



## CABINET

TUESDAY, 6 JUNE 2017

10.00 AM COUNCIL CHAMBER, COUNTY HALL, LEWES

MEMBERSHIP - Councillor Keith Glazier (Chair)  
Councillors Nick Bennett, Bill Bentley, David Elkin (Vice Chair), Carl Maynard,  
Rupert Simmons, Bob Standley and Sylvia Tidy

## A G E N D A

- 1 Minutes of the meeting held on 7 March 2017 (*Pages 3 - 6*)
- 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.
- 5a Scrutiny Review of Educational Attainment at Key Stage 4 - report of the Children's Services Scrutiny Committee (*Pages 7 - 24*)  
Report by Assistant Chief Executive
- 5b Educational Attainment at Key Stage 4: Observations on the Scrutiny Committee's report (*Pages 25 - 30*)  
Report by Director of Children's Services
- 6a Scrutiny Review of Superfast Broadband - report of the Economy, Transport and Environment Scrutiny Committee (*Pages 31 - 60*)  
Report by Assistant Chief Executive
- 6b Superfast Broadband: Observations on the Scrutiny Committee's report (*Pages 61 - 66*)  
Report by the Director of Communities, Economy and Transport
- 7 External Audit Plan 2016/17 (*Pages 67 - 84*)  
Report by the Chief Operating Officer.
- 8 Internal Audit Strategy 2017/18 and Annual Plan (*Pages 85 - 102*)  
Report by Chief Operating Officer
- 9 Any other items considered urgent by the Chair
- 10 To agree which items are to be reported to the County Council

PHILIP BAKER  
Assistant Chief Executive  
County Hall, St Anne's Crescent  
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26 May 2017

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## CABINET

MINUTES of a meeting of the Cabinet held on 7 March 2017 at the Council Chamber, County Hall, Lewes

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PRESENT Councillors Keith Glazier (Chair)  
Councillors Nick Bennett, Bill Bentley, Chris Dowling, David Elkin (Vice Chair), Carl Maynard, Rupert Simmons and Sylvia Tidy

Members spoke on the items indicated

Councillor Barnes – items 6, 7 and 8 (minutes 64, 65 and 66)  
Councillor Blanch – item 5 (minute 63)  
Councillor Clark – item 7 (minute 65)  
Councillor Daniel – items 6, 7 and 8 (minutes 64, 65 and 66)  
Councillor Field – items 5, 6, 7 and 9 (minutes 63, 64, 65 and 67)  
Councillor Galley – items 6 and 7 (minutes 64 and 65)  
Councillor S Shing – item 8 (minute 66)  
Councillor Shuttleworth – item 6 (minute 64)  
Councillor Standley – item 6 (minute 64)  
Councillor Stogdon – item 8 (minute 66)  
Councillor St Pierre – items 5 and 6 (minutes 63 and 64)  
Councillor Tutt – items 5, 7, 8 and 9 (minutes 63, 65, 66 and 67)  
Councillor Ungar – items 5 and 7 (minutes 63 and 65)  
Councillor Webb – items 5, 7 and 9 (minutes 63, 65 and 67)  
Councillor Whetstone – items 6 and 8 (minutes 64 and 66)

## 60 MINUTES OF THE MEETING HELD ON 24 JANUARY 2017

60.1 The minutes of the Cabinet meeting held on 24 January 2017 were agreed as a correct record.

## 61 REPORTS

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

## 62 DISCLOSURES OF INTERESTS

62.1 Councillor Whetstone declared a personal non prejudicial interest in item 8 (County Council's response to the Government's 'Building our Industrial Strategy' Green Paper) as a landlord of small industrial units

## 63 COUNCIL MONITORING: QUARTER 3 2016/17

63.1 The Cabinet considered a report by the Chief Executive.

63.2 It was RESOLVED – to note the latest monitoring position for the Council

Reason

63.3 The report sets out the Council's position and year end projections for the Council Plan targets, Revenue Budget, Capital Programme, savings plan together with risks for quarter 3.

64 NATIONAL FUNDING FORMULA FOR SCHOOLS STAGE 2 CONSULTATION

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

64.2 It was RESOLVED to:

1) note the launch of Stage 2 of the consultation on a National Funding Formula for Schools, and that a response is planned by the deadline of 22 March 2017;

2) note that it is still not possible to accurately quantify the impact of the government's proposals on East Sussex schools or on the Council; and

3) note the background information and potential issues for East Sussex as set out in the report.

Reason

64.3 To note the key issues for East Sussex arising from the Stage 2 National Funding Formula for schools consultation and to note the next steps.

65 EAST SUSSEX BETTER TOGETHER - STRATEGIC COMMISSIONING BOARD

65.1 The Cabinet considered a report by the Director of Adult Social Care and Health

65.2 It was RESOLVED to:

1) agree to establish a joint committee (known as the Strategic Commissioning Board) between the County Council and Eastbourne, Hailsham and Seaford and Hastings and Rother Clinical Commissioning Groups; and to authorise the joint committee to take decisions within the terms of reference as agreed from time to time;

2) agree the terms of reference for the Strategic Commissioning Board set out in Appendix 1 of the report, and to delegate authority to the Chief Executive, in consultation with the Leader, to make amendments to them in light of the evolving nature of the partnership;

3) agree to delegate authority to the Leader to appoint four Members as the County Council's representatives to the Joint Committee and any associated committees; and

4) note that the ongoing scrutiny arrangements in relation to East Sussex Better Together will include oversight of the Strategic Commissioning Board's work

Reason

65.3 The Cabinet has previously agreed that moving to a fully integrated model of Accountable Care offers the best opportunity to achieve the full benefits of an integrated health and social care system, and that a transition year of Accountable Care, under an alliance arrangement, would allow for the collaborative learning and evaluation to take place between the ESBT programme partners and other stakeholders. The Cabinet has agreed to establish a Strategic Commissioning Board, between the County Council, Eastbourne, Hailsham and Seaford Clinical Commissioning Group and Hastings and Rother Clinical Commissioning Group to enable commissioner members of the ESBT Alliance to jointly undertake responsibilities for addressing population health need and for commissioning health and social care on a system-wide basis.

66 EAST SUSSEX COUNTY COUNCIL'S RESPONSE TO THE GOVERNMENT'S 'BUILDING OUR INDUSTRIAL STRATEGY' GREEN PAPER

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

66.2 It was RESOLVED to agree the response to the Government's 'Building our Industrial Strategy' Green Paper as set out in the report subject to consideration being given to referring to the rural economy and areas in the north of the county in the second paragraph of the covering letter to the Government.

Reason

66.3 The Industrial Strategy will act as the framework for delivering growth nationally, and it is important that the County Council reflects its priorities for economic growth when responding to the consultation. The Cabinet agreed the proposed response to the 'Building our Industrial Strategy' Green Paper.

67 OUTCOME OF THE OFSTED AND CARE QUALITY COMMISSION LOCAL AREA SPECIAL EDUCATIONAL NEEDS AND DISABILITY (SEND) INSPECTION

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

67.2 It was RESOLVED to note the outcomes of the inspection and that the findings of the inspection will be used to secure further improvements in the local area

Reason

67.3 The findings arising from the inspection have been noted and the areas identified for improvement will be incorporated into existing plans.

68 ITEMS TO BE REPORTED TO THE COUNTY COUNCIL

68.1 The Cabinet agreed that item 5 should be reported to the County Council.  
*[Note: The item being reported to the County Council refers to minute number 63]*

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**Report to:** Cabinet

**Date of meeting:** 6 June 2017

**By:** Assistant Chief Executive

**Title:** Scrutiny Review of Educational Attainment at Key Stage 4

**Purpose:** To provide an opportunity for the Cabinet to consider the report of the Children's Services Scrutiny Committee.

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## **RECOMMENDATION:**

**To consider any comments the Cabinet wishes to make to the County Council on the report of the Children's Services Scrutiny Committee.**

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## **1 Background**

1.1 At its meeting in June 2016, the Children's Services Scrutiny Committee appointed a Review Board to conduct a review of educational attainment at Key Stage 4. The Committee decided such a review was timely, as it would build on previous reviews of educational attainment relating to other, earlier Key Stages.

1.2 More specifically, and following a discussion of the barriers to sustained improvements in educational attainment, it was decided to focus on issues relating to teacher recruitment and retention. The Board agreed therefore that it would explore the issues/challenges schools and academies face in relation to the recruitment and retention of teachers and its potential impact on attainment.

## **2 Supporting information**

2.1 The Children's Services Scrutiny Committee has completed its review of Educational Attainment at Key Stage 4.

2.2 The Committee's report will be submitted to the County Council on 11 July 2017. A copy is attached at appendix 1. The Cabinet has the opportunity to comment to the County Council on the recommendations in the Scrutiny Committee's report, although it cannot alter the report. Elsewhere on the agenda (Item 5b) there is a separate report by the Director of Children's Services commenting on the Scrutiny Committee's report and recommendations

## **3. Conclusion and reasons for recommendations**

3.1 Cabinet is invited to consider any comments it wishes to make to the County Council on the report of the Children's Services Scrutiny Committee.

PHILLIP BAKER  
Assistant Chief Executive

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Local Members - All

Background Documents: None

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# Scrutiny Review of Educational Attainment at Key Stage 4

## Report by the Review Board

of the Children's Services Scrutiny Committee

Nicola Boulter, Parent Governor Representative (Chair)

Councillor Claire Dowling

Councillor Kim Forward

Councillor Roy Galley

Councillor Alan Shuttleworth

March 2017

Children's Services Scrutiny Committee – 20 March 2017

Cabinet – 6 June 2017

Full Council – 11 July 2017

# Final report of the Scrutiny Review of Educational Attainment at Key Stage 4

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	<b>Recommendations</b>	<b>Page</b>
1	<b>East Sussex Teacher Recruitment and Retention Strategy 2015-2017</b>	<b>10</b>
	<p>a) additional work is undertaken to understand the scale of the recruitment challenge in East Sussex. This would help the Children’s Services Department and local schools establish clear targets for teacher recruitment and in turn, enable progress to be effectively monitored; and</p> <p>b) more focus is given to the retention of existing teaching staff. This would include developing a clearer understanding of why teachers are leaving the profession and whether there are factors which are specific to East Sussex.</p>	
2	<b>Succession planning and leadership</b>	<b>11</b>
	<p>a) work is undertaken to identify those schools with effective succession planning policies; and</p> <p>b) having identified the range of successful policies which local schools have adopted, work is undertaken to update the current succession planning policy statement and to actively promote the new succession planning policy with governing boards and local schools. This would mean that governing boards and schools are better placed to promote suitably trained and motivated teachers to leadership roles at all levels as vacancies become available.</p>	
3	<b>Recruitment Strategy - East Sussex as a unique place to live and work.</b>	<b>11</b>
	<p>a) the Education Secretary’s recent announcement of the expansion of the ‘Opportunity Areas Programme’ to include Hastings and the further funding it attracts be investigated as a possible resource for improving teacher recruitment and retention rates.</p> <p>b) where appropriate, the scope of the investigation into the viability of developing housing projects as a way of attracting teachers as ‘key workers’ is widened; this should include exploring with all local borough and district councils the potential for including teachers as key workers within plans for future affordable housing projects.</p>	

4	<b>Broadening the scope of the recruitment strategy</b>	<b>11</b>
	<p>Consideration should be given to broadening the scope of the recruitment and retention strategy so as to explore other potential sources of recruitment and aligning these proposed developments within the 'Find Your Spark' recruitment campaign. This could include:</p> <ul style="list-style-type: none"> <li>a) activities aimed at inspiring young people within our local schools to become teachers; and</li> <li>b) finding ways of encouraging parents who might be interested in teaching as a career.</li> </ul>	
5	<b>Partnership working between schools</b>	<b>12</b>
	<p>Schools should be encouraged to work together to find innovative ways to develop teacher training models which share resources and good practice, are cost-effective and produce quality teachers which meet the needs of our schools. Such partnership working should be encouraged and promoted by the Children's Services Department through the Schools Direct and SCITT programmes.</p>	
6	<b>Broadening the geographical area of search for recruits</b>	<b>12</b>
	<p>Work is undertaken to investigate developing an 'East Sussex Ambassador' role. This role would involve the Ambassador travelling to recruitment fairs across the country to promote East Sussex as a place to live and work. The role would require partnership working between schools, as the Ambassador role could be performed by appropriately trained senior staff and/or governors from different schools.</p>	

## Objectives and scope of the review

1. At its meeting on 27 June 2016, the Children's Services Scrutiny Committee appointed a Scrutiny Review Board to conduct a scrutiny review of educational attainment in Key Stage 4. The Committee decided such a review was timely, as it would build on previous reviews of educational attainment relating to other, earlier Key Stages.
2. The primary indicator of educational attainment at Key Stage 4 is GCSE results. With this in mind, at its first meeting the Review Board considered a summary of the GCSE results for East Sussex for 2016. The Board welcomed the overall positive outcomes these (at the time provisional) results indicated. However, they were also struck by the stark difference in 'Attainment 8' outcomes between the top and bottom performing secondary schools/academies in East Sussex (a description of Attainment 8, Key Stages and other relevant aspects of the National Curriculum are provided in paragraph 7). The variability in outcomes led the Board to conclude it should investigate further and attempt to understand the causes of these differences.
3. More specifically, and following consideration of an overview of the barriers to sustained improvements in educational attainment, the Board decided to investigate the issues and challenges that schools and academies face in relation to the recruitment and retention of teachers and any impact this has on educational attainment.
4. A further goal of the review would be to make recommendations that would help schools/academies improve their teacher recruitment and retention rates. In turn, the Board hoped its recommendations would also ultimately not only help raise educational attainment overall, but also help close the gap between the top and bottom performing secondary schools/academies.

## Background

5. The National Curriculum (NC) is a set of subjects and standards used by schools in England. It sets out what subjects are taught and the standards children should attain. Furthermore, the national curriculum is divided into blocks of years called Key Stages. At the end of each key stage, pupils are formally assessed. Key Stage 4 covers Years 10 and 11 (with pupils aged between 14 and 16). At the end of this stage most pupils take their GCSEs (or other national qualifications).
6. In recent years there have been a number of major developments relating both to the delivery of education and its assessment for children of compulsory school age. These developments are regularly cited as sources of additional pressures on teaching staff which may impact on recruitment and retention rates. Developments of particular relevance include:
  - the introduction of a new assessment framework that replaced national curriculum levels (which occurred within key stages) with a new process called 'Assessment Without Levels' (introduced in September 2015); and
  - the revised National Curriculum introduced for 2014 onwards.
7. Related to these developments, the Government announced that a new secondary school accountability system would be implemented from 2016. This included the introduction of a new headline measure called 'Attainment 8'. This measure records the achievement of a pupil across:
  - 8 qualifications including mathematics (double weighted) and English (double weighted);
  - 3 further qualifications that count in the English Baccalaureate (EBacc) measure; and
  - 3 further qualifications that can either be GCSE qualifications (including EBacc subjects) or technical awards from the DfE approved list.
8. The Government introduced this measure with the aim of encouraging schools to offer a broad, well-balanced curriculum. The Attainment 8 score for a school is based on the average of all its pupil's scores.

9. It is against this backdrop that the Board considered the 2016 provisional GCSE data for East Sussex schools. As highlighted above, the data indicates generally positive trends in East Sussex. However, it also highlights differences in Attainment 8 performance between secondary schools in the County as shown in the following table (with the top performing 'Attainment 8' school in East Sussex listed as number 1).

Provisional 2016 GCSE results for East Sussex Schools					
No.	Attainment 8 Score	Average Progress 8 Score	% 5+ A*-C Incl English & Maths	% A*-C English & Maths (basics measure)	No. of pupils at End of KS4
1	59	+0.56	81%	82%	188
2	56	+0.29	75%	76%	236
3	55	+0.14	72%	72%	228
4	55	+0.29	70%	72%	237
5	55	+0.38	73%	74%	148
6	55	+0.23	73%	73%	122
7	53	+0.33	72%	74%	233
8	53	+0.05	63%	66%	267
9	53	+0.36	72%	76%	231
10	52	+0.27	65%	68%	240
11	52	+0.24	66%	70%	192
12	51	-0.03	66%	71%	209
13	50	+0.07	60%	61%	197
14	50	+0.22	68%	69%	118
15	50	+0.47	58%	60%	228
16	49	-0.06	57%	59%	205
17	47	-0.12	56%	62%	170
18	47	-0.28	56%	59%	126
19	46	+0.11	46%	54%	97
20	46	+0.09	48%	58%	174
21	44	-0.41	46%	48%	118
22	43	-0.27	48%	51%	259
23	43	-0.20	53%	55%	92
24	42	-0.50	39%	43%	148
25	41	-0.57	39%	45%	181
26	41	-0.32	42%	42%	154
27	38	-0.75	38%	48%	21

<b>Key</b>	
	VA
	Local Authority
	Foundation Trust
	Academy

10. An additional 'Progress 8' column is also included within the table. Progress 8 aims to capture the progress a pupil makes from the end of primary school to the end of secondary school. It is a type of 'value added' measure, which means that pupils' results are compared to the actual achievements of other pupils with the same prior attainment. This data was not available to the Board at its early meetings and is included here as it provides, arguably, the most important attainment measure and a fairer picture of school performance.

11. The Board was concerned about what appears to be a significant variance in attainment outcomes in the above table. It is also an issue that the Children's Services Department recognises as requiring further attention: the 'Excellence For All 2016-17' strategy states that whilst notable progress has been made in improving outcomes on most indicators, this improvement "*is not consistent across all groups of pupils, and there remains too much variability across the county*".

12. Based on this and other evidence presented to them, the Board decided to investigate the causes of these differences in performance and began by considering the results of a survey conducted by the Standards and Learning Effectiveness Service (SLES), a team based within East Sussex County Council Children's Services Department. This survey asked schools for their views on what they considered the barriers to sustained educational improvement to be. The survey results identified the following four areas as key barriers:

- Curriculum change
- Young people's mental health
- Budget pressures
- Teacher recruitment.

13. Of these, the Board focussed on the challenges local schools face with regard to teacher recruitment and retention and potential links to educational attainment outcomes; this issue has national significance and the Board wished to understand the local situation in more depth.

14. Having identified the area of search, the Board also wished to explore whether there is indeed a causal link between attainment and recruitment and retention. This fundamental link has also been identified at the national level by key stake holders: for example, the House of Commons Education Committee states in its report on the recruitment and retention of teachers that "*The quality of education in England depends on the quality of the teachers in our schools*" (February 2017). A National Audit Office report also states that 'Teachers are critical to the success of all money spent in England's schools' ('Training new teachers' February 2016).

15. Board members undertook evidence-gathering visits to discuss these issues with local secondary Headteachers and Principals. These sessions provided valuable testimony for the review; for example, one Principal commented that "*in recent years the recruitment situation had deteriorated and that for certain subjects and positions schools may only have one applicant*". Another commented that "*where the number of applicants is low, there is less opportunity for schools to appoint high calibre candidates*".

