KPMG to provide services to assist with Foreign Income Dividend ("FID", or "Manninen" claims) recovery, which are repayment claims for tax credits in respect of FIDs and overseas dividends prior to legislative changes in 1997. The original fee agreed for these services was comprised of a fixed fee element based on time incurred, and was partly based on a contingent fee of 2% of the amount recovered if the claim was ultimately successful.

Prior to 2010, the APB Ethical Standards did not prohibit such contingent fee arrangements, however in 2010 the standards were changed and paragraph 95 of APB Ethical Standard Number 5 now provides that an audit firm cannot provide services on a wholly or partly contingent basis where the outcome of those services is dependent upon the proposed application of tax law which is uncertain or has not been established. As the tax law applying to the subject matter of this engagement was and remains uncertain, following KPMG LLP's appointment as auditor the fee basis should have been revised to remove the contingent element in order to comply with this requirement. Action was therefore required to ensure compliance with the ethical standards. As this case is still progressing through the courts, in 2014 a new fixed fee based on time spent for any future work was introduced, and the previous contingent basis fee was waived.

This position was identified as our firm undertook a special exercise to ensure that any grandfathered tax contingent fee arrangements that were entered into with audit clients prior to the change in rules in 2010 had been correctly dealt with before 31 December 2014 which was the end of the grandfathering period provided for in the standard.

We have considered this matter, and given the following factors we have determined this to be a less than significant breach of the APB Ethical Standards because KPMG has not received any contingent fee income in respect of this engagement.

We confirm that we have complied with requirements on objectivity and independence in relation to this year's audit of the Authority's financial statements.

Based on the above in our professional judgment we concluded that our objectivity has not been compromised and the firm and the engagement team are independent of the Council and the Pension Fund.

Auditor declaration

In relation to the audit of the financial statements of East Sussex County Council for the financial year ending 31 March 2015, we confirm that there were no relationships between KPMG LLP and East Sussex County Council, its directors and senior management and its affiliates that we consider may reasonably be thought to bear on the objectivity and independence of the audit engagement lead and audit staff. We also confirm that we have complied with Ethical Standards and the Public Sector Audit Appointments Ltd requirements in relation to independence and objectivity.

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![KPMG logo]

KPMG

cutting through complexity ™

Audit, Best Value and Community Services (ABVCS) Scrutiny Committee

East Sussex
County Council

Future work at a glance

Updated: November 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**	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. The purpose of doing this is to help committee Members identify important issues for more detailed scrutiny *before* 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. 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.
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.

Audit, Best Value & Community Services Scrutiny Committee

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Agenda Item 10

Future committee agenda items		Presenting officer
23 November 2015		
Internal Audit Progress Report	Internal Audit Progress report – Quarter 2 (01/07/15 – 30/09/15)	Russell Banks, Head of Assurance
Strategic Risk Monitoring	Strategic risk monitoring report – Quarter 2 (01/07/15 – 30/09/15)	Russell Banks, Head of Assurance
People Strategy	A report on the People Strategy, once it has been agreed and put in place, to help the Committee gain a better understanding of how it will help to develop the required cultural and behavioural changes across the Council necessary to achieve the BSD outcomes.	Kevin Foster, Chief Operating Officer
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
Annual Audit Letter and fee update	Annual Audit Letter and fee update	Ola Owolabi, Head of Accounts and Pensions
15 March 2016		
Internal Audit Progress Report	Internal Audit Progress report – Quarter 3 (01/10/15 – 31/12/15)	Russell Banks, Head of Assurance
Strategic Risk Monitoring	Strategic risk monitoring report – Quarter 3 (01/10/15 – 31/12/15)	Russell Banks, Head of Assurance

Future committee agenda items		Presenting officer
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
Reconciling Policy, Performance and Resources (RPPR)	To provide the Committee with an opportunity to review its input into the RPPR process and suggest improvements to the process.	Becky Shaw, Chief Executive
Atrium Property Asset Management System	An update report on the implementation of the Atrium Property Asset Management System, outlining progress towards adopting the corporate landlord model.	Richard Grass, Assistant Director Property
Procurement Performance Update	An update on the progress of the actions from the contract management and PSO audits.	Laura Langstaff, Head of Procurement
Public Health Projects	An update report on the progress of the Public Health funded one-off projects.	Cynthia Lyons, Acting Director of Public Health
15 July 2016		
Internal Audit Services – Annual Report and Opinion 2015/16	An overall opinion on the Council's framework of internal control, summarises the main audit findings and performance against key indicators (includes Internal Audit progress report for Quarter 4 01/01/16 – 31/03/16).	Russell Banks, Head of Assurance
Internal Audit Strategy 2016/17 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