16. Two recently retired local secondary Headteachers who now serve as Consultant Headteachers (CHTs) also attended as witnesses as part of the review in November 2016. CHTs provide support and challenge to serving Heads in order to improve outcomes for our local young people. All local maintained and academy secondary schools are supported by a CHT.

17. One CHT witness described one East Sussex school's struggle to appoint high quality teachers to help it raise educational attainment levels (the school in question appears in the bottom half of the provisional Attainment 8 scores cited in paragraph 8). In response to a question about whether the appointment of experienced, high calibre candidates would make a telling difference to the school's results, one of the CHT witnesses commented that "*good teaching would indeed directly and massively improve outcomes*".

18. Evidence was also considered regarding the importance of school leaders. For example, the 'School Leadership Challenge: 2022' report suggests that 'Good leadership is a key ingredient of good school performance. This is evident in England where schools with good leadership get better results and schools with weak leadership get worse results (report by 'The Future Leaders Trust', 'Teaching Leaders' and 'TeachFirst'). The importance of leadership roles within schools was also recognised locally, with one Principal saying "every school needs good leadership at all levels".

19. Many East Sussex schools and academies are clear that teacher recruitment and retention is a challenge for them. It is worth noting though that not all institutions believe they have a significant problem. For example, one local academy (which is ranked within the upper half of the above Attainment 8 table) indicated that it had not experienced many recruitment and retention problems recently because it is a school where the environment is such that people want to teach. It has an ethos of high quality teaching, high commitment, discipline and good attendance. The staff are very supportive of the school vision and their CPD is considered excellent. The resulting stability gives pupils confidence.

20. With the above preliminary findings in mind, the Board considered that:

- many East Sussex schools are facing significant recruitment and retention challenges; and
- based on both national and local sources, there is compelling evidence of a clear link between recruitment and retention challenges and educational attainment.

21. Given these initial findings, the Board focused on the relationship between recruitment and retention and educational attainment because it considered that that provided a realistic chance of developing practical recommendations to assist schools with the recruitment challenges they face. Such recommendations it was hoped, could then contribute toward the drive to sustained improvements in educational attainment at Key Stage 4.

## **Issues relating to teacher recruitment and retention**

22. There are a wide range of issues which contribute to the pressures our schools are facing when trying to both recruit and retain existing teaching staff.

### **Secondary school population increase**

23. The national secondary population rose to 2.76 million in 2016 (the first rise since 2005) as the increased births from 2002 reached secondary school age. The secondary school population is projected to continue increasing to 3.04 million by 2020 and further until 2025 when it will peak at 3.33 million (DfE 'National pupil projections – future trends in pupil numbers, July 2016). The implication of this projection is that unless class sizes increase, a significantly higher number of secondary teachers will be needed in the coming years.

### **Workload Pressure and Accountability**

24. One CHT witness observed that *'teaching is a tough profession and keeping on top of workload is difficult. These pressures will get worse and this will lead to more teachers leaving the profession'*. At the national level workload is also recognised as a key pressure. For example, the Education Select Committee cites the Education Policy Institute's (EPI) finding that many teachers find their workloads unmanageable. When asked by the EPI about the extent to which they agreed with the statement 'My workload is unmanageable, 38% of teachers agreed and 13% strongly agreed, whilst only 3% strongly disagreed' (EPI 'Teacher workload and professional development in England's secondary schools – October 2016).

25. At more senior teacher levels, the issue of accountability, and especially the implications of the Ofsted judgements and school performance was seen by many as being a significant factor in recruitment. One East Sussex Principal commented that "people don't want to take on the responsibility to be accountable".

### **East Sussex as a place to live and work**

26. There may also be issues which are peculiar to East Sussex:



- East Sussex is a coastal authority. This means the county does not have access to the same number of potential recruits living in neighbouring areas compared to a ‘landlocked’ authority.
- East Sussex has relatively high number of rural schools and recruiting to such schools can be more challenging (smaller schools can be perceived as having less career development prospects).
- It may also be more difficult to recruit to schools in the east of the county as in particular, younger recruits may be more drawn to living nearer to Brighton. One CHT witness stated that “*the nearer you are to Brighton the easier recruitment becomes*”.

27. After considering the above range of pressures, consideration was given to the types of recruitment and retention problems that are apparent.

### **Subject specific issues**

28. The evidence from national and local sources indicates that there are subjects where recruitment is more challenging. For example, the National Association of Headteachers (NAHT) survey for 2015 indicates that the subjects in which most respondents experienced recruitment difficulties were maths, science and English. Many schools also had problems with finding staff to teach languages, geography and history. In East Sussex, one Principal commented that there is a “*general shortage of maths teachers at all levels*”.

### **Retention of staff**

29. The National Audit Office reported that, between 2011 and 2014, the number of teachers leaving the profession rose by 11% overall. However, a number of different sources comment that there is not sufficient data on retention rates. For example, key data on retention rates by subject, region and route into teaching are not recorded by the Department for Education.

### **Leadership roles**

30. The Board was presented with evidence relating to the importance of leadership roles within schools and the shortages faced. For example ‘The School Leadership Challenge: 2022’ report states that schools across England are set to face a leadership challenge in the next 5-7 years. Assuming no other changes to the system, there is a risk of a shortage of up to 19,000 leaders countrywide by 2022. The data suggests that this might be most acute in secondary schools, and that the situation could worsen across the country. One CHT witness commented that “*inspiring our middle leaders is really important. We need to develop new leaders as a priority*”.

### **Further Evidence of pressures**

31. The Children’s Services Department’s ‘Teacher Recruitment and Retention Strategy in East Sussex’ report recognises the growing and increasingly serious problem of teacher and headteacher recruitment and retention nationally which is also reflected locally. (Education Performance Panel – 23 June 2016). The same NAHT survey mentioned above supports this view and includes data showing that 20% of schools were not able to recruit at all and that 33% of schools report that their struggles in this area are the result of the significant numbers of teachers leaving the profession.

32. The Council’s recognition of this subject as a critical issue is further demonstrated by the development of an ‘East Sussex Teacher Recruitment and Retention Strategy 2015-17’. This strategy has the following four key aims and objectives:

**Aim 1.** East Sussex is shown as a diverse, vibrant and ambitious place to live and work. **Objective:** Create a local and national communication strategy to promote a positive and new perception of East Sussex that meets local needs.

**Aim 2.** Children and young people have access to inspirational, highly motivated, aspirational teachers and leaders. **Objective:** All school staff are entitled to access high quality and clear CPD opportunities at all career stages from ITT through to System leadership to support their development. Ensure that succession planning and talent management is identified within schools and Education Improvement

Partnerships.

**Aim 3.** The quantity of high quality teachers and leaders available to work in East Sussex education is increased to meet local needs. **Objective:** Ensure that sufficient ITT is available in East Sussex to meet local need which is coherent, flexible and understood by prospective trainees and school leaders.

**Aim 4.** The quantity, diversity and skill set of high quality governors available to work in East Sussex education is increased to meet local needs. **Objective:** Ensure that all governors have access to high quality training and support.

33. The development of the Department's recruitment and retention strategy, and within that the further development of a modern marketing strategy was welcomed by the Board. The overall effectiveness of these important strategies was also recognised. The Board considered that there are a number of practical recommendations which might assist the Children's Services Department and local schools with the challenges they are facing. The next section sets out the Board's findings and reasoning that lead to these recommendations.

## Findings and Recommendations

### East Sussex Teacher Recruitment and Retention Strategy 2015-2017

34. The Board noted that whilst local schools and East Sussex County Council have undertaken a wide range of teacher recruitment and retention activities prior to 2015, there was no single, over-arching strategy in place before then. The development of a strategy which brings this vital issue into focus was therefore welcomed.

35. However, given the fundamental links between educational attainment and teacher recruitment and retention, it was recommended that further work is undertaken to understand the level of need within East Sussex. This is necessary as it was not clear:

- how many teachers were required;
- at what level the need was being experienced;
- what subjects were a particular issue; and
- whether there are certain schools or areas that face more challenges than others.

36. Such an evidence based approach is advocated in the recent Education Select Committee's report which recommends that the Government should collect more 'granular' data on teacher retention rates; this would include the factors driving teachers away from the profession. The Board considered that if there was a cost-effective means to collect such data, a clearer picture about the level of need would be possible. This in turn would help the creation of a targeted recruitment strategy.

37. The Board also considered that whilst the issue of retention is mentioned within in the Department's strategy document, there was insufficient detail about how the local authority and local schools would go about improving this rate. The strategy should therefore place greater emphasis on retaining staff as this would be a cost-effective means of addressing teacher shortages. Increasing retention rates would also assist with addressing the leadership shortages identified in our schools.

### Recommendation 1

- |   |
|---|
| <p>a) Additional work is undertaken to understand the scale of the recruitment challenge in East Sussex. This would help the Children's Services Department and local schools establish clear targets for teacher recruitment and in turn, enable progress to be effectively monitored; and</p> <p>b) Greater focus is given to the retention of existing teaching staff. This would include developing a clearer understanding of why teachers are leaving the profession and whether there are factors which are specific to East Sussex.</p> |
|---|

## **Succession planning and leadership**

38. The Board considered more could be done to promote the role of middle and senior leaders in schools. With this in mind, it was noted there are schools in East Sussex which appear to have effective succession planning policies in place that help inspire future leaders from amongst their own staff. Policies such as these should be more widely shared, as this could help schools create a larger pool of experienced staff to look to develop and promote from.

### **Recommendation 2**

a) Work is undertaken to identify those schools with effective succession planning policies; and  
b) having identified the range of successful policies which local schools have adopted, work is undertaken to update the current succession planning policy statement and to actively promote the new succession planning policy with governing boards and local schools. This would mean that governing boards and schools are better placed to promote suitably trained and motivated teachers to leadership roles at all levels as vacancies become available.

## **Recruitment Strategy - East Sussex as a unique place to live and work**

39. The Review Board welcomed the deployment of a modern marketing strategy which promotes East Sussex as a place to live and work. However, whilst it recognised that part of this strategy would necessarily include highlighting the 'rural beauty and stunning coastline' of East Sussex, it was agreed that further consideration be given to identifying potential benefits which are both more tangible and possibly unique to our county. This is because, for example, every rural/ semi-rural local authority will be able to promote the beauty of its countryside.

40. As a result, the Board suggested that further innovative ideas for attracting recruits to the county are explored as part of the Department's current strategy for promoting East Sussex. This could include developing further the work already being undertaken to investigate the viability of developing housing projects as a way of attracting teachers as 'key workers'.

### **Recommendation 3**

a) the Education Secretary's recent announcement of the expansion of the 'Opportunity Areas Programme' to include Hastings and the further funding it attracts be investigated as a possible resource for improving teacher recruitment and retention rates.  
b) where appropriate, the scope of the investigation into the viability of developing housing projects as a way of attracting teachers as 'key workers' is widened; this should include exploring with all local borough and district councils the potential for including teachers as key workers within plans for future affordable housing projects.

## **Broadening the scope of the recruitment strategy**

41. The Review Board considered that schools could spot young people with the potential to become teachers and encourage inspire them to think about pursuing a career in the profession.

### **Recommendation 4**

Consideration should be given to broadening the scope of the recruitment and retention strategy so as to explore other potential sources of recruitment and aligning these proposed developments within the 'Find Your Spark' recruitment campaign. This could include:  
a) activities aimed at inspiring young people within our local schools to become teachers; and  
b) finding ways of encouraging parents who might be interested in teaching as a career.

## Partnership working between schools

42. Evidence indicates there is a need to increase the teacher training capacity within the county. In response to this challenge, one Principal commented that schools should look to help themselves and that “*all schools should join together to pay for someone with experience to do teacher training*”.

43. The Board agreed that collaborative working of this kind should be positively encouraged. They noted with interest that one local secondary school is aiming to develop a teaching training model that would involve a number of local schools working in partnership to share teacher training costs.

44. The Board considered that partnership working of this kind would have the potential to create training packages that could be tailored to meet the specific needs of local schools, and at the same time, reduce costs.

### Recommendation 5

Schools should be encouraged to work together to find innovative ways to develop teacher training models which share resources and good practice, are cost-effective and produce quality teachers which meet the needs of our schools. Such partnership working should be encouraged and promoted by the Children’s Services Department through the Schools Direct and SCITT programmes.

## Broadening the geographical area of search for recruits

45. The County Council’s recruitment strategy primarily focuses on seeking recruits from within East Sussex. This local focus in recruitment is driven in part by the limited resources available to the department and schools. However, the recruitment challenge faced by East Sussex schools is such that we need to find innovative and cost-effective ways of making contact with potential recruits from both within *and* from outside the local area.

46. Developments of this kind would work in conjunction with the East Sussex Initial Teacher Training Group and School Direct.

### Recommendation 6

That work is undertaken to investigate the development of an ‘East Sussex Ambassador’ role. This role would involve ‘Ambassadors’ travelling to recruitment fairs across the country to promote East Sussex as a place to live and work. Partnership working between schools would be needed to ensure that appropriately trained senior staff and/or governors from different schools are recruited as ambassadors.

## Concluding comments

47. The Board decided to focus this scrutiny review on teacher recruitment and retention and links to achieving sustained improvements in educational attainment at Key Stage 4. It did this to produce a number of practical, attainable recommendations that it hopes will be of real assistance to young people in East Sussex.

48. Sustained improvements in educational attainment are difficult to achieve and the contributory factors that affect performance in this area are numerous and complex. The situation is further complicated by an educational landscape that is subject to wide scale change. With this in mind, it was agreed that there remains scope for specific issues being identified in future as possible scrutiny subjects.

# **Appendix: Terms of reference, membership and evidence**

## **Scope and terms of reference**

This scrutiny review was established by the Children's Services Scrutiny Committee on 27 June 2016 to consider and make recommendations on educational attainment in Key Stage 4.

## **Board Membership and project support**

### **Review Board Members:**

Nicola Boulter, Parent Governor Representative (Chair)

Councillor Claire Dowling

Councillor Kim Forward

Councillor Roy Galley

Councillor Alan Shuttleworth

The Project Manager was Stuart McKeown

## **Support to the Board**

The Review Board would like to thank for their co-operation and assistance those schools and academies listed below who were visited as part of this review. The Board would also like to thank the Consultant Head Teachers for their helpful and interesting contributions at its meeting in November 2016. The Board were also grateful for the support provided by officers listed below from within the Children's Services Department.

### **School/Academy visits were undertaken by members of the Review Board:**

Councillor Claire Dowling – Uckfield Community Technology College

Councillor Kim Forward – The Hastings Academy

Councillor Roy Galley – Beacon Academy

## **Witnesses providing evidence**

Ian Jungius, Consultant Headteacher

Lesley Young, Consultant Headteacher

### **Support was provided by the following officers:**

Fiona Wright, Assistant Director (Education & ISEND)

Elizabeth Funge, Head of Education Improvement

Julie Dougill, Senior Manager: Leadership and Governor Services

## **Review Board meeting dates**

26 September 2016

28 November 2016

24 January 2017

## Evidence papers

No.	Title of Evidence	Date
1	Excellence for All 16/17	20 09 16
2	Provisional GCSE results	20 09 16
3	Changes to performance table document	20 09 16
4	Department for Education Key Stage 4 Guidance	20 09 16
5	Department handout on Key Issues for September meeting	26 09 16
6	GCSE results table	26 09 16
7	Education Performance Panel report on Teacher Recruitment and Retention Strategy (from 23 06 16 meeting)	12 10 16
8	East Sussex Teacher Recruitment and Retention Strategy 2015-17	12 10 16
9	East Sussex Leadership Framework 2015-16	12 10 16
10	Guidance on Consultant Head teachers	12 10 16
11	Find your spark Briefing Note	25 11 16
12	Link to find to 'find your spark' pages	25 11 16
13	Links to career change and leader videos	25 11 16
14	SCITT Get Into Teaching - DFE guidance	28 11 16
15	The School Leadership Challenge - and brief over document	12 12 16
16	Key Stage 4 - 2016 Attainment and Progress	12 12 16
17	Update on the Teacher Recruitment and Retention Strategy in East Sussex	23 01 17
18	Link to comments from Sir Michael Wilshaw, Her Majesty's Chief Inspector of Education, Children's Services and Skills (until 2016)	23 01 17
19	Education Select Committee	21 02 17
20	National Audit Office 'Training New Teachers'	03 03 17

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**Report to:** Cabinet

**Date of meeting:** 6 June 2017

**By:** Director of Children's Services

**Title:** Scrutiny Review of Educational Attainment at Key Stage 4

**Purpose:** To provide Cabinet with the opportunity to comment on the report of the Scrutiny Committee Review of Educational Attainment Key Stage 4

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## **RECOMMENDATIONS**

**Cabinet is recommended to:**

- 1. Note the report of the Scrutiny Committee; and**
  - 2. Advise the County Council that, in considering the report of the Scrutiny Committee, the Council be recommended to welcome the report of the Scrutiny Committee and to agree the response of the Director of Children's Services to the recommendations and their implementation as set out in the action plan attached as Appendix 1 to this report.**
- 

## **1 Background**

1.1 The Children's Services Scrutiny Committee appointed a Review Board to conduct a review of educational attainment at Key Stage 4. Following a detailed discussion on the barriers that secondary schools face to sustain improvement in educational attainment, it was decided to focus on issues relating to the recruitment and retention of teachers and its potential impact on attainment.

1.2 The report of the Committee, focuses on the relationship between recruitment and retention and educational attainment because the Board felt that it could provide practical recommendations to assist schools with the recruitment challenges that they face (the Committee's report is attached as item 5a elsewhere on the agenda).

## **2 Supporting information**

2.1 Children's Services welcome the Scrutiny Review of educational attainment at Key Stage 4 and in particular the recognition that it gives to the significance and importance of the recruitment and retention of teaching staff.

2.2 The action plan, attached as Appendix 1, sets out the response to the recommendations made by the Scrutiny Committee and demonstrates the Council's commitment to this national and local issue.

2.3 The leadership for school improvement now sits with schools, and they are increasingly demonstrating their collective commitment to whole-system improvement. As schools work together to build a sector-led improvement system, the local authority will continue to provide support in order to discharge its responsibilities to:

- Act as champion of children, young people and their parents, in particular the most vulnerable and disadvantaged.
- Promote high standards of education and have high expectations for the outcomes of all groups of pupils.

- Safeguard and promote the welfare of children.

2.4 The role and responsibility of the Regional School Commissioner (RSC) in raising education attainment is as follows:

- taking action where academies and free schools are underperforming or where governance is inadequate
- deciding on applications from LA maintained schools to convert to academy status
- improving underperforming maintained schools by providing them with support from a strong sponsor
- encouraging and deciding on applications from sponsors to operate in a region
- taking action to improve poorly performing sponsors
- advising on proposals for new free schools
- advising on whether to cancel, defer or enter into funding agreements with free school projects
- deciding on applications to make significant changes to academies and free schools

### **3. Conclusion and reasons for recommendations**

3.1 The Scrutiny Review has provided a useful insight into the attainment at Key Stage 4 and the issues related to the retention and recruitment of teaching staff in East Sussex. The report has made six recommendations which cover the recruitment and retention of teaching staff with a greater emphasis on retaining staff. The recommendations provide the opportunity to address leadership and teacher shortages in our schools and the department's responses are set out in the action plan. This recognises the role of the Local Authority in delivering school improvement and supports the department's *Excellence for All* strategy. Cabinet is recommended to approve the response of the Director of Children's Services to the recommendations and their implementation as set out in the action plan attached as Appendix 1 to this report.

**STUART GALLIMORE**  
**Director of Children's Services**

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#### **BACKGROUND DOCUMENTS:**

Appendix 1:

Response and action plan from the Director of Children's Services

<b>CHILDREN'S SERVICES SCRUTINY REVIEW of Educational Attainment at Key Stage 4 – ACTION PLAN</b>			
SCRUTINY RECOMMENDATION		DIRECTOR'S RESPONSE AND ACTION PLAN	TIMESCALE
<b>East Sussex Teacher Recruitment and Retention Strategy 2015-2017</b>			
R1	<p>a) additional work is undertaken to understand the scale of the recruitment challenge in East Sussex. This would help the Children's Services Department and local schools establish clear targets for teacher recruitment and in turn, enable progress to be effectively monitored; and</p> <p>b) more focus is given to the retention of existing teaching staff. This would include developing a clearer understanding of why teachers are leaving the profession and whether there are factors which are specific to East Sussex.</p>	<p>The East Sussex Teacher Recruitment and Retention Strategy is currently being updated with partners and stakeholders in order to embed and develop further the strategies it has developed in relation to teacher recruitment and to place greater emphasis on the retention of staff .</p> <p>Action</p> <p>1.1 SLES to undertake a consultation with all schools to ascertain why teachers are leaving the profession in East Sussex in order to identify and local patterns</p> <p>1.2 SLES to undertake an analysis of which roles and specific subjects schools in East Sussex face a challenge in recruiting to.</p> <p>1.3 SLES to update the next phase of the East Sussex Teacher Recruitment and Retention Strategy 2017-19</p>	<p>July 17</p> <p>July 17</p> <p>July 17</p>
<b>Succession planning and leadership</b>			
R2	<p>a) work is undertaken to identify those schools with effective succession planning policies; and</p> <p>b) having identified the range of successful policies which local schools have adopted,</p>	<p>SLES acknowledges that the current succession policy needs to be updated to reflect current national and local developments regarding different models of leadership.</p> <p>Actions:</p> <p>2.1 SLES to work with the Primary External Advisors and the Secondary</p>	

	work is undertaken to update the current succession planning policy statement and to actively promote the new succession planning policy with governing boards and local schools. This would mean that governing boards and schools are better placed to promote suitably trained and motivated teachers to leadership roles at all levels as vacancies become available.	<p>Headteacher Consultants to identify those schools with clear and effective succession planning policies</p> <p>2.2 SLES to work with schools and Governors to update the current succession planning policy</p> <p>2.3 SLES to work with colleagues to provide training opportunities for governors on the importance of succession planning and link this into the performance management cycle</p>	<p>July 17</p> <p>Sept 17</p> <p>Dec16</p>
<b>Recruitment Strategy - East Sussex as a unique place to live and work.</b>			
R3	<p>a) the Education Secretary's recent announcement of the expansion of the 'Opportunity Areas Programme' to include Hastings and the further funding it attracts be investigated as a possible resource for improving teacher recruitment and retention rates.</p> <p>b) where appropriate, the scope of the investigation into the viability of developing housing projects as a way of attracting teachers as 'key workers' is widened; this should include exploring with all local borough and district councils the potential for including teachers as key workers within plans for future affordable housing projects</p>	<p>SLES have worked with the East Sussex Communications team to develop a modern marketing strategy which promotes East Sussex as a place to live and work. The website and portal are now in place and an additional social media campaign has been implemented which has targeted teaching staff into senior leadership roles within East Sussex.</p> <p>Actions</p> <p>3.1 SLES to work with the Hastings Educational Improvement Partnership and Robsack Wood Teaching School to investigate whether funding from the Hastings Opportunity Areas Programme can be accessed to support teacher recruitment and leadership development programmes.</p> <p>3.2 SLES to work with colleagues from the Communications team to make more explicit and promote on the website the range of housing support that can be offered to teachers as key workers.</p> <p>3.3 SLES to work with colleagues within Economic Development to establish an approach towards working with district and borough councils on key worker housing.</p>	<p>Dec 17</p> <p>Dec 17</p> <p>July 18</p>

<b>Broadening the scope of the recruitment strategy</b>		
<p>R4</p> <p>Consideration should be given to broadening the scope of the recruitment and retention strategy so as to explore other potential sources of recruitment and aligning these proposed developments within the 'Find Your Spark' recruitment campaign. This could include:</p> <p>a) activities aimed at inspiring young people within our local schools to become teachers; and</p> <p>b) finding ways of encouraging parents who might be interested in teaching as a career.</p>	<p>Within the Find Your Spark media campaign a flyer was produced which went into all primary schools to promote and encourage parents who may be considering a career change to consider teaching, this can easily be extended to secondary schools.</p> <p>Actions</p> <p>4.1 SLES to produce a secondary school flyer which targets parents who may consider a change of career into teaching.</p> <p>4.2 Work with the Post-16 Educational Improvement Partnership to establish and implement a programme with sixth formers which includes opportunities to visit schools on work placements and targets teaching as a positive and exciting career.</p>	<p>November 17</p> <p>July 18</p>
<b>Partnership working between schools</b>		
<p>R5</p> <p>Schools should be encouraged to work together to find innovative ways to develop teacher training models which share resources and good practice, are cost-effective and produce quality teachers which meet the needs of our schools. Such partnership working should be encouraged and promoted by the Children's Services Department through the Schools Direct and SCITT programmes</p>	<p>Currently secondary schools are members of the East Sussex Initial Teacher Training (ITT) network which includes all local Higher Education Institutions, School Direct providers, SCITT and the five teaching schools from across East Sussex who all offer teacher training programmes. They meet regularly and work together to promote all teacher training opportunities within East Sussex. In April 2017 four secondary schools will hear if their teaching school applications have been approved. If so, this will provide excellent opportunities to develop even further the range of local training opportunities and provide the lever for schools to work in partnership to develop their own secondary school SCITT.</p> <p>Actions</p> <p>5.1 SLES to support School Direct partner secondary schools and the Teaching Schools to explore how they can work together to develop new</p>	<p>July 18</p>

	models of teacher training delivery.	
<b>Broadening the geographical area of search for recruits</b>		
R6 Work is undertaken to investigate developing an 'East Sussex Ambassador' role. This role would involve the Ambassador travelling to recruitment fairs across the country to promote East Sussex as a place to live and work. The role would require partnership working between schools, as the Ambassador role could be performed by appropriately trained senior staff and/or governors from different schools	<p>Currently through the East Sussex ITT network all providers have developed a joint approach to attending and offering Teach to train events and attendance at local University events, all of which are advertised through the East Sussex website <a href="http://www.eastsussex.gov.uk/teach">www.eastsussex.gov.uk/teach</a> and on websites of those offering Schools Direct. This group focuses on attending local events due to time and financial constraints on the staff involved. The Council has previously had mixed success with adopting Ambassador roles and would not propose to adopt it this time but consider it as part of the wider piece of work being undertaken to promote the Council.</p> <p>Actions</p> <p>6.1 Schools continue to work in partnership to promote opportunities to teach in East Sussex</p>	Dec 17

<b>Report to:</b>	<b>Cabinet</b>
<b>Date of meeting:</b>	<b>6 June 2017</b>
<b>By:</b>	<b>Assistant Chief Executive</b>
<b>Title:</b>	<b>Scrutiny Review of Superfast Broadband</b>
<b>Purpose:</b>	<b>To provide an opportunity for the Cabinet to consider the report of the Economy, Transport and Environment Scrutiny Committee.</b>

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## **RECOMMENDATION:**

**To consider any comments the Cabinet wishes to make to the County Council on the report of the Economy, Transport and Environment Scrutiny Committee.**

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## **1 Background**

1.1 East Sussex County Council (ESCC) is investing £15 million, together with funding from Broadband Delivery UK and British Telecom (BT), to increase access to superfast broadband in the County. A Broadband Project was set up by ESCC to deliver infrastructure improvements in areas where commercial internet service providers were not intending to offer access to superfast broadband as part of their commercial rollout plans.

1.2 To date, two contracts have been awarded by the Broadband Project to BT Group to provide the physical telephone network infrastructure necessary to enable access to superfast broadband, particularly in the more rural parts of the County.

1.3 The Economy, Transport and Environment (ETE) Scrutiny Committee at its meeting on 16 March 2016 agreed to establish the scrutiny review of superfast broadband following concerns raised by ESCC Councillors about the delivery of the Broadband Project. These concerns reflected a number of issues raised with them by residents and businesses, namely:

- Broadband speeds have not improved for some residents and small businesses, despite being connected to fibre enabled services;
- Broadband speeds are slow at peaks times of demand;
- Coverage has not reached all residents and premises and some have been left with slow or no broadband;
- In a number of cases, the provision of information concerning the timing and availability of superfast broadband to particular premises was not available.

1.4 The review examined a number of lines of enquiry to explore the issues raised by Councillors and residents. The lines of enquiry reflected in the report are:

- What has been delivered so far under Contract 1 with BT;
- Whether the roll out of Contract 2 will address residents' concerns about broadband speeds;
- Future provision, including and whether there any other measures that can be taken to improve broadband coverage and speeds;
- Residents' expectations and communication about the Broadband Project.

## **2 Supporting information**

2.1 The Economy, Transport and Environment Scrutiny Committee has completed its scrutiny review of superfast broadband in East Sussex. The review took evidence from Officers, BT,

ESCC Councillors, and representatives from community organisations and businesses about the delivery of the Project.

2.2 The Committee's report will be submitted to the County Council on 11 July 2017 and a copy is attached in appendix 1. Cabinet has the opportunity to comment to the County Council on the recommendations in the Scrutiny Committee's report, although it cannot alter the report. Elsewhere on the agenda (Item 6b) there is a separate report by the Director of Communities, Economy and Transport on the Scrutiny Committee's report and the department's response to the recommendations.

### **3. Conclusion and reasons for recommendations**

3.1 Cabinet is invited to consider any comments it wishes to make to the County Council on the report of the Economy, Transport and Environment Scrutiny Committee.

PHILLIP BAKER  
Assistant Chief Executive

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Local Members - All

Background Documents: None



# Scrutiny review of Superfast Broadband in East Sussex

## Report by the Review Board

of the Economy, Transport and Environment Scrutiny Committee

Councillor Richard Stogdon (Chair)

Councillor Claire Dowling

Councillor Michael Pursglove

Councillor Pat Rodohan

Councillor Barry Taylor

## March 2017

**Economy, Transport and Environment Scrutiny Committee – 15 March 2017**

**Cabinet – 6 June 2017**

**Full Council – 11 July 2017**



# Report of the scrutiny review of Superfast Broadband in East Sussex

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# Introduction by the Chair of the Review Board

## Councillor Richard Stogdon

On 6 March 2012 the Cabinet of East Sussex County Council resolved to spend from its capital budget the sum of £15m in conjunction with Broadband Delivery UK (BDUK) and suppliers to roll out superfast broadband throughout East Sussex.

While the decision of the Cabinet received a broad welcome in the debates at both Cabinet and Full Council, some of the potential difficulties in providing superfast broadband to some of the more remote areas of East Sussex were then noted. At meetings of the Cabinet subsequent to that at which the initial decision was made, the Director of Economy, Transport and Environment referred Members to alternative solutions, which might be required, where roll out of the project was to prove more difficult.

Welcome though the County Council's decision was and indeed remains, by the summer of 2016, a number of issues requiring review had come to the notice of the Economy, Transport and Environment (ET&E) Scrutiny Committee. At its quarterly meeting in March 2016, the Committee received representations from County Councillors for some of the County's rural divisions. The issues requiring review were:

- a) Broadband speeds have not improved for some residents and small businesses, despite being connected to fibre enabled services;
- b) Broadband speeds are slow at peaks times of demand;
- c) Coverage has not reached all residents and premises and some have been left with slow or no broadband;
- d) In a number of cases, the provision of information concerning the timing and availability of superfast broadband to particular premises was not available.

Thereafter, the Committee set up a Scrutiny Review Board to investigate the concerns expressed. The Board has met on six occasions since July 2016 and has taken evidence from a number of County Councillors and other witnesses.

The Board's focus has been to gain a proper understanding of the engineering and technical issues encountered as part of the implementation of the first contract (Contract 1) with BT. It was found that the information contained in Appendix 2 of this report was particularly helpful in assisting the Board's understanding.

As the Scrutiny Review progressed, the extent to which the scope of the Broadband Project had been misunderstood became evident. Both officers and witnesses alike referred to the difficulty in successfully communicating complex technical information to a wide audience, particularly in the context of some of the "hype" surrounding the announcement of the original decision to implement the project.

The Board heard that for some, at least, the expectation was that all premises in the County would be provided with superfast broadband by the time Contract 1 was completed. There were a number of other misconceived expectations referred to in the Report, highlighting the considerable difficulty in communicating complex technical information, without a great deal of officer time and sophisticated resource.

Some County Councillors and other witnesses strongly represented the absolute requirement for fairness and equity concerning the way in which the Broadband project has been implemented. The Board found that criticism relating to the equity principle was and is largely connected with timing. The Board concluded:

- (1) From the outset, the County Council's intention was to provide a greatly improved broadband service to as many premises in the County as possible within the technical, engineering and financial constraints applicable;
- (2) While at the completion of Contract 1, full roll out was not achieved, the intention referred to at (1) above remains the firm ambition of the Council; and

(3) There remains every possibility that full roll out shall be achieved, if not at the conclusion of Contract 2, then, in all probability, at the conclusion of Contract 3, if there is sufficient funding.

It is, of course, desirable that every resident and business in the County should receive the same benefit at the same time under the roll out of the Broadband Project. However, in the context of widely differing conditions obtaining in different areas and divisions of the County, the achievement of parity/equity/fairness is necessarily elusive. For that reason the Board rejected the criticism that the roll out has been “unfair and inequitable”. The Board’s thinking is that at the completion of Contract 3, concerns relating to equity may well have been significantly dissipated.

Considerable criticism was levelled at the County Council concerning the quality of the information contained on the County Council’s website and information provided generally as to “availability” of improved broadband connection by reference to postcodes. It was also suggested that insufficient emphasis had been given to the publication of certain consultations and information relating thereto on the County Council’s website. Behind that criticism lay the suggestion that officers had failed to communicate as fully as certain critics would have wished in regard to a wide range of detailed questions.

Against the background of the hugely complimentary evidence provided by other witnesses from both rural and urban divisions of the County regarding the very helpful levels of service and communication provided by the County Council’s Officer Team, the Board found the criticism referred to in the preceding paragraph very difficult to reconcile.

The Board heard praise for the professionalism of County Council’s officer team from independent witnesses and other sources. Further, the Board found that the roll out of the Broadband project in East Sussex is one of the most successful in Britain. Due to that success it has been possible for the County Council to benefit from “Gainshare” (see paragraph 15) arising from Contract 1, to implement Contract 3. These are achievements not contemplated when the original County Council decision was made.

The advice provided to the Board both by County Council officers and BDUK indicates that at the conclusion of Contract 3, there is every possibility that the County Council’s original ambition may well have been achieved.

However that may be, the Board could not fail to be positively impressed:

- (a) by the dedication and professionalism of the very small team of East Sussex County Council officers charged with rolling out the East Sussex Broadband project and
- (b) by the very positive and enthusiastic feedback provided by a number of key witnesses in relation to the success of the project to date. Most particularly, the attention of Members is drawn to the evidence kindly provided to the Board by Sound Architect/ ENGage of Hadlow Down. This was a remarkable contribution, which has relevance for every part of East Sussex.

It is clear from the “Gainshare” achievements under the Contracts that the County Council has enjoyed significant value for money bonuses. The Board considered that it is too early to assess the overall “value for money” impact of the Broadband Project, which remains, as yet, incomplete. Indeed the Board believes it may be some years before the overall value can be properly appraised.

The Review Board is particularly grateful to the Officers of the County Council’s Communities Economy & Transport Department, County Councillors and the County Council’s Scrutiny team in assisting with the Board’s Review.

**Councillor Richard Stogdon**  
**Chair**

<b>Recommendations</b>		<b>Page</b>
1	Further steps are taken to: a. Communicate when faster speeds are available as the project rollout continues; b. Provide additional advice to residents and businesses about checking speeds, selecting an Internet Service Provider (ISP) and information on other factors that affect broadband speeds; and c. Make it easier for residents and businesses to check for themselves the broadband coverage and the speed they can receive.	11
2	Details of coverage, including maps, are published at the end of Contract 2 and further information is provided to explain how and why finite funding levels may prevent the project from enabling superfast broadband access for some harder to reach premises.	14
3	Information is provided at the earliest opportunity outlining those premises that may not be 'connected' to superfast broadband and that the survey results are made available to communities and smaller suppliers to encourage the development of alternative delivery methods.	16
4	Once the total cost of providing superfast broadband to the remaining premises is known (or can be estimated), the Broadband Team clarifies how those premises receiving the slowest speeds will be prioritised in the context of the remaining available budget.	16
5	When, and if necessary, a 'community match' type funding programme is established for communities to bid into to pay for community based broadband schemes, in order to provide access for some of the hardest to reach premises not covered by the project, and a 'toolkit' is developed for communities who wish to implement their own broadband schemes.	16
6	Councillors, business organisations, and Parish Councils are encouraged to contact the Broadband Team with details of any Business Parks that do not have access to superfast broadband, so they can be included in the project rollout.	16
7	Lessons are learnt about the management of expectations when embarking upon complex projects of this nature, and to avoid "hype" at the outset, so that there is a careful distinction between aspirations or vision statements and the actual projected outcomes.	19
8	A phased communication plan is developed to address the expectations of residents and businesses in the County regarding the Broadband Project and recommendations 1, 2 and 3 of the review. The plan should include enhancement of information available, including: a. A revision of the web site design and information so that project rollout information, frequently asked questions, and other project information is provided more clearly on the Go East Sussex, e-Sussex and ESCC web sites; b. An information pack (including information sources to check speeds, ISP service offers and availability etc.) produced to assist ESCC Councillors, Parish Councils and Community Leaders when dealing with broadband issues in their Division or area; and c. A fact sheet created to address misconceptions about the Broadband Project and some of the frequently asked questions.	19

## 1. Overview

1. Before considering the effectiveness of the Broadband Project, it is necessary to understand that:
  - the Project is now embarking on a third phase of delivery where originally only one stage was envisaged; and
  - the aspirations of the programme in terms of both speed and coverage have been updated over this period.
2. In 2009 the UK Government announced an intention coupled with funding to move the UK to a better place for broadband services when compared to European neighbours. County Councils up and down the country made enthusiastic commitments to support this aspiration and were encouraged to produce Broadband Development Plans. Many of these aspired to 100% availability of superfast services. East Sussex shared that aspiration. A delivery unit was established within the Department of Media and Sport (BDUK) to establish how this might best be achieved and to manage the allocation of funding. It quickly became apparent that, while significant funding was being promised (circa £1.2billion), this would fall short of the funding required to deliver a superfast service to all premises in the UK. Estimates at the time suggested £20billion would be needed for full coverage, using best available technologies.
3. Against this background, a UK-wide target of 90% superfast coverage by 2015 was set and East Sussex County Council embraced that target. The project was set the task of delivering 90% superfast coverage as opposed to previous statements referring to 100% coverage. Moreover, the project was funded to deliver this 90% outcome and not 100%. The impact of this confusion in terms of percentages is fundamental in understanding some of the complaints about equity and fairness and the difficulty in correcting misconceptions regarding what would be achieved by Contract 1.
4. It is recommended that lessons are learnt about management of expectations when embarking upon significant projects of this nature. Specific issues have been:
  - Understandable concern with residents and businesses seeking to identify if they are within or outside the 90% coverage areas;
  - An inequality in provision;
5. A flexible approach has been needed to ensure best value. It requires permitting the supplier flexibility to substitute cheaper premises where unexpected engineering problems emerge in the delivery stage. The aim of this approach is to build the superfast broadband infrastructure at minimum cost. The downside is the difficulty in telling people if and when they are included in delivery plans, until after the installation work has completed.
6. However, this flexible approach has enabled superfast broadband services to a greater number of unserved premises for the least amount of public funding. This ensures that the limited funding goes further, allowing the Broadband Project to connect a maximum number of premises by following an engineering based approach. This has demonstrably worked. Contract 1 with BT (the first phase of the project) was completed on time, and exceeded the coverage targets.