Audit, Best Value & Community Services Scrutiny Committee

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Future committee agenda items		Presenting officer
Strategic Risk Monitoring	Strategic risk monitoring report – Quarter 4 (01/01/15 – 31/03/16)	Russell Banks, Head of Assurance
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
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
27 September 2016		
Internal Audit Progress Report	Internal Audit Progress report – Quarter 1 (01/04/16 – 30/06/16)	Russell Banks, Head of Assurance
Strategic Risk Monitoring	Strategic risk monitoring report – Quarter 1 (01/04/16 – 30/06/16)	Russell Banks, Head of Assurance
Treasury management	Review of Treasury Management performance. The report will set out • A summary of the original strategy agreed for 2015/16 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 Finance Officer
8 November 2016		
Internal Audit Progress Report	Internal Audit Progress report – Quarter 2 (01/07/16 – 30/09/16)	Russell Banks, Head of Assurance

Audit, Best Value & Community Services Scrutiny Committee

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Future committee agenda items		Presenting officer
Strategic Risk Monitoring	Strategic risk monitoring report – Quarter 2 (01/07/16 – 30/09/16)	Russell Banks, Head of Assurance
Annual Audit Letter	Annual Audit letter and fee update	Russell Banks, Head of Assurance

Current scrutiny reviews and other work underway	Date available
Agile Working Reference Group Reference Group comprising Cllrs Blanch, Barnes, Keeley, Standley and Whetstone that meets with key officers to comment upon the progress of the Agile Programme after key stages in the Programme. **Road Safety** The ASC Scrutiny Committee agreed to form a joint review board to examine the delivery of road safety interventions and their effectiveness in reducing the number of people killed or seriously injured (KSI) in East Sussex. The board will consist of representatives from the ABVCS Scrutiny Committee, plus the following members of the ETE Scrutiny Committee: Councillors St. Pierre, Pursglove, Taylor and Stogdon.	**Ongoing**

Potential future scrutiny work (Proposals and ideas for future scrutiny topics appear here)

Audit, Best Value & Community Services Scrutiny Committee @ESCCScrutiny

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

	Version
Enquiries: Democratic Services Author: Simon Bailey, Democratic Services Officer Telephone: 01273 481935 Email: **simon.bailey@eastsussex.gov.uk** **Access agendas and minutes of Audit, Best Value and Community Services Scrutiny Committee**: **https://democracy.eastsussex.gov.uk/mgCommitteeDetails.aspx?ID=132**	**number:** v.36
Accessibility help 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.	

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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) –3 November 2015 TO 29 February 2016
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
3 Nov 2015	Lead Member for Strategic Management and Economic Development	To consider for the County Council to reallocate the Local Growth Fund monies received in 2015/16 between approved Local Growth Fund projects	*KD*		Report, other documents may also be submitted	Jonathan Wheeler 01273 482212
12 Nov 2015	Lead Member for Learning and School Effectiveness	To consider changes in support for students from LIF and post-16 students receiving link transport from rural addresses to their post-16 placements			Report, other documents may also be submitted	Sara Candler 01273 336670
12 Nov 2015	Lead Member for	To consider proposed changes in support			Report, other	Sara Candler