7. There is a trade-off between maximising coverage and the provision of robust, publically available information. While the Board noted the concerns expressed about this approach in the course of the Scrutiny Review, it considered that the Officer Team acted reasonably in its application.
8. Inequality of service availability is a direct consequence of funding (and affordable technical solutions) to reach 90% superfast coverage before the end of 2015. Fortunately, during Contract 1, Government identified additional funding. This enabled the outcome target for the UK to be revised to 95% coverage by the end 2017. For East Sussex, under Contract 2, this has meant that an additional 7,000 premises will have access to superfast broadband.
9. Besides exceeding coverage targets and being completed on time, Contract 1 is exceeding the expected take up levels. This has resulted in around 40% of connected premises choosing to make use of the newly available superfast services. Additional revenue has thereby been generated for the supplier and a proportion returned to the County Council as State Aid clawback and Gainshare.
10. The clawback and Gainshare funding is now being invested in a third phase of delivery through Contract 3. Through changes in engineering methods and technology, as close to 100% superfast coverage is being sought. It is not yet clear how close this funding will get to 100% coverage. However, the Board noted that the magnitude of the challenge has been considerably reduced by the open access infrastructure that Contracts 1 and 2 have built in most parts of County. This reflects the underlying strategy of the programme to build fibre infrastructure across the County whenever and wherever possible, rather than relying on alternative technologies.

## 2. Background

11. The UK Government published the Digital Britain Report in June 2009, which set the national policy framework for improving the digital economy. It envisaged that a third of the country, predominately in rural areas, would not have access to superfast broadband (24Mbps or above), if left to market forces alone.
12. The Department for Culture, Media and Sport (DCMS) is responsible for the Government's broadband policies. Broadband Delivery UK (BDUK), which is a unit within the Department, runs several programmes to provide superfast broadband and better mobile connectivity in the UK. The Superfast Broadband Programme (formerly the Rural Broadband Programme), is designed to provide superfast broadband across the UK in 3 phases:
  - Phase 1 - to extend superfast broadband coverage to 90% of UK premises by December 2016.
  - Phase 2 - to extend superfast broadband coverage to 95% of UK premises by December 2017.
  - Phase 3 - to test options for rolling out superfast broadband past 95% coverage, with pilot projects completed by March 2016 (no date was set for providing access to the remaining premises).
13. East Sussex County Council (ESCC) took up the offer of BDUK funding and developed a combined project with Brighton & Hove City Council. A Local Broadband Plan was agreed by ESCC's Cabinet on 6 March 2012, which included the aspiration of providing superfast broadband to everyone (100% of homes and small business) in East Sussex.
14. An Open Market Review (OMR) was undertaken in October 2012 to determine the Intervention Area, in which the Broadband Project would operate. It needs to be carefully noted that the Intervention Area covers the predominantly rural parts of East Sussex, where commercial providers such as British Telecom (BT), Virgin Media etc. were not planning to provide services.
15. ESCC used a national framework contract, developed by BDUK, to undertake the work. The contract requires the supplier to provide a network infrastructure that is open access and capable of being used by a number of Internet Service Providers (ISP's). The contracts also contain a "Gainshare" mechanism whereby, if the supplier makes additional income above expected levels, funding is returned by the supplier and retained in the contract for further investment.
16. The ESCC Broadband Project is one of 44 across the UK. Three quarters of the projects (75%) used the BDUK framework, whilst 25% of contracts were procured independently, but all first round contracts were signed with BT Group. ESCC has entered into two contracts with BT Group to provide superfast broadband infrastructure:
  - Contract 1 (signed in May 2013) to deliver a 3 year programme of infrastructure improvements funded by ESCC £15m, BDUK £10.64m and BT £4.4m.
  - Contract 2 (signed in June 2015) to deliver an infrastructure programme to provide superfast broadband coverage to a further 5,000 premises (recently increased to 7,000). The work related to this contract is taking place during 2016 and 2017, and is funded by ESCC £3m (re-invested from the first contract) BDUK £3m and BT £265,000.



17. At the time of the Cabinet report in March 2012, funding from BDUK had not been announced. It was, therefore, impossible to predict whether or not there would be sufficient funding to provide superfast broadband to 100% of premises in East Sussex.
18. When Contract 1 was signed, there were no plans for further contracts (Contract 2 and Contract 3) and coverage was only intended to reach 90% of premises in East Sussex in Phase 1 of the BDUK Superfast Broadband Programme. Given that 100% coverage was merely an aspiration, it is unsurprising that public expectation had interpreted some of the “hype” surrounding initial announcements, as committed goals.
19. Councillors and residents expressed concerns centred around broadband speeds and coverage achieved under Contract 1 delivered by BT Openreach, namely:
  - Broadband speeds have not improved for some residents and small businesses, despite being connected to fibre enabled services;
  - Broadband speeds are slow at peak times of demand;
  - Coverage has not reached all residents and premises and some have been left with slow or no broadband;
  - In a number of cases, provision of information concerning the timing and availability of superfast broadband has been poor and precise information about when or whether superfast broadband will be provided to particular premises is not available.
20. The Review Board developed a number of lines of enquiry to explore the issues raised by Councillors and residents. The lines of enquiry reflected in this report are:
  - What has been delivered so far under Contract 1 with BT;
  - Whether the roll out of Contract 2 will address residents’ concerns about broadband speeds;
  - Future provision, including and whether there any other measures that can be taken to improve broadband coverage and speeds;
  - Residents’ expectations of the project; and
  - Communication about the project.
21. In undertaking the review, the Review Board examined the delivery of the first contract (Contract 1) with BT Group to establish if the outcomes specified in the contract had been achieved. The Board took evidence from officers, BT, and an independent technical advisor on the performance of the contracts. The Board also spoke to ESCC Councillors, representatives from community organisations and businesses about the delivery of the project.

### 3. Broadband Speeds

22. The Broadband Project is an infrastructure project, investing in the telephone network, to enable residents and businesses to have access to superfast broadband. The definition of '**connected**' means that users have the facility to get faster broadband speeds, when they are physically connected to the fibre enabled telephone network infrastructure. However, it needs to be clearly understood that users have to subscribe to the right package from an Internet Service Provider (ISP) to get faster broadband speeds. Users may also need to subscribe to a different broadband package, if they regularly need to send large data files over the internet (e.g. files containing technical drawings, film, music and other multimedia content).
23. The Board heard that network infrastructure built in Contract 1 has been designed with sufficient capacity for peak times of demand (committed data rate). It is often the capacity of the ISP's equipment and network, which is the cause of slower speeds at peak times of demand. Some ISP's also actively restrict speeds in order to manage data traffic on their network. Users' computer networking equipment can also be responsible for slower speeds (e.g. router, WiFi etc.). These are factors outside of the control of the project.
24. The actual broadband speed users experience depends on:
  - the type of cabling used to connect them to the telephone network and the distance away from the cabinet if connected using fibre to the cabinet (FTTC);
  - the broadband package the user subscribes to and the capacity of their ISP's network;
  - the nature of the equipment they are using to connect to the internet e.g. router, WiFi, internal wiring, the age of equipment and the currency of the web browser used etc.

It is worth noting that the Broadband Project has control over the first of these issues, but all have an impact on user perceptions.

25. The use of fibre to the cabinet (FTTC) as a method of providing superfast broadband means a fibre optic cable is used to connect the telephone exchange to the cabinet in the street. The existing telephone wires are used to make the final part of the connection between the cabinet and the users' premises. The length of telephone cabling varies, and sometimes the most direct route has not been used. The telephone cable may have joints and other junction boxes in it. These factors affect the eventual broadband speed and reliability that can be achieved due to the natural degradation of signal strength.

#### Findings

26. The FTTC method of delivery, proposed by BT, is used because it offers a way of 'connecting' as many premises as possible for the funding available. FTTC typically delivers a speed uplift to superfast (over 24Mbps) for at least 80% of 'connected' premises. A further 10% will see a significant speed increase but not to superfast. The remaining 10% will see a negligible increase. It is unusual for any premises to see a speed reduction. Higher up-lift figures are typically seen in areas where there is a higher density of premises.
27. The length and quality of the existing telephone line varies between the FTTC fibre enabled cabinets and premises. This can reduce speeds because broadband speeds become slower with increased length of telephone cabling. Consequently, some premises have not benefited from faster speeds, although they are '*connected*' to fibre enabled cabinets, leading to confusion among residents as to whether the project roll out has been successful.

28. The Broadband Team confirmed that only those able to access superfast speeds count towards contractual outcomes. The Team is tackling the effect of long lengths of telephone cabling, and providing solutions for those affected. The implementation of the Contract 2 includes installing additional cabinets and re-arranging the telephone lines to shorten the length of telephone cabling. Fibre cabling to the premises (FTTP) is also being used to connect some of the more remote, harder to reach properties. The planning and procurement of Contract 3 further addresses these issues.
29. Although contract outcomes are measured by the number of properties that can achieve superfast broadband speeds (24 Mbps), many others have benefitted from an increase in broadband speeds below this level.
30. The evidence provided to the Board suggests some residents and even businesses are not aware of improved broadband access in their areas. Internet Service Providers (ISP's) have not so far consistently informed potential customers when faster broadband speeds become available. The Broadband Team do not have the resources to notify premises directly when faster speeds are available. Therefore, consideration should be given to finding a way to notify residents when broadband improvements have been completed in their area. Residents and businesses would also benefit from being able to check more easily for themselves, the broadband coverage and the speed they can receive.
31. In the past, when the Broadband Team has provided information about service availability, they have received negative feedback from those people who cannot yet access faster broadband. Account has to be taken of popular misconceptions when plans are devised to improve levels of communication in connection with the Broadband Project. Future communication should include a fact sheet to address misconceptions and tailor information so that it addresses the needs of those who do not have superfast broadband, as well as those who have.
32. Users need to choose their Internet Service Provider (ISP) carefully and subscribe to the right package in order to achieve the speeds and performance that they require. Actual broadband speeds (as opposed to advertised speeds) and performance at peak times of demand can vary between different providers and the broadband packages they offer. The choice of router, use of WiFi in the home or office, and other factors outside of ESCC's control also contribute to the eventual broadband speed.

## Recommendations

**The Board recommends that:**

**1. Further steps are taken to:**

- a. Communicate when faster speeds are available as the project rollout continues;**
- b. Provide additional advice to residents and businesses about checking speeds, selecting an ISP and information on other factors that affect broadband speeds; and**
- c. Make it easier for residents and businesses to check for themselves the broadband coverage and the speed they can receive.**

## 4. Broadband Coverage

### Contract 1

33. Contract 1 focussed on the provision of superfast broadband to as many premises as possible using BT's delivery method of fibre to the cabinet (FTTC). The Review Board established this approach to be the most cost effective way of improving broadband speeds to the greatest number of premises across East Sussex.
34. At the end of Contract 1 (July 2016), 70,443 premises in the Intervention Area (defined in paragraph 14 above) had been physically '*connected*' to the fibre enabled telephone network infrastructure by the project, of which 57,755 (82%) had access to superfast speeds. This was 6% more connections than had been planned for in Contract 1, which equates to an additional 3,550 premises. This raises the overall superfast broadband coverage in the County to 90% (made up of existing coverage including ESCC Broadband Project delivery, and planned commercial rollout).
35. Contract 1 provided around £20m of public funding to provide additional superfast coverage, over and above the suppliers' commercial plans. This is an average of around £350 per additional superfast premises served. Exceeding this figure as an average in Contract 1 would mean that the target number of premises would not have been reached.
36. Some premises are inherently difficult to reach on a cost effective basis. For that reason, a 'premises cap', set for the UK at £1,700, is applied. While that is not an allocation per premises, it is a maximum figure beyond which alternative approaches need to be investigated. Therefore, the project manages expensive premises to '*connect*' using a 'premises cap' concept. Residents and businesses need to understand the implications of this, which are that for every premises costing £1,700 to '*connect*', a further 9 premises needed to be '*connected*' at less than £200 to remain within the contract targets.
37. The take up of fibre based services in the Intervention Area has been 40% (as at March 2017) compared with the national average of 30.2% for similar broadband projects. The take up is in excess of the 20% forecast in the business case. The Board heard evidence that the ESCC contract is arguably the second best performing contract of this type nationally in terms of superfast coverage outcomes and represents good value for money.
38. If the Broadband Project had not been implemented, 50% of premises in East Sussex would have been left without access to superfast broadband services.

### Contract 2

39. Contract 2 aims to enable a further 7,000 premises to access superfast services by re-routing telephone cabling and installing more fibre enabled cabinets to reduce the length of telephone cabling connecting premises to the cabinet. It will also use more fibre to the premises (FTTP) as an alternative way to connect properties to the network. This is now commercially more attractive because:
  - It is cheaper to install because of an agreement with power companies that allows the shared use of power supply poles;
  - There now exists a widespread fibre network that was not available before;
  - Higher confidence in levels of end-user service take-up of superfast services.

## Project delivery information

40. The Board heard evidence that Ofcom require BT Openreach to inform all Internet Service Providers (ISP's) at the same time when new services are available. Currently, rollout information is updated at the end of every quarter at postcode level to comply with this requirement. The Board heard that some residents believe the rollout information on the e-Sussex web site is insufficiently detailed concerning when and where superfast broadband will be available.
41. A number of technical and operational difficulties faced on the ground result in either delays, or a need to substitute for easier (cheaper) premises, meaning that it is difficult to be precise about when faster broadband services will be available e.g.
  - The provision of new power supplies needed for the fibre enabled cabinets;
  - Difficulties in obtaining the necessary wayleaves from landowners for new cable routes;
  - Objections to the siting of some of the new cabinets;
  - The condition of existing ducts and cables being unsuitable for use;
  - Inability to share the use of power supply poles to install new fibre cables in Contract 1, thereby making the installation of fibre to the premises unfeasible for widespread use.

The Broadband Project Team have been instrumental in overcoming these operational and technical difficulties.

## Findings

42. The delivery of Contract 1 has achieved and exceeded its objectives (see para 34) and has enabled access to superfast broadband speeds for as many premises as possible, within the funding available. Had the County Council used the fibre to the premises (FTTP) delivery method instead of fibre to the cabinet (FTTC), far fewer premises would have obtained access to superfast broadband speeds. In that context, the Review Board takes the view that the correct policy was pursued in setting the objectives in Contract 1.
43. The Review Board found that the broadband coverage delivered by the project in Contract 1 met and exceeded the target for the number of premises enabled to receive superfast broadband. Despite this achievement, there were a number of areas in the county at the end of Contract 1 that did not have access to superfast broadband. At the mid-point of Contract 2 (March 2017) the percentage of premises that had been enabled to access superfast broadband were: Lewes District 92%; Rother District 82%; Wealden District 89%; Eastbourne 98%; Hastings and Rye 94%. However, those who do not have superfast access wish to know when superfast broadband shall become available.
44. The Board heard that the Broadband Project had had a positive impact on businesses in East Sussex, increasing productivity, enabling expansion into new areas and improving employment. In general, businesses stated that they found superfast broadband coverage was good across the County (information about the projects such as the Swift Project operated by Sound Architect/Engage can be found in appendix 3).
45. Good contract management by the Broadband Team has ensured that value for money and coverage targets have been achieved. However, it has not been possible to provide superfast broadband to some of the hardest to reach premises.

46. Evidence from the project rollout tables for Contract 2 indicates that additional premises are able to access superfast broadband speeds. However, due to the technical and operational issues involved in the project, ESCC will not know exactly how many premises will be left without access to superfast speeds until the end of Contract 2 in December 2017, or until a survey is completed as part of Contract 3.
47. It is unlikely Contract 2 will resolve all of the concerns raised by residents and Councillors after the completion of Contract 1. The plans for Contract 3 are encouraging, although there is no certainty at this stage of the project that it will be possible provide superfast broadband access to all remaining premises.

## Recommendations

The Board recommends that:

**2. Details of coverage, including maps, are published at the end of Contract 2 and further information is provided to explain how and why finite funding levels may prevent the project from enabling superfast broadband access for some harder to reach premises.**

## 5. Coverage for remaining premises

### *Contract 3*

48. The Board heard that, as part of Contract 3, it should be feasible to examine what may help solve the challenges that exist for the remaining (hard to reach) properties, as there are now fewer of them. It is proposed to include the requirement in Contract 3 to carry out a survey to identify:
- precisely where the estimated 20,000 remaining properties are located;
  - the nearest network connection point and;
  - an estimate of how much it would cost to provide superfast broadband access to each of the remaining properties.

The provision of this information will enable communication with residents and businesses in relation to the cost and delivery of feasible superfast broadband services.

49. The Board also heard that Contract 3 will prioritise those that are experiencing speeds less than 15 Mbps and the service provision to any remaining business parks. The right environment for alternative technologies and smaller suppliers shall be available under Contract 3, although the overall outcomes will still be impacted by a finite level of available funding and the most expensive premises may still need to rely on alternative solutions or funding.
50. Identification and location of business parks can be difficult. After considerable effort, the project team has identified only two remaining business parks that are not yet able to order superfast services and these are now planned to be addressed. Given the importance of business connectivity to the local economy, it is recommended that a direct line of communication is established between ESCC Councillors, Parish Councils (or community leaders) and the project team to notify of any business parks that do not yet have connectivity. These will then be prioritised (subject to overall value for money checks) within either the current or subsequent delivery contracts.

51. It may also be possible to develop community based solutions to provide access to superfast broadband for the remaining hard to reach premises. However, the current Broadband Team does not have sufficient staff resources to work on and implement individual community based schemes, which are not part of Contract 3.

## **Alternative technologies and delivery methods**

52. The Board explored a number of alternative technologies and methods to provide access to superfast broadband speeds.

### Wireless to the Cabinet

53. BT can deploy this solution, but do not use this technology as part of the current contracts with ESCC, due to the cost of using point to point wireless as part of their delivery method. The Board heard that this could be used in the short term if it is the only option to 'connect' a property.

### Satellite

54. There is a government funded voucher scheme offering up to £350 to offset the installation cost of satellite broadband, and other solutions such as wireless, for those premises that cannot receive a basic (2Mbps) broadband service. The Board heard that there have been some technical advances in superfast broadband satellite schemes, which may overcome some of the limitations of satellite and offer a short-term solution for those experiencing slow broadband speeds.

### Universal Service Obligation (USO)

55. Government is consulting on the introduction of a Universal Service Obligation (USO) that would require providers to provide a minimum broadband speed of 10Mbps. However, this may be subject to an affordability cap above which subscribers would have to contribute towards the cost of providing the service. This is unlikely to be introduced until 2020 at the earliest, but could provide a way of providing broadband access to premises not covered by the Broadband Project.

### Community based solutions

56. There is evidence that residents in areas where there is no superfast broadband provision, are beginning to club together to find alternative solutions to meet their broadband needs. In some cases, approaches are being made to BT's Community Fibre Partnership and options are being explored to pool funding allocated under the subsidised voucher scheme. There are also other providers offering community based solutions.

## **Findings**

57. The requirement to undertake a survey of the remaining properties without superfast broadband, as part of Contract 3, will enable ESCC to target funding effectively. It will also enable ESCC to be clear about which properties will not have access to superfast broadband at the end of the project. This will enable other providers or community organisations, who may wish to set up projects, to fill gaps in coverage.
58. The priorities agreed for Contract 3 will focus on those premises experiencing slower speeds (less than 15Mbps). The Board also observed that the cost will always restrict the number of hard to reach properties that can be given access to superfast broadband.

59. In order to address the issue of fairness and equality of access, some match funding may be required for community based solutions for those premises that will not be covered by the project, and where people wish to work together to provide their own solutions. An approach similar to the existing 'community match' scheme could be adopted where ESCC provides some funding towards the cost of provision, matched by contributions from the community. ESCC funding could be provided by using some of the Gainshare income from Contracts 1 and 2 if this proves necessary.

60. In order to support community based solutions, ESCC should develop resources such as a toolkit or self-help guide, to help communities who want to implement their own broadband schemes. It will be important to provide information on the technology options available to them (e.g. satellite, fixed WiFi, wireless to the cabinet etc.) and how to go about delivering these solutions.

## Recommendations

### The Board Recommends that:

**3. Information is provided at the earliest opportunity outlining those premises that may not be 'connected' to superfast broadband and that the survey results are made available to communities and smaller suppliers to encourage the development of alternative delivery methods.**

**4. Once the total cost of providing superfast broadband to the remaining premises is known (or can be estimated), the Broadband Team clarifies how those premises receiving the slowest speeds will be prioritised in the context of the remaining available budget.**

**5. When, and if necessary, a 'community match' type funding programme is established for communities to bid into to pay for community based broadband schemes, in order to provide access for some of the hardest to reach premises not covered by the project, and a 'toolkit' is developed for communities who wish to implement their own broadband schemes.**

**6. Councillors, business organisations, and Parish Councils are encouraged to contact the Broadband Team with details of any Business Parks that do not have access to superfast broadband, so they can be included in the project rollout.**

## 6. Residents' Expectations and Project Communications

### *Expectations*

61. The vision statement contained in the Broadband Plan agreed by ESCC's Cabinet at the beginning of the project stated:

*"Our ultimate vision is for the competitive provision of superfast broadband (both fixed and mobile), offering typical speeds of 100Mbps, to everyone (100% of homes and small businesses) in East Sussex by 2017."*

62. As many services go on-line, having good broadband speeds is becoming essential to daily living. Many people regard broadband as the fifth utility service. For school children, having decent internet access to complete homework and to carry out research is becoming increasingly important. Most Doctors Surgeries encourage patients to order repeat prescription on-line.



63. The Board heard evidence that some residents expected:
- an automatic upgrade to faster broadband speeds without having to subscribe to faster services; and
  - the project funding would be sufficient to enable all properties in East Sussex to have superfast internet access, no matter how remote they are.
64. However, the funding from central government was initially provided to enable 90% of premises *to have access* to superfast broadband under Contract 1. None of the broadband projects nationally, including East Sussex, were given enough funding to provide access to all premises.
65. There is also evidence that there is a perception that the project has finished, when in fact Contract 2 is half way through delivery (as at March 2017) and Contract 3 has not yet started. Consequently, some people are unaware of the steps that are still being taken to increase coverage and speeds.
66. The issue of fairness and equality of access for all residents, particularly those living in rural communities, was raised in evidence given by ESCC Councillors. It was put to the Board that some consider it inequitable that the occupiers of some premises are enabled to access superfast broadband while others are not. The Review Board recognises (as indeed the County Council recognised, when the decision was made to provide substantive funding for Contract 1) that the eventual aim of the project would be to enable as many premises in East Sussex to be connected to superfast broadband as possible.
67. The Board also noted that 100% coverage is not possible given limited funding and was not an objective of the project at outset. The Board recognises that in the nature of the three Contracts, delivery of broadband access is, of necessity, a staged process because of the technical requirements of the project. However, the eventual achievement of parity has not been ruled out, given the current success of the programme and now increasingly relates to the timing of provision.

## Findings

68. The Board considers there have been a number of misunderstandings and misconceptions about the purpose of the project, which has contributed to unrealistic expectations by the public of what the project can deliver. It also appears that some have misunderstood that they need to subscribe to the right broadband package to get faster speeds.
69. The information on the e-Sussex web site, and particularly the rollout information in the News section, addresses people's expectations and common misunderstandings about the project. However, this information is not very prominent and does not explain how the coverage statistics are derived. This may account for why some residents contest the figures and statistics referred to.
70. ESCC needs to communicate clearly that:
- the project may not provide superfast broadband access for all premises with the funding it has available;
  - the project is still ongoing with details of what is being done when;
  - the options available to get better broadband for those who may find themselves without superfast services once the project is completed; and
  - there are other factors that affect broadband speed, beyond the control of the project.

71. It is recommended that lessons are learnt about management of expectations when embarking upon significant projects of this nature. Specific issues have been:

- Understandable concern with residents and businesses seeking to identify if they are within or outside the 90% coverage areas;
- An inequality in provision;

### ***Project Communications***

72. The Project Team, with support from the Corporate Communications Team, has:

- provided communications throughout the Broadband Project; and
- provided updates on the progress of the project through the internet site and press releases.

The web site contains up to date rollout information on both Contracts delivered by BT Group. The Project Team has also delivered presentations and briefings to various community and business groups.

73. The Board heard from representatives of the business community that they were well informed about the Broadband Project and project progress. The quality of the information provided by the Broadband Team was considered very good. However, some considered that once premises were enabled to receive superfast broadband, there was still a need to inform businesses that they have to change broadband package in order to benefit from faster speeds.

74. The Board heard that Parishes need to know when and where broadband will be delivered in their area, together with information about the speeds available. Officers explained that information can be provided on where and when broadband will be delivered at post code level on a quarter by quarter basis. However, it is not possible to obtain information on speeds until services are live. Once live, broadband speed information is publicly available from a number of sources (e.g. BT broadband checker, Ofcom broadband app etc.).

### **Findings**

75. The evidence presented to the Board indicates that there is a need to undertake an additional phase of communication activity now that first contract of the project has been completed. There are a number of communication messages that would help:

- address expectations about the project;
- enable residents and businesses to understand what they can do to get faster broadband speeds; and
- enable better understanding what the project is delivering.

76. Councillors have been kept informed about the project delivery. Some Councillors may find it helpful to have an information sheet, or access to other resources about broadband, to assist them with community engagement when dealing with issues in their respective Division.

## Recommendations

The Board recommends that:

**7. Lessons are learnt about the management of expectations when embarking upon complex projects of this nature, and to avoid “hype” at the outset, so that there is a careful distinction between the actual projected outcomes and aspirations or vision statements.**

**8. A phased communications plan is developed to address the expectations of residents and businesses in the County regarding the Broadband Project and recommendations 1, 2 and 3 of the review. The plan should include enhancement of the information available, including:**

**a. A revision of the web site design and information so that project rollout information, frequently asked questions, and other project information is provided more clearly on the Go East Sussex, e-Sussex and ESCC web sites;**

**b. An information pack (including information sources to check speeds, ISP service offers and etc.) produced to assist ESCC Councillors, Parish Councils and Community Leaders when dealing with broadband issues in their Division or area; and**

**c. A fact sheet created to address misconceptions about the Broadband Project and some of the frequently asked questions.**

## 7. Concluding comments

77. Overall, the project has achieved good levels of superfast broadband coverage in East Sussex with 90% of premises being enabled to access superfast services. The Broadband Project Team are now planning to exceed this original target through the delivery of the Contract 2 with BT Group and a third procurement underway. Efficient and effective contract management has enabled Gainshare income to be used to fund Contract 3 to provide superfast broadband access to as many of the remaining premises as possible.

78. While there may be some concern by those residents and businesses in the County that superfast broadband may not be achieved in their area, it needs to be understood and communicated that the task of superfast broadband provision is being continued by East Sussex County Council. A second phase of communications activity is needed to address expectations, explain the work that is in progress, and the proposed action to increase superfast broadband coverage to as near to 100% as possible.

79. There may be a minority of premises, at the end of the project, which will be unable to access superfast broadband. In these circumstances information, advice, and some match funding should be provided to help people to find solutions to meet their broadband needs.

# Appendix 1

## Scope and terms of reference

The Economy, Transport and Environment Scrutiny Committee understands the important role that broadband, and in particular superfast broadband, plays in developing the economy of East Sussex, in support of one of the County Council's Key Priorities.

The scope of the review is to examine the background to the establishment of the project and what has been achieved so far. The review examined the areas of work to be covered by the Contract 2 delivered by BT Openreach, together with the constraints imposed by the Contracts. The review also examined whether the Contract 2 will address the concerns of residents and businesses.

The review included an examination of the information available about the project and how people find out whether and when they will be able to access superfast broadband services.

## Review Board Members

Councillors Richard Stogdon (Chair), Claire Dowling, Michael Pursglove, Pat Rodohan and Barry Taylor

### ***Support to the Board was provided by the following officers:***

James Harris, Assistant Director, Economy  
Katy Thomas, Team Manager Economic Development

## Witnesses

Stephen Frith, Independent Advisor to BDUK and ESCC on Broadband

Stephen Edwards, Director, Next Generation Access – BT Commercial

Parish Councils

Jerry Phillips, Isfield Parish Council

Andrew Wedmore, Brightling Parish Council

County Councillors:

Councillor John Barnes

Councillor Angharad Davies

Councillor Kathryn Field

Councillor Roy Galley

Councillor Rupert Simmons, Lead Member for Economy

Councillor Bob Standley

East Sussex Businesses

Chistina Ewbank, Association of Chambers in East Sussex (ACES)

Rachel Lewis, Managing Director, Sound Architect/ ENGage

Jeremy Woolger, President & Chairman, Crowborough & District Chamber of Commerce

***Review Board meeting dates***

**26 July 2016**

**26 October 2016**

**11 January 2017**

**1 February 2017**

**23 February 2017**

**1 March 2017**

## List of evidence papers

Item	Date
ESCC Cabinet papers – reports and minutes	December 2011
ESCC Cabinet papers – reports and minutes	March 2012
ESCC Cabinet papers – reports and minutes	December 2012
ESCC Cabinet papers – reports and minutes	November 2016
The Superfast (Rural) Broadband Programme: update - National Audit Office Memorandum	January 2015
Members Briefing	October 2015
Rural Broadband and digital only services – Environment, Food and Rural Affairs Committee	November 2015
Members Briefing	December 2015
Emerging Findings from the BDUK Market Test Pilots, DCMS	February 2016
Oral evidence to the Culture Media and Sport Select Committee	April 2016
Digital Economy Bill - Queen's Speech	May 2016
New Broadband Universal Service Obligation consultation Summary of responses and Government response, DCMS	May 2016

Contact officers for this review:

Martin Jenks, Senior Democratic Services Advisor  
Simon Bailey, Democratic Services Officer

Telephone: 01273 481327 or 01273 481935

E-mail: [martin.jenks@eastsussex.gov.uk](mailto:martin.jenks@eastsussex.gov.uk) or [simon.bailey@eastsussex.gov.uk](mailto:simon.bailey@eastsussex.gov.uk)

East Sussex County Council  
County Hall  
St Anne's Crescent,  
Lewes BN7 1UE

## Appendix 2 Glossary of Terms

**ADSL** – Asymmetric Digital Subscriber Line is a type of digital subscriber line (DSL) technology, a data communications technology that enables faster data transmission over copper telephone lines rather than a conventional (voiceband) modem can provide. It is 'asymmetric' because the line is designed to provide faster download speeds (up to 8 Mbps) than upload speeds.

**BDUK - Broadband Delivery UK.** BDUK is the Government department located within the Department for Culture Media and Sport (DCMS) responsible for delivering superfast broadband and better mobile connectivity for the nation.

**Broadband** – A high speed internet connection, distinct from the old dial-up internet ('narrowband') which had a maximum speed of 56Kbps. Broadband is not a particular type of technology and there is no one official definition, so in terms of speed it may be classified differently by governments and regulatory bodies across the world.

**Cloud / Cloud technology** - Cloud computing is a kind of Internet-based computing that provides shared processing resources and data to computers and other devices on demand. Cloud based applications store data and software on remote computer servers ('the cloud'), rather than on an individual's computing devices.

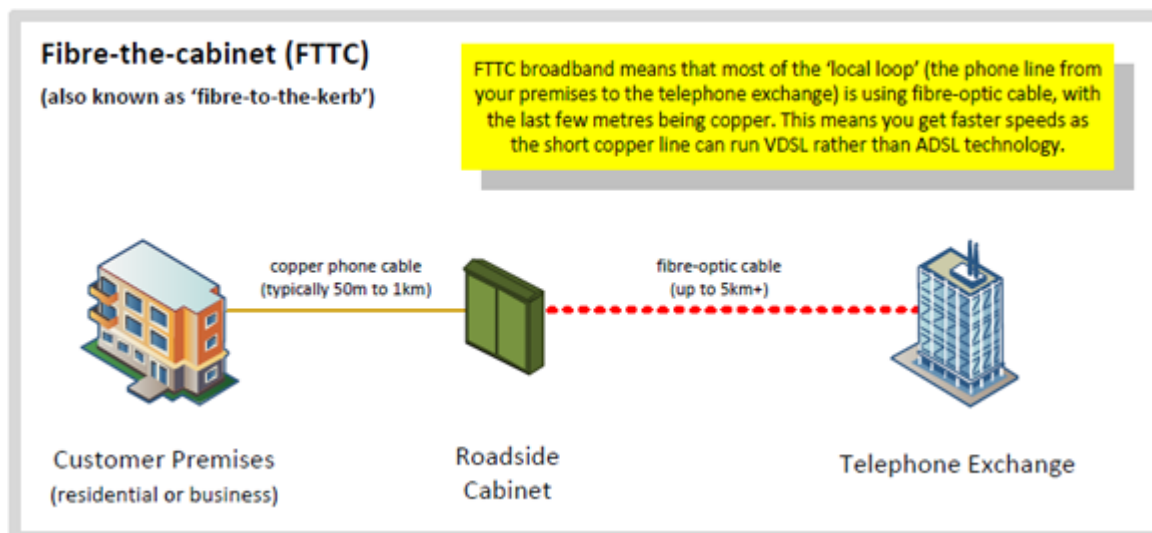
**Contention ratio** - Your contention ratio tells you the potential maximum demand on your broadband connection from yourself and other customers. Once your broadband signal leaves your home it joins a line connecting your neighbours and others to the web; so the more people using it at once, the slower it can become. A contention ratio of 50:1 (typical for ADSL broadband) means there are up to 50 people on one connection. This is often why you experience slower speeds during peak usage times.

**DSL - Digital Subscriber Line.** DSL is a wireline transmission technology that transmits data faster over traditional copper telephone lines already installed to homes and businesses. DSL-based broadband provides transmission speeds ranging from several hundred Kbps to millions of bits per second (Mbps).

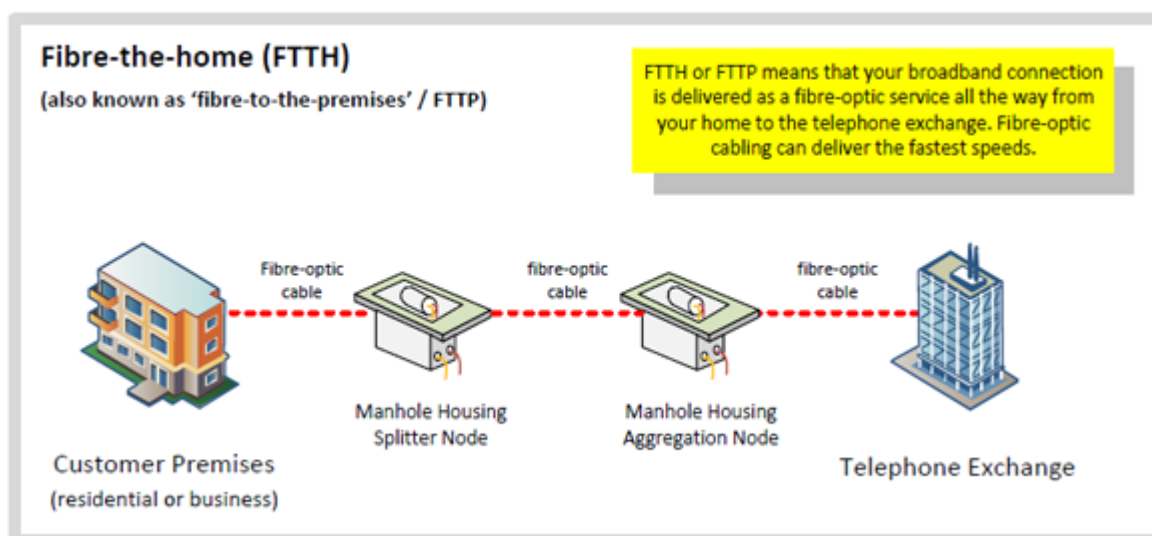
With DSL, a different frequency can be used for digital and analog signals, which means that you can talk on the phone while you upload data. For DSL services, two types of systems exist: Asymmetric Digital Subscriber Line (ADSL) and High-Rate Digital Subscriber Line (HDSL).