	Learning and School Effectiveness	for students with SEND (Special Educational Needs and Disabilities)			documents may also be submitted	01273 336670
12 Nov 2015	Lead Member for Learning and School Effectiveness	To consider school admission arrangements for 2017/18 year	*KD*		Report, other documents may also be submitted	Fiona Wright 01273 481231
12 Nov 2015	Lead Member for Learning and School Effectiveness	To consider the proposal for the East Sussex County Council School Funding Formula 2016/17	*KD*		Report, other documents may also be submitted	Jill Fisher 01273 482542
16 Nov 2015	Lead Member for Transport and Environment	To consider the proposed allocation of community match funding for 2015/16 to a number of community led local transport improvement schemes			Report, other documents may also be submitted	Sarah Valentine 01273 335724
24 Nov 2015	Lead Member for Resources	To consider a Notice of Motion on the Trade Union Bill 2015.			Report, other documents may also be submitted	Sarah Mainwaring 01273 482060
24 Nov 2015	Lead Member for Resources	To consider the proposed transaction at Dunbar Drive, Hailsham	*P / KD*	Local Members	Report, other documents may also be submitted	Chris Reed 01273 336237
24 Nov 2015	Lead Member for Resources	To consider the proposed disposal of 1 Garfield Road, Hailsham	*P / KD*	Local Members	Report, other documents may also be submitted	Chris Reed 01273 336237
24 Nov 2015	Lead Member for Resources	To consider the acquisition and disposal of land at Sandrock Hall, The Ridge, Hastings		Local Members	Report, other documents may also be submitted	Chris Reed 01273 336237

15 Dec 2015	Lead Member for Community Services	To consider proposed changes to Fee Structure for Registration Service			Report, other documents may also be submitted	Nick Skelton 01273 482994
15 Dec 2015	Cabinet	To consider the quarterly council monitoring report.			Report, other documents may also be submitted	Jane Mackney 01273 482146
15 Dec 2015	Cabinet	To consider the annual Looked after Children report for 2014/15			Report, other documents may also be submitted	Teresa Lavelle-Hill 01323 747197
15 Dec 2015	Cabinet	To consider the external auditor's Annual Audit Letter for 2014/15			Report, other documents may also be submitted	Ola Owolabi 01273 482017
15 Dec 2015	Cabinet	To consider the Highways and Infrastructure Services Contract for 2016 – 2023	*KD*		Report, other documents may also be submitted	Dale Poore 01273 481916
15 Dec 2015	Cabinet	To consider an update on the outcome of the Comprehension Spending Review (CSR)			Report, other documents may also be submitted	Marion Kelly 01273 335078
15 Dec 2015	Cabinet	To consider the Libraries' Transformation Programme	*KD*		Report, other documents may also be submitted	Nick Skelton 01273 482994
21 Dec 2015	Lead Member for Transport and Environment	To consider the proposal to set up a board which will include external stakeholders at Newhaven Energy Recovery Facility		Local Members	Report, other documents may also be submitted	Andy Arnold 01273 481606

21 Dec 2015	Lead Member for Transport and Environment	To consider the Waste and Minerals - Monitoring Report 2014/15 and Local Aggregates Assessment			Report, other documents may also be submitted	Tony Cook 01273 481653
21 Dec 2015	Lead Member for Learning and School Effectiveness	To consider the Education Commissioning Plan			Report, other documents may also be submitted	Gary Langford 01273 481758
21 Dec 2015	Lead Member for Learning and School Effectiveness	To consider the proposal to reconsider ESCC co-sponsorship role in Eastbourne Academy			Report, other documents may also be submitted	Jill Fisher 01273 482542
22 Dec 2015	Lead Member for Resources	West St. Leonards Site To seek consent for the disposal of the West St. Leonards Site.	*P*		Report, other documents may also be submitted	Chris Reed 01273 336237
20 Jan 2016	Lead Member for Learning and School Effectiveness	Proposed enlargement of Cradle Community Primary School To seek approval to publish notices in relation to a proposal to enlarge Cradle Hill Community Primary School.		The Local Authority will have consulted with the local community prior to the decision.	Report, other documents may also be submitted	Gary Langford 01273 481758
26 Jan 2016	Cabinet	Conservators of Ashdown Forest Budget 2016/17 To consider the budget for Conservators of Ashdown Forest 2016/17		Local Members	Report, other documents may also be submitted	Marie Nickalls 01273 482146
26 Jan 2016	Cabinet	Treasury Management 2016/17 To consider the Treasury Management			Report, other documents may	Marion Kelly 01273 335078

		Strategy for 2016/17			also be submitted	
26 Jan 2016	Cabinet	Reconciling Policy, Performance and Resources. To consider proposals in relation to the revenue budget 2016/17 and Capital Programme	*KD*		Report, other documents may also be submitted	Jane Mackney 01273 482146