**FLAN – Fixed Line Access Network.** This is the copper cable telephone network originally developed by BT to provide telephone (voice communication) services.

**FTTC – Fibre To The Cabinet.** A type of broadband service which uses fibre optic cables to street cabinets then regular telephone or cable lines to reach homes. This is cheaper and quicker to deploy, but speeds are more limited than a full fibre solution like FTTH/FTTP (though still much faster than ADSL). If you sign up for fibre broadband now it is most likely to be FTTC, using either the BT Openreach or Virgin Media networks.



**FFTP – aka FTTH – Fibre to the Premises/Home** - Fibre To The Home/Fibre To The Premises. These are different terms for the same thing: a full fibre optic broadband connection. The connection speed of such a link is far greater than either ADSL or FTTC. Some FTTH services are now available in the UK and offer home users an incredible 1Gb speed. Vitally, this is not the limit of fibre so it's a future proof technology.



(Source: Think Broadband.com)

**Fixed Wireless** – This is a technology used to provide broadband services, particularly in remote or sparsely populated areas. As the term suggests, broadband access is provided by radio signals (or other wireless link) via a transmitter, rather than a cable, in a similar way to public Wifi hot spots.

**ISP – Internet Service Provider.** ISP's are the commercial companies and organisations that provide internet and broadband services e.g. BT, Virgin, Talk Talk, Plus Net etc.

**NGA – Next generation Access.** A term used to describe broadband and mobile communication technologies capable of superfast speeds i.e. greater than 24 Mbps.

**Satellite broadband.** This is where broadband services are provided via a satellite dish, rather than through a cable network. The signal is sent up to a receiving satellite, and therefor there can be some delay (or latency) in the signals being received. This can mean



that satellite services are not so good for streaming films, videos or other high data capacity applications such as on-line video gaming. There is also often a higher charge or cap for data use, compared with cable based solutions.

**Speed** - Broadband speed is measured in megabits per second, commonly written as Mb or Mbps (as in 24Mb, or 24Mbps). Megabytes (which is shortened to MB, or GB when referring to gigabytes) - ... denote memory capacity and file size, not speed. There are eight bits in a byte, so, if your download speed is eight megabits per second (8Mb), then that's actually shifting 1 megabyte per second (1MB).

It's an important distinction, because file sizes (such as songs, pictures and movie clips) are described in megabytes, as are download allowances.

**Superfast Broadband** – 'superfast' broadband is any broadband deemed to run at 24Mb or above. This essentially rules out any service running on old BT lines (ADSL) or any mobile broadband up to and including 3G: leaving us in the UK with 4G (potentially), fibre and cable as 'superfast'. The UK government has made a commitment to have superfast broadband available to 95% of the UK by the end of 2017.

**USC – Universal Service Commitment / USO – Universal Service Obligation.** These terms tend to be used interchangeably to refer to the minimum statutory service that broadband providers are required to provide. The current USC/USO is 2Mbps and the Government is currently consulting on proposals in the Digital Economy Bill to raise this to 10Mbps.

For example if a USO of 10 Mbps were to be introduced, BT, Virgin and other providers would have to provide access to broadband services of a minimum speed of 10Mbps. However, this may be subject to a reasonable cost threshold above which subscribers would have to pay for access.

**VDSL – Very-high-bit-rate Digital Subscriber Line.** A digital subscriber line (DSL) technology providing data transmission speeds faster than an asymmetric digital subscriber line (ADSL). VDSL offers speeds of up to 52 Mbit/s download and 16 Mbit/s upload, over a single flat untwisted or twisted pair of copper wires using the frequency band from 25 kHz to 12 MHz. These rates mean that VDSL is capable of supporting applications such as high-definition television, as well as telephone services (voice over IP) and general Internet access, over a single connection.

**4G Mobile Communications.** This refers to 'Fourth Generation' mobile telephone networks that are capable of providing superfast or Next Generation Access (i.e. greater than 24Mbps) data services. Hence they are seen as alternative to superfast broadband in areas where there is no fixed line network (copper or fibre).

## Appendix 3 The SWIFT Project case study from Sound Architect/ ENGage

The Board heard evidence from Sound Architect / ENGage who are a charity that delivers the Swift Project and other projects that promote digital access.

Full details of their work can be found on their web sites <http://www.swiftproject.org.uk/> and [www.soundarchitect.org.uk](http://www.soundarchitect.org.uk)

Some quotes about broadband in East Sussex from Swift Programme participants:

“I have to say that as a potential customer I wasn’t particularly looking forward to our Skype session today but I am now feeling very modern and delighted to have been a Swift Skype pioneer.” BN

“The Skype technology worked, it was very successful and I think we all got a lot out of it. For me it will never completely replace actual meeting up but I can see it is another very useful tool to use in addition or to replace some face to face meetings.” ST

“As a non-digital person at the start of the course, I do feel more confident about trying out things such as social media and I have a much better grasp of how the digital world can affect a small business.” AC

“In all reality, we wouldn’t have been able to run this project without good Broadband connectivity as a lot of publicity was circulated online, all participant arrangements were made online and in order to run courses on Social Media (our most popular course) it was essentials to have good connectivity.” RM Swift Project Manager

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- ◆ DO YOU LIVE IN HASTINGS OR THE SURROUNDING AREA?

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**FREE 3 week course on how to get the most out of your iPad, for residents of East Sussex aged 50+**

**For example how to:**

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- Security - Be Secure
- Using Internet and Email
- Using Wi-Fi
- Link with a PC or Mac and iTunes
- Change settings
- Access the App store to find and install Apps

**Participants to bring their own iPad to the sessions**

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*"Extremely interesting and friendly and very easy to understand. I have found it very relaxing away from my normal day to day life and thoroughly enjoyed the new learning experience."* **Participant**

**Report to:** Cabinet

**Date of meeting:** 6 June 2017

**By:** Director of Communities, Economy and Transport

**Title:** Scrutiny Review of Superfast Broadband in East Sussex

**Purpose:** To provide the Cabinet with the opportunity to comment on the report of the Scrutiny Committee Review on Superfast Broadband

---

**RECOMMENDATIONS:** Cabinet is recommended to:

- (1) note and welcome the report of the Scrutiny Committee; and
  - (2) agree to advise the County Council that, in considering the report of the Scrutiny Committee, the Council be recommended to welcome the report of the Scrutiny Committee and to agree the response of the Director of Communities, Economy and Transport to the recommendations and their implementation as set out in the action plan attached as Appendix 1 to this report.
- 

## 1. Background

1.1 East Sussex County Council (ESCC) established an infrastructure project to improve broadband coverage in the County in response to Government's Superfast Broadband Programme (formerly the Rural Broadband Programme). A Local Broadband Plan was agreed by ESCC's Cabinet on 6 March 2012, which sought to increase access to superfast broadband in the parts of the County where commercial telecoms infrastructure providers were not planning to deliver upgrades as part of their own investment plans. At that time only 3% of premises had access to superfast services and private sector investment was planned for more densely populated, predominantly urban areas where the business case for investors is less challenging (for example Hastings, Eastbourne, Hailsham, Uckfield, Bexhill; Battle, Castleham; Lewes, Crowborough, Hampden Park, Polegate, Newhaven, Peacehaven, Seaford exchange areas) although it should be noted that the project has done infill, in particular to business parks, in pockets in such exchange areas that the private sector has left behind.

1.2 ESCC used a national framework agreement and signed a contract with British Telecom (BT) Group in May 2013 to deliver a 3 year programme of infrastructure improvements. This was funded by £15m from ESCC's capital programme, a £10.64m contribution from Broadband Delivery UK and a £4.4m contribution from BT.

1.3 The Economy, Transport and Environment (ET&E) Scrutiny Committee established a Scrutiny Review of Superfast Broadband at its meeting on 16 March 2016. This followed representations from County Councillors who expressed residents' concerns about the delivery of the Broadband Project. These concerns were:

- Broadband speeds have not improved for some residents and small businesses, despite being connected to fibre enabled services;
- Broadband speeds are slow at peaks times of demand;
- Coverage has not reached all residents and premises and some have been left with slow or no broadband;
- In a number of cases, the provision of information concerning the timing and availability of superfast broadband to particular premises was not available.



## **2. Supporting information**

2.1 The Scrutiny Review of Superfast Broadband is welcomed by the Department as it provides a timely opportunity to review the progress of the Broadband Project, and examines the issues that lie behind resident's concerns. The Department is confident that it has also enabled a wider understanding of the engineering and technical challenges involved in the successful delivery of the contract with BT (Contract 1), and the additional work being planned and delivered through subsequent contracts (Contract 2 and, subject to award, Contract 3) to further increase superfast broadband coverage.

2.2 The action plan attached as Appendix 1, responds to the recommendations made by the Scrutiny Committee.

## **3. Conclusion and reasons for recommendations**

The Scrutiny Review has provided a thorough examination of the concerns expressed by residents about the Superfast Broadband Project, and makes a number of practical recommendations to provide solutions. It is therefore recommended that Cabinet agree to the implementation of the action plan detailed in Appendix 1.

### **RUPERT CLUBB**

Director of Communities, Economy and Transport

Contact Officer: Katy Thomas

Telephone Number: 01273 482645

Email: [katy.thomas@eastsussex.gov.uk](mailto:katy.thomas@eastsussex.gov.uk)

### LOCAL MEMBERS

All

### BACKGROUND DOCUMENTS

None

**ECONOMY, TRANSPORT AND ENVIRONMENT SCRUTINY REVIEW OF SUPERFAST BROADBAND IN EAST SUSSEX – ACTION PLAN**

<b>SCRUTINY RECOMMENDATION</b>		<b>DIRECTOR'S RESPONSE AND ACTION PLAN</b>	<b>TIMESCALE</b>
R1	Further steps are taken to: a. Communicate when faster speeds are available as the project rollout continues; b. Provide additional advice to residents and businesses about checking speeds, selecting an Internet Service Provider (ISP) and information on other factors that affect broadband speeds; and c. Make it easier for residents and businesses to check for themselves the broadband coverage and the speed they can receive.	a. County Councillors, Parish Councillors and Community Leaders will be advised directly when updates are made to the Rollout Table (note: the rollout table details project activity only, not the commercial activity of the private sector) b. An information pack(s) will be produced and made available directly to Members and others, as well as being published online c. As above	a. with immediate effect b. by end June 2017 c. as above
R2	Details of coverage, including maps, are published at the end of Contract 2 and further information is provided to explain how and why finite funding levels may prevent the project from enabling superfast broadband access for some harder to reach premises.	Agreed that this will be provided at contract closure of the second contract (note: this will not include details of commercial coverage by private sector investors such as BT and Virgin Media)	Contract closure (6 months post end of deployment)
R3	Information is provided at the earliest opportunity outlining those premises that may not be 'connected' to superfast broadband and that the survey results are made available to communities and smaller suppliers to encourage the development of alternative delivery methods.	This will be provided once a third contract is in place. Please note that the contract provide 6 months for the winning bidder to make use of the surveys when complete before they are made available to the wider supplier network	Tbc. Timescales are dependent upon contract award and the completion of surveys

**ECONOMY, TRANSPORT AND ENVIRONMENT SCRUTINY REVIEW OF SUPERFAST BROADBAND IN EAST SUSSEX – ACTION PLAN**

<b>SCRUTINY RECOMMENDATION</b>			<b>DIRECTOR'S RESPONSE AND ACTION PLAN</b>	<b>TIMESCALE</b>
R4	Once the total cost of providing superfast broadband to the remaining premises is known (or can be estimated), the Broadband Team clarifies how those premises receiving the slowest speeds will be prioritised in the context of the remaining available budget.	Options for the remaining premises will be developed and publicised once detail is known or can be estimated, and when detail is clear about remaining available budget	Tbc. Timescales are dependent upon contract award and the completion of surveys	
R5	When, and if necessary, a 'community match' type funding programme is established for communities to bid into to pay for community based broadband schemes, in order to provide access for some of the hardest to reach premises not covered by the project, and a 'toolkit' is developed for communities who wish to implement their own broadband schemes.	Should Contract 3 not cover all premises, options for the remaining premises will be drawn up. This may include community match. A toolkit to assist any such communities will be developed as part of a "community match" scheme	Tbc. Timescales are dependent upon contract award and the completion of surveys	
R6	Councillors, business organisations, and Parish Councils are encouraged to contact the Broadband Team with details of any Business Parks that do not have access to superfast broadband, so they can be included in the project rollout.	The Department welcomes the advice of Councillors, business organisations and Parish Councillors as to business parks that do not already have access to superfast broadband. Information will be matched against the team's own research. It would greatly assist the team if information could be provided at postcode level and sent to <a href="mailto:broadband@eastsussex.gov.uk">broadband@eastsussex.gov.uk</a> .	Contact regarding this request will be made with Councillors, Parish Councils and business organisations once the report has been seen by Cabinet and County Council.	



**ECONOMY, TRANSPORT AND ENVIRONMENT SCRUTINY REVIEW OF SUPERFAST BROADBAND IN EAST SUSSEX – ACTION PLAN**

SCRUTINY RECOMMENDATION	DIRECTOR'S RESPONSE AND ACTION PLAN	TIMESCALE
<p>R7 Lessons are learnt about the management of expectations when embarking upon complex projects of this nature, and to avoid “hype” at the outset, so that there is a careful distinction between aspirations or vision statements and the actual projected outcomes.</p>	<p>Before embarking on the delivery of complex projects of this nature, a communications plan will be developed by the relevant project owner to ensure that messaging around aspirations and expectations is realistic, and consistent, which can be used by all those involved in the promotion of the project.</p>	<p>As appropriate for project concerned</p>
<p>R8 A phased communication plan is developed to address the expectations of residents and businesses in the County regarding the Broadband Project and recommendations 1, 2 and 3 of the review. The plan should include enhancement of information available, including:</p> <ul style="list-style-type: none"> <li>a. A revision of the web site design and information so that project rollout information, frequently asked questions, and other project information is provided more clearly on the Go East Sussex, e-Sussex and ESCC web sites;</li> <li>b. An information pack (including information sources to check speeds, ISP service offers and availability etc.) produced to assist ESCC Councillors, Parish Councils and Community Leaders when dealing with broadband issues in their Division or area; and</li> <li>c. A fact sheet created to address misconceptions about the Broadband Project and some of the frequently asked questions.</li> </ul>	<p>Work on a simple, phased, communication plan is underway.</p> <ul style="list-style-type: none"> <li>a. Agreed. A review and revision of website information is now underway</li> <li>b. An information pack(s) will be produced and made available directly and online, building on the information already provided on the current website. Please note that information will not cover expected and actual rollout information, including speeds, at sub-County level</li> <li>c. The existing FAQs will be reviewed and updated in a fact sheet format</li> </ul>	<p>By end June 2017</p>

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Report to: **Cabinet**

Date: **6 June 2017**

By: **Chief Operating Officer**

Title of report: **External Audit Plan 2016/17**

Purpose of report: **To inform the Cabinet of the content of the Council's External Audit plan for 2016/17**

---

## **RECOMMENDATIONS**

**The Cabinet is recommended to approve the External Audit Plan for 2016/17.**

---

### **1. Background**

1.1 The Plan confirms the 2016/17 core external audit fee as £83,572. This is unchanged from the 2015/16 fee. The fee is based on a number of assumptions, including the Council providing the auditors with complete and materially accurate financial statements, with good quality supporting working papers, within agreed timeframes.

### **2. Supporting Information**

2.1 The attached East Sussex County Council (ESCC) external audit plan (Appendix 1) sets out in more detail the work the external auditors will conduct in order to audit the Council's 2016/17 accounts. The Plan reflects relevant issues that have arisen as a result of the 2015/16 account audit and other work carried out by KPMG e.g. the Value for Money assessment.

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

- Significant changes in the pension liability due to LGPS Triennial Valuation;
- Minimum Revenue Provision; and
- Accounting for Local Authority Maintained Schools.

2.3 The Council has recently been advised by KPMG of changes to the audit team, which will now be led by Joanne Lees (replacing Philip Johnstone) as the external audit lead. This is due to redeployment and officers are in discussion with the KPMG to manage any transition.

### **3. Conclusion and reasons for recommendations**

3.1 KPMG overall audit approach remains similar to last year with no fundamental changes. Officers will continue to liaise with KPMG to ensure that their work is delivered as efficiently and effectively as possible and that internal and external audit plans are complementary and make best use of audit resources. The Plan was considered by Audit, Best Value and Community Services Scrutiny Committee at its meeting on 14 March 2017.

**KEVIN FOSTER**  
**Chief Operating Officer**

Contact Officer: Ola Owolabi, Head of Accounts and Pensions  
Tel. No. 01273 482017  
Email: [Ola.Owolabi@eastsussex.gov.uk](mailto:Ola.Owolabi@eastsussex.gov.uk)  
Local Member(s): All  
Background Documents  
None

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# External Audit Plan 2016/2017



East Sussex County Council

January 2017



## Financial Statement Audit



There are no significant changes to the Code of Practice on Local Authority Accounting in 2016/17, which provides stability in terms of the accounting standards the Authority need to comply with.

### Materiality

Materiality for planning purposes has set at **£9.5 million** for the Authority.

We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance and this has been set at **£475,000**.

### Significant risks

Those risks requiring specific audit attention and procedures to address the likelihood of a material financial statement error have been identified as:

- Significant changes in the pension liability due to LGPS Triennial Valuation;
- Minimum Revenue Provision; and
- Accounting for Local Authority Maintained Schools.

### Other areas of audit focus

Those risks with less likelihood of giving rise to a material error but which are nevertheless worthy of audit understanding have been identified as:

- Assuring the Fair value of PPE

See pages 5 to 6 for more details.

## Value for Money Arrangements work



Our risk assessment regarding your arrangements to secure value for money have not identified any VFM significant risks.

See pages 8 to 11 for more details

## Logistics



Our team is:

- Phil Johnstone - Director
- Scott Walker - Manager
- Sana Naqvi – Assistant manager

More details are on **page 14**.

Our work will be completed in four phases from January to September and our key deliverables are this Audit Plan and a Report to those charged with Governance as outlined on **page 13**.

Our fee for the audit is £83,572 (£83,572 2015/2016) for the Authority. See **page 12**.

# Introduction

## Background and Statutory responsibilities

This document supplements our Audit Fee Letter 2016/17 presented to you in April 2016, which also sets out details of our appointment by Public Sector Audit Appointments Ltd (PSAA).

Our statutory responsibilities and powers are set out in the Local Audit and Accountability Act 2014 and the National Audit Office's Code of Audit Practice.

Our audit has two key objectives, requiring us to audit/review and report on your:

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

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

## Acknowledgements

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

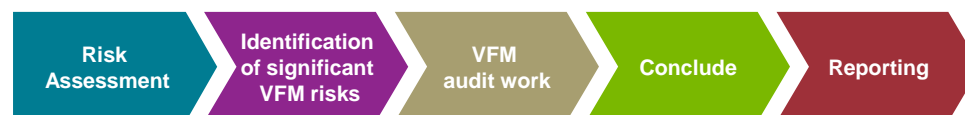
## Financial Statements Audit

Our financial statements audit work follows a four stage audit process which is identified below. Appendix 1 provides more detail on the activities that this includes. This report concentrates on the Financial Statements Audit Planning stage of the Financial Statements Audit.



## Value for Money Arrangements Work

Our Value for Money (VFM) Arrangements Work follows a five stage process which is identified below. Page 8 provides more detail on the activities that this includes. This report concentrates on explaining the VFM approach for the 2016/17 and the findings of our VFM risk assessment.





## Financial Statements Audit Planning

Our planning work takes place during January to February 2017. This involves the following key aspects:

- Risk assessment;
- Determining our materiality level; and
- Issuing this audit plan to communicate our audit strategy.

### Risk assessment

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

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**Management override of controls** – Management is typically in a powerful position to perpetrate fraud owing to its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Our audit methodology incorporates the risk of management override as a default significant risk. In line with our methodology, we carry out appropriate controls testing and substantive procedures, including over journal entries, accounting estimates and significant transactions that are outside the normal course of business, or are otherwise unusual.

- **Fraudulent revenue recognition** – We do not consider this to be a significant risk for local authorities as there are limited incentives and opportunities to manipulate the way income is recognised. We therefore rebut this risk and do not incorporate specific work into our audit plan in this area over and above our standard fraud procedures.

The diagram opposite identifies, significant risks and other areas of audit focus, which we expand on overleaf. The diagram also identifies a range of other areas considered by our audit approach.



Keys: ● Significant risk ● Other area of audit focus ● Example other areas considered by our approach





## Significant Audit Risks

Those risks requiring specific audit attention and procedures to address the likelihood of a material financial statement error.

### Risk : Significant changes in the pension liability due to LGPS Triennial Valuation

During the year, the Pension Fund has undergone a triennial valuation with an effective date of 31 March 2016 in line with the Local Government Pension Scheme (Administration) Regulations 2013. The share of pensions assets and liabilities for each admitted body is determined in detail, and a large volume of data is provided to the actuary to support this triennial valuation.

The pension numbers to be included in the financial statements for 2016/17 will be based on the output of the triennial valuation rolled forward to 31 March 2017. For 2017/18 and 2018/19 the actuary will then roll forward the valuation for accounting purposes based on more limited data.

There is a risk that the data provided to the actuary for the valuation exercise is inaccurate and that these inaccuracies affect the actuarial figures in the accounts.

The Pension Fund only includes limited disclosures around pensions liabilities but we anticipate that this will be identified as a risk area by some of the admitted bodies, whose pension liabilities represent a significant element of their balance sheet. This includes the Authority itself.

### Approach :

As part of our audit of the Pension Fund, we will undertake work on a test basis to agree the data provided to the actuary back to the systems and reports from which it was derived and to understand the controls in place to ensure the accuracy of this data. This work will be focused on the data relating to the Authority itself as largest member of the Pension Fund.

If we receive specific requests from the auditors of other admitted bodies, we are required to support their audits under the protocols put in place by the PSAA for this purpose. If the work they request is over and above that already planned, there will be additional costs arising from this. The Pension Fund can consider recharging these costs to the relevant admitted bodies

### Risk : Minimum Revenue Provision

The Council is planning to reduce the annual Minimum Revenue Provision (MRP) that it makes. The set aside made may be incorrectly calculated and not accord with DCLG guidance.

### Approach :

We will review the Council's revised annual MRP calculation to confirm that it complies with DLCC guidance and has been correctly calculated.



## Significant Audit Risks

Those risks requiring specific audit attention and procedures to address the likelihood of a material financial statement error.

### Risk : Accounting for Local Authority Maintained Schools

LAAP Bulletin 101 Accounting for School Assets used by Local Authority Maintained Schools issued in December 2014 has been published to assist practitioners with the application of the Code in regard to accounting for Local Authority maintained schools. The challenges relate to school assets owned by third parties such as church bodies and made available to school governing bodies under a variety of arrangements. This includes assets used by Voluntary-Aided (VA) and Voluntary-Controlled (VC) Schools as well as Foundation Schools.

In 2014/15, management reviewed the agreements under which assets are used by VA/VC and Foundation schools and applied the relevant tests of control in the case of assets made available free of charge, or risks and rewards of ownership in the case of assets made available under leases. During the audit, we worked with the Authority to consider these schools fully in light of the applicable guidance and upon review of the newly acquired evidence, including additional legal documentation obtained from the Dioceses' and title deeds from the Land Registry. As part of this, the Council concluded that there was insufficient supporting evidence to confirm the ownership of the remaining 22 schools.

As a result, the Council included these 22 schools in the Council's financial statements where ownership is not currently certain. At that time, we also understood that the Diocese of Chichester was undertaking a process to review these schools and to register the Diocese as the legal owners where they can conclusively prove that they are legally theirs. It is therefore possible that some or all of these 22 schools may be removed from the Council's financial statements but this will only be done where ownership is conclusively proven. This is a key area of judgement and there is a risk that Authorities could omit school assets from, or include school assets in, their balance sheet.

### Approach :

As part of our audit, we will discuss with the Authority the latest available information on the remaining schools and review the judgements it has made in this regard. This will include considering the Authority's application of the relevant accounting standards to account for these schools and challenging its judgements where necessary.

## Other areas of audit focus

Those risks with less likelihood of giving rise to a material error but which are nevertheless worthy of audit understanding.

### Risk : Assuring the Fair value of PPE

In 2015/16 the Council reported Property, Plant and Equipment of £879 million. Local authorities exercise judgement in determining the fair value of the different classes of assets held and the methods used to ensure the carrying values recorded each year reflect those fair values. Given the materiality in value and the judgement involved in determining the carrying amounts of assets we consider this to be an area of audit focus.

### Approach :

We will understand the approach to valuation, the qualifications and reports by the Council's valuer and the judgements made by the Council in response to the information received. Where valuations are made other than at the year end we will review the Council's judgement in assessing movements from the valuation date.



## Materiality

We are required to plan our audit to determine with reasonable confidence whether or not the financial statements are free from material misstatement. An omission or misstatement is regarded as material if it would reasonably influence the user of financial statements. This therefore involves an assessment of the qualitative and quantitative nature of omissions and misstatements.

Generally, we would not consider differences in opinion in respect of areas of judgement to represent 'misstatements' unless the application of that judgement results in a financial amount falling outside of a range which we consider to be acceptable.

For the Authority, materiality for planning purposes has been set at £9.5 million which equates to 1% percent of gross expenditure.

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

## Reporting to the Scrutiny Committee for Audit, Best Value and Community Services

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

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

In the context of the Authority, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £475,000.

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



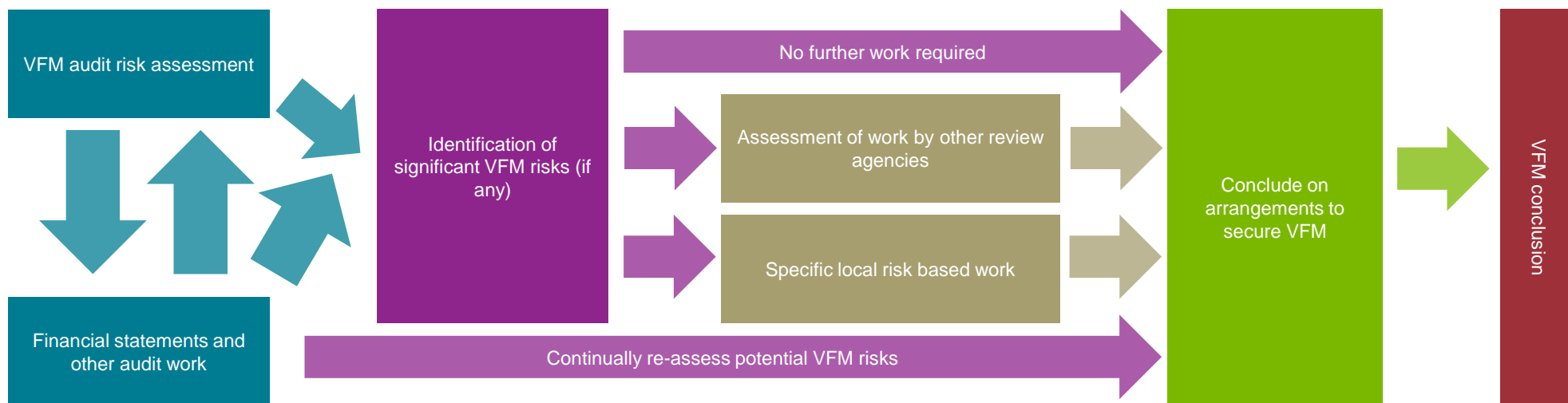
## Background to approach to VFM work

The Local Audit and Accountability Act 2014 requires auditors of local government bodies to be satisfied that the authority 'has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources'.

This is supported by the Code of Audit Practice, published by the NAO in April 2015, which requires auditors to 'take into account their knowledge of the relevant local sector as a whole, and the audited body specifically, to identify any risks that, in the auditor's judgement, have the potential to cause the auditor to reach an inappropriate conclusion on the audited body's arrangements.'

The VFM approach is fundamentally unchanged from that adopted in 2015/2016 and the process is shown in the diagram below. The diagram overleaf shows the details of the criteria for our VFM work.

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## Overall criterion

In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

### Informed decision making

#### Proper arrangements:

- Acting in the public interest, through demonstrating and applying the principles and values of sound governance.
- Understanding and using appropriate and reliable financial and performance information to support informed decision making and performance management.
- Reliable and timely financial reporting that supports the delivery of strategic priorities.
- Managing risks effectively and maintaining a sound system of internal control.

### Sustainable resource deployment

#### Proper arrangements:

- Planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions.
- Managing and utilising assets to support the delivery of strategic priorities.
- Planning, organising and developing the workforce effectively to deliver strategic priorities.

### Working with partners and third parties

#### Proper arrangements:

- Working with third parties effectively to deliver strategic priorities.
- Commissioning services effectively to support the delivery of strategic priorities.
- Procuring supplies and services effectively to support the delivery of strategic priorities.

# Value for money arrangements work (cont.)



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VFM audit stage	Audit approach
VFM audit risk assessment	<p>We consider the relevance and significance of the potential business risks faced by all local authorities, and other risks that apply specifically to the Authority. These are the significant operational and financial risks in achieving statutory functions and objectives, which are relevant to auditors' responsibilities under the <i>Code of Audit Practice</i>.</p> <p>In doing so we consider:</p> <ul style="list-style-type: none"> <li>■ The Authority's own assessment of the risks it faces, and its arrangements to manage and address its risks;</li> <li>■ Information from the Public Sector Auditor Appointments Limited VFM profile tool;</li> <li>■ Evidence gained from previous audit work, including the response to that work; and</li> <li>■ The work of other inspectorates and review agencies.</li> </ul>
Linkages with financial statements and other audit work	<p>There is a degree of overlap between the work we do as part of the VFM audit and our financial statements audit. For example, our financial statements audit includes an assessment and testing of the Authority's organisational control environment, including the Authority's financial management and governance arrangements, many aspects of which are relevant to our VFM audit responsibilities.</p> <p>We have always sought to avoid duplication of audit effort by integrating our financial statements and VFM work, and this will continue. We will therefore draw upon relevant aspects of our financial statements audit work to inform the VFM audit.</p>
Identification of significant risks	<p>The Code identifies a matter as significant <i>'if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public. Significance has both qualitative and quantitative aspects.'</i></p> <p>If we identify significant VFM risks, then we will highlight the risk to the Authority and consider the most appropriate audit response in each case, including:</p> <ul style="list-style-type: none"> <li>■ Considering the results of work by the Authority, inspectorates and other review agencies; and</li> <li>■ Carrying out local risk-based work to form a view on the adequacy of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources.</li> </ul>

# Value for money arrangements work (cont.)



VFM audit stage	Audit approach
Assessment of work by other review agencies  and  Delivery of local risk based work	<p>Depending on the nature of the significant VFM risk identified, we may be able to draw on the work of other inspectorates, review agencies and other relevant bodies to provide us with the necessary evidence to reach our conclusion on the risk.</p> <p>If such evidence is not available, we will instead need to consider what additional work we will be required to undertake to satisfy ourselves that we have reasonable evidence to support the conclusion that we will draw. Such work may include:</p> <ul style="list-style-type: none"> <li>■ Meeting with senior managers across the Authority;</li> <li>■ Review of minutes and internal reports;</li> <li>■ Examination of financial models for reasonableness, using our own experience and benchmarking data from within and without the sector.</li> </ul>
Concluding on VFM arrangements	<p>At the conclusion of the VFM audit we will consider the results of the work undertaken and assess the assurance obtained against each of the VFM themes regarding the adequacy of the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources.</p> <p>If any issues are identified that may be significant to this assessment, and in particular if there are issues that indicate we may need to consider qualifying our VFM conclusion, we will discuss these with management as soon as possible. Such issues will also be considered more widely as part of KPMG's quality control processes, to help ensure the consistency of auditors' decisions.</p>
Reporting	<p>We have completed our initial VFM risk assessment and have not identified any significant VFM risks. We will update our assessment throughout the year should any issues present themselves and report against these in our ISA260.</p> <p>We will report on the results of the VFM audit through our ISA 260 Report. This will summarise any specific matters arising, and the basis for our overall conclusion.</p> <p>The key output from the work will be the VFM conclusion (i.e. our opinion on the Council's arrangements for securing VFM), which forms part of our audit report.</p>

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## Whole of government accounts (WGA)

We are required to review your WGA consolidation and undertake the work specified under the approach that is agreed with HM Treasury and the National Audit Office. Deadlines for production of the pack and the specified approach for 2016/17 have not yet been confirmed.

## Elector challenge

The Local Audit and Accountability Act 2014 gives electors certain rights. These are:

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

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

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

## Our audit team

Our audit team will be led by Phil Johnstone (Director) and Scott Walker (Audit Manager) providing continuity at a senior level. Appendix 2 provides more details on specific roles and contact details of the team.

## Reporting and communication

Reporting is a key part of the audit process, not only in communicating the audit findings for the year, but also in ensuring the audit team are accountable to you in addressing the issues identified as part of the audit strategy. Throughout the year we will communicate with you through meetings with the finance team and the Scrutiny Committee for Audit, Best Value and Community Services. Our communication outputs are included in Appendix 1.

## Independence and Objectivity

Auditors are also required to be independent and objective. Appendix 3 provides more details of our confirmation of independence and objectivity.

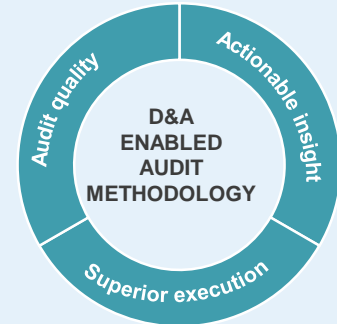
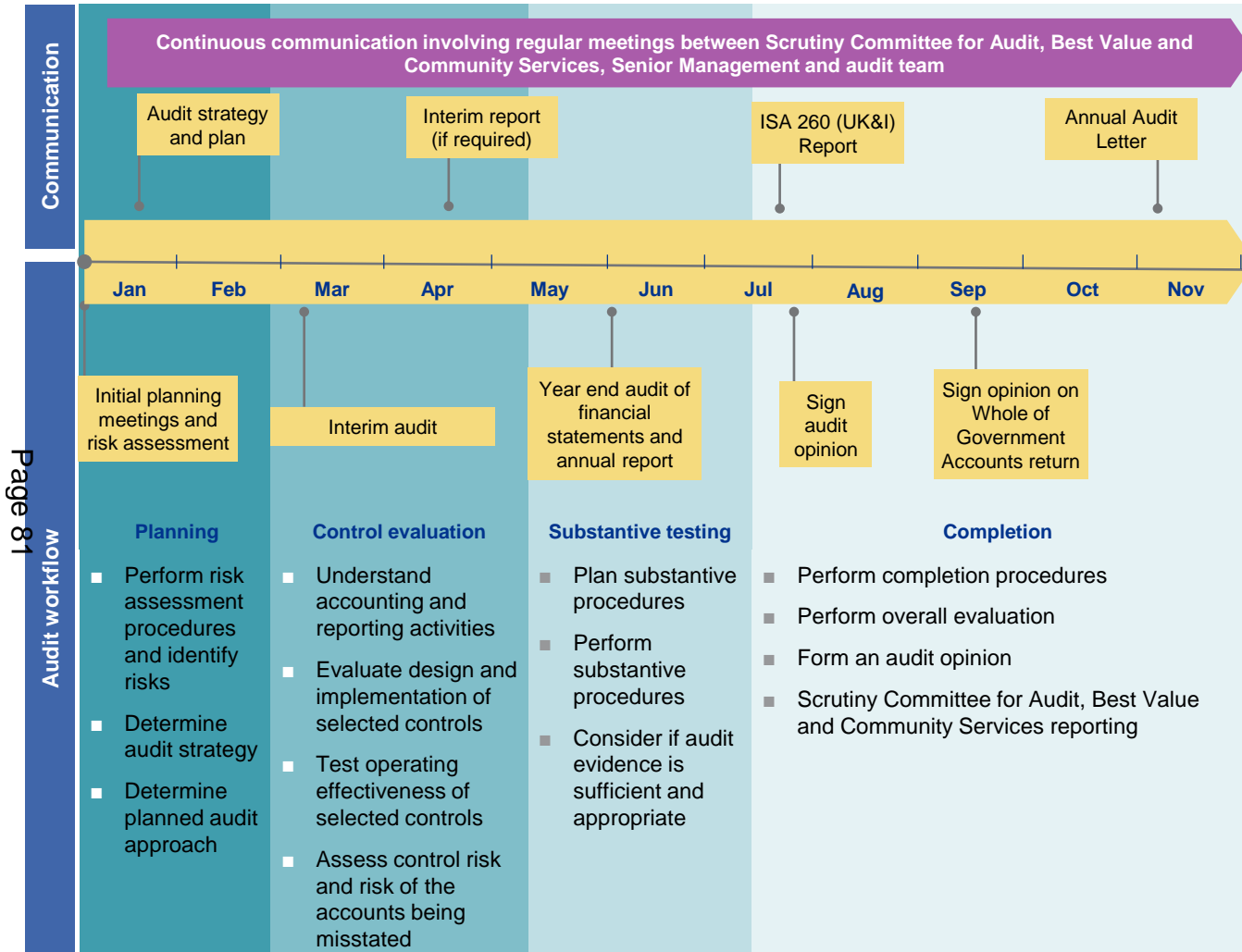
## Audit fee

*Our Audit Fee Letter 2016/2017* presented to you in April 2016 first set out our fees for the 2016/2017 audit. This letter also sets out our assumptions. We have not considered it necessary to make any changes to the agreed fees at this stage.

The planned audit fee for 2016/17 is £83,572 for the Authority (2015/16: £83,572).



# Appendix 1: Key elements of our financial statements audit approach



## Driving more value from the audit through data and analytics

Technology is embedded throughout our audit approach to deliver a high quality audit opinion. Use of Data and Analytics (D&A) to analyse large populations of transactions in order to identify key areas for our audit focus is just one element. We strive to deliver new quality insight into your operations that enhances our and your preparedness and improves your collective 'business intelligence.' Data and Analytics allows us to:

- Obtain greater understanding of your processes, to automatically extract control configurations and to obtain higher levels assurance.
- Focus manual procedures on key areas of risk and on transactional exceptions.
- Identify data patterns and the root cause of issues to increase forward-looking insight.

We anticipate using data and analytics in our work around key areas such as accounts payable and journals. We also expect to provide insights from our analysis of these tranches of data in our reporting to add further value from our audit.

# Appendix 2: Audit team



Your audit team has been drawn from our specialist public sector assurance department. Our audit team were all part of the East Sussex County Council audit last year.

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<b>Name</b>	Phil Johnstone philip.johnstone@kpmg.co.uk
<b>Position</b>	Director
	<p>'My role is to lead our team and ensure the delivery of a high quality, valued added external audit opinion.</p> <p>I will be the main point of contact for the Scrutiny Committee for Audit, Best Value and Community Services, Chief Executive and Executive Directors.'</p>



<b>Name</b>	Scott Walker Scott.walker@kpmg.co.uk
<b>Position</b>	Manager
	<p>'I provide quality assurance for the audit work and specifically any technical accounting and risk areas.</p> <p>I will work closely with Phil to ensure we add value.</p> <p>I will liaise with the Chief Finance Officer, Director of Finance and the Finance Team'</p>



<b>Name</b>	Sana Naqvi sana.naqvi@kpmg.co.uk
<b>Position</b>	Assistant Manager
	<p>'I will be responsible for the on-site delivery of our work and will supervise the work of our audit assistants.'</p>

# Appendix 3: Independence and objectivity requirements

## Independence and objectivity

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

The standards define 'those charged with governance' as 'those persons entrusted with the supervision, control and direction of an entity'. In your case this is the Scrutiny Committee for Audit, Best Value and Community Services.

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

Further to this auditors are required by the National Audit Office's Code of Audit Practice to:

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- Carry out their work with integrity, independence and objectivity;
  - Be transparent and report publicly as required;
  - Be professional and proportional in conducting work;
  - Be mindful of the activities of inspectorates to prevent duplication;
  - Take a constructive and positive approach to their work;
  - Comply with data statutory and other relevant requirements relating to the security, transfer, holding, disclosure and disposal of information.

PSAA's Terms of Appointment includes several references to arrangements designed to support and reinforce the requirements relating to independence, which auditors must comply with. These are as follows:

- Auditors and senior members of their staff who are directly involved in the management, supervision or delivery of PSAA audit work should not take part in political activity.

- No member or employee of the firm should accept or hold an appointment as a member of an audited body whose auditor is, or is proposed to be, from the same firm. In addition, no member or employee of the firm should accept or hold such appointments at related bodies, such as those linked to the audited body through a strategic partnership.
- Audit staff are expected not to accept appointments as Governors at certain types of schools within the local authority.
- Auditors and their staff should not be employed in any capacity (whether paid or unpaid) by an audited body or other organisation providing services to an audited body whilst being employed by the firm.
- Auditors appointed by the PSAA should not accept engagements which involve commenting on the performance of other PSAA auditors on PSAA work without first consulting PSAA.
- Auditors are expected to comply with the Terms of Appointment policy for the Engagement Lead to be changed on a periodic basis.
- Audit suppliers are required to obtain the PSAA's written approval prior to changing any Engagement Lead in respect of each audited body.
- Certain other staff changes or appointments require positive action to be taken by Firms as set out in the Terms of Appointment.

## Confirmation statement

We confirm that as of January 2017 in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the Engagement Lead and audit team is not impaired.



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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. We draw your attention to the Statement of Responsibilities of auditors and audited bodies, which is available on Public Sector Audit Appointment’s website ([www.psa.co.uk](http://www.psa.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 Phil 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, Andrew Sayers, by email to [Andrew.Sayers@kpmg.co.uk](mailto:Andrew.Sayers@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](mailto: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.

Report to: **Cabinet**

Date: **6 June 2017**

By: **Chief Operating Officer**

Title of report: **Internal Audit Strategy 2017/18 and Annual Plan**

Purpose of report: **To present the Council's Internal Audit Strategy 2017/18 and Annual Plan**

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## **RECOMMENDATIONS**

**Cabinet is recommended to review and endorse the Council's Internal Audit Strategy 2017/18 and Annual Plan.**

---

### **1. Background**

1.1 The Council's Internal Audit Strategy 2017/18 and Annual Plan (Annex A) sets out how the Council will meet its statutory requirements for internal audit, as defined within the Accounts and Audit Regulations 2015. The Strategy proposes an approach based on focussing audit resources in those areas where the highest risk to the achievement of the Council's objectives lies. These areas have been identified and prioritised based on the Council's own risk assessment processes (including the Strategic Risk Register) and following extensive consultation with officers, Members and other stakeholders.

1.2 A workshop was held with Members of the Audit, Best Value and Community Services Scrutiny Committee on 24 January 2017 and comments made have been fed into the planning process.

### **Supporting Information**

2.1 As with the previous year, we have sought to focus our audit and assurance activity on supporting the delivery of the Council's four overarching priority outcomes, namely:

- Driving economic growth;
- Keeping vulnerable people safe;
- Helping people help themselves;
- Making best use of resources.

2.2 The Strategy and Plan will be delivered in line with proper internal audit practices as set out within Public Sector Internal Audit Standards (PSIAS).

2.3 The Internal Audit Charter, approved by the Audit, Best Value and Community Services Scrutiny Committee in June 2014, sets out the scope and responsibility of internal audit.

### **3. Conclusions and Reasons for Recommendations**

3.1 Cabinet is asked to review and endorse the Internal Audit Strategy 2017/18 and Annual Plan. This was presented to the Audit, Best Value and Community Services Scrutiny Committee on 14 March 2017.

Kevin Foster, Chief Operating Officer

Contact Officers: Russell Banks

Tel No. 01273 481447

BACKGROUND DOCUMENTS

Internal Audit Strategy and Annual Audit Plan 2017/18

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# INTERNAL AUDIT STRATEGY AND ANNUAL AUDIT PLAN 2017-2018



## 1. Role of Internal Audit

1.1 The full role and scope of the County Council's Internal Audit Service is set out within the Internal Audit Charter and Terms of Reference, which was last approved by the Audit, Best Value and Community Services Scrutiny Committee (ABVCSSC) in June 2014.

1.2 The mission of Internal Audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

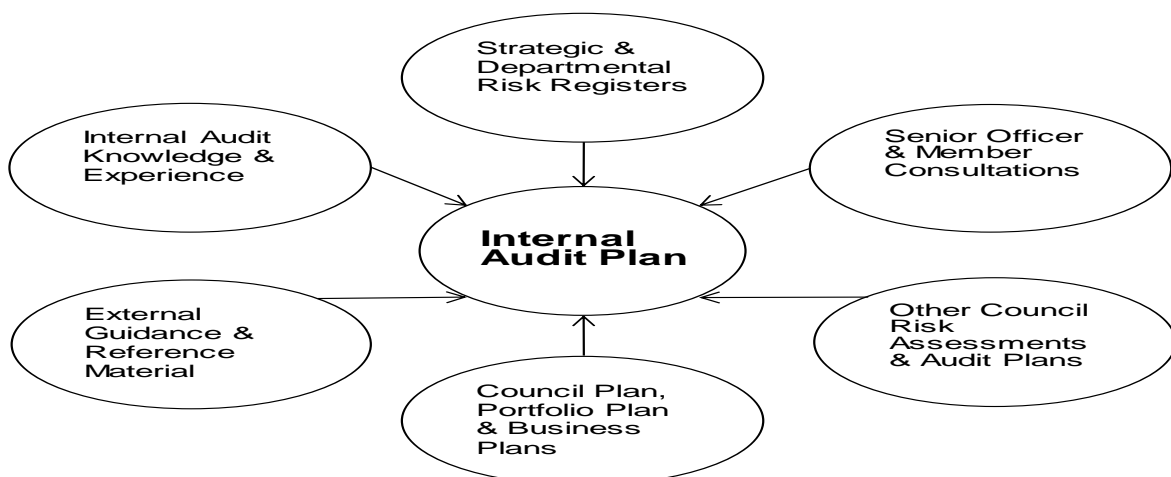
Internal Audit is defined "an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."

Internal Audit supports the whole Council to deliver economic, efficient and effective services and achieve the Council's vision, priorities and values.

## 2. Risk Assessment and Audit Planning

2.1 The County Council's Internal Audit Strategy is updated annually and is based on a number of factors, especially management's assessment of risk (including that set out within the departmental and strategic risk registers) and our own risk assessment of the Council's major systems and other auditable areas. This allows us to prioritise those areas to be included within the audit plan on the basis of risk.

2.2 The update of the annual plan for 2017/18 has involved extensive consultation with a range of stakeholders, to ensure that their views on risks and current issues, within individual departments and corporately, are identified and considered. In order to ensure that the most effective use is made of available resources, to avoid duplication and to minimise service disruption, every effort has been made to identify, and where possible, rely upon, other sources of assurance available. The following diagram sets out the various sources of information used to inform our 2017/18 audit planning process:



2.3 In order to ensure audit and assurance activity is properly focussed on supporting the delivery of the Council's Promise, and to reflect its aim to act as a single unified organisation



delivering corporate outcomes, the format of the audit plan has been aligned to the four key corporate priorities of:

- Driving economic growth;
- Keeping vulnerable people safe;
- Helping people help themselves;
- Making best use of our resources.

2.4 In producing the audit plan (which is set out in Appendix A to this report) the following key principles continue to be applied:

- All key financial systems are subject to a cyclical programme of audits covering compliance against key controls;
- Previous reviews which resulted in either 'no assurance' or 'minimal assurance' audit opinions will be subject to a specific follow-up review to assess the effective implementation by management of agreed recommendations. This will also include a number of previous reviews with a 'partial assurance' opinion where the area under review is of a higher risk nature.

2.5 In addition, formal action tracking arrangements are in place to monitor the implementation by management of all individual high risk recommendations, with the results of this work reported to CMT and ABVCSSC on a quarterly basis.

2.6 During the last two years, the County Council has been working with Surrey County Council, and more recently Brighton and Hove City Council, to develop and form the Orbis Partnership, covering a range of business services, including internal audit. This work is progressing well, with a clear project plan in place aimed at integrating the three internal audit teams into a single service over the next year. Wherever possible, opportunities to co-ordinate audit work with our Orbis partners have been identified and joint working has been taking place across the three organisations. This enables more effective use of the knowledge and skills available across the internal audit teams.

### **3. Key Issues**

#### Major Change

3.1 In times of significant transformation, organisations must both manage change effectively and ensure that core controls remain in place. In order to respond to the continued reduction in financial resources and the increased demand for services, the Council needs to consider some radical changes to its service offer in all areas.

3.2 Internal Audit must therefore be in a position to give an opinion and assurance that covers the control environment in relation to both existing systems and these new developments. It is also essential that this work is undertaken in a flexible and supportive manner, in conjunction with management, to ensure that both risks and opportunities are properly considered. During 2017/18, a number of major organisational initiatives are featured within the audit plan, with the intention that Internal Audit is able to provide proactive advice, support and assurance as these programmes progress. These include:

- Better Together / Accountable Care Model;
- Orbis;
- Procurement and Contract Management.

3.3 In recognition that in some cases, sufficient information regarding the full extent of future changes and associated risks may not yet be known, the 2017/18 audit plan once again includes a proportion of time classified as ‘Emerging Risks’. This approach has been adopted to enable Internal Audit to react appropriately throughout the year as new risks materialise and to ensure that expertise in governance, risk and internal control can be utilised early in the change process.

3.4 In view of the above, Internal Audit will continue to work closely with CMT and senior management throughout the year to identify any new risks and to agree how and where audit resources can be utilised to best effect.

3.5 Other priority areas identified for inclusion within the audit plan include:

- Budget Management;
- Staff Travel and Expenses;
- Highways Contract;
- Waste Contract;
- Home To School Transport;
- Direct Payments;
- General Data Protection Regulations;
- Anti-Fraud and Corruption.

3.6 Where common themes and findings are identified as a result of our work across the Council, these will be highlighted in our quarterly and annual reports.

#### **4. Matching Audit Needs to Resources**

4.1 The overall aim of the Internal Audit Strategy is to allocate available internal audit resources so as to focus on the highest risk areas and to enable an annual opinion to be given on the adequacy and effectiveness of the Council’s framework of governance, risk management and control.

4.2 In addition to this, resources have been allocated to the external bodies for whom we also provide internal audit services at an appropriate charge. These include East Sussex Fire Authority and a number of local academies.

4.3 Internal audit activities will continue to be delivered through a combination of in-house staff and externally provided specialist resources, particularly in areas such as ICT audit. The following table summarises the level of audit resources expected to be available for 2017/18 (expressed in days) compared to the equivalent number of planned days in previous years. The overall level of resource has remained relatively consistent in recent years and is still considered to be sufficient to allow Internal Audit to deliver its risk based plan in accordance with professional <sup>1</sup>standards and to enable the Head of Assurance to provide his annual audit opinion.

*Table 1: Annual Internal Audit Plan – Plan and Actual Days Delivered*

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<sup>1</sup> Public Sector Internal Audit Standards (PSIAS)

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Plan Days	1,771	1,642	1,580	1,712	1,622	1,668
Actual Days	1,830	1,618	1,500	1,581	TBC	TBC

## 5. Audit Approach

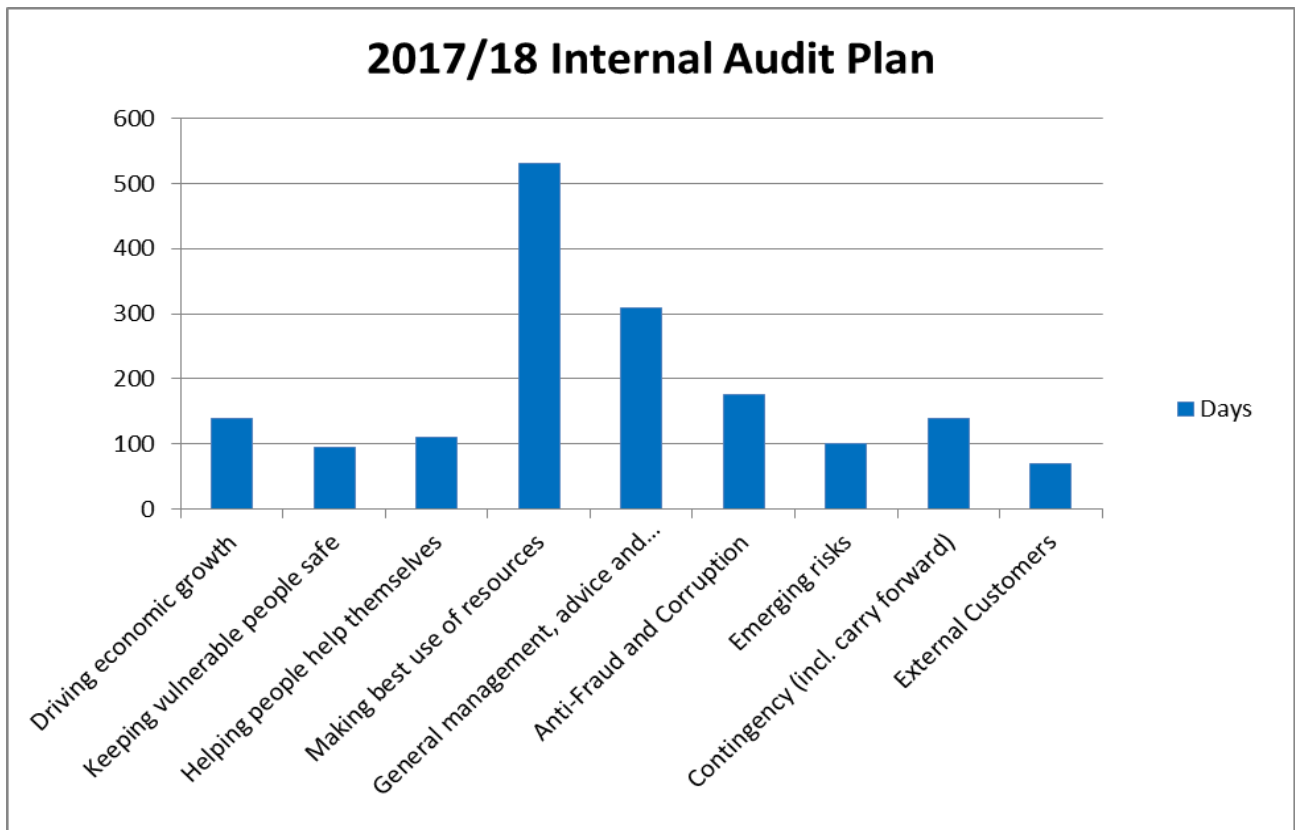
5.1 The approach of Internal Audit is to use risk based reviews, supplemented in some areas by the use of compliance audits and themed reviews. All audits have regard to management's arrangements for:

- Achievement of the organisation's objectives;
- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operations and programmes;
- Safeguarding of assets; and
- Compliance with laws, regulations, policies, procedures and contracts.

5.2 In addition to these audits, and the advice on controls given on specific development areas which are separately identified within the plan, there are a number of generic areas where demands upon Internal Audit cannot be planned in advance. For this reason, time is built into the plan to cover the following:

- Contingency – an allowance of days to provide capacity for unplanned work, including special audits and management investigations. This contingency also allows for the completion of work in progress from the 2016/17 plan;
- Advice, Management, Liaison and Planning - an allowance to cover provision of ad hoc advice on risk, audit and control issues, audit planning and annual reporting, ongoing liaison with service management and Members, and audit management time in support of the delivery of all audit work, planned and unplanned.

5.3 A summary of the allocation of audit resources (days) across the 2017/18 audit plan is set out in the following graph:



5.4 In delivering this Strategy, the Head of Assurance has liaised with the Council’s external auditors, KPMG, to ensure that the use of audit resources is maximised, duplication of work is avoided, and statutory requirements are met.

## 6. Training and Development

6.1 The effectiveness of the Internal Audit Service depends significantly on the quality, training and experience of its staff. Training needs of individual staff members are identified through the Council’s appraisal process and are delivered and monitored through on-going management supervision. Use is also made of CIPFA’s skills and competencies matrix for internal auditors as part of this process.

6.2 The team is also committed to coaching and mentoring its staff, and to providing opportunities for appropriate professional development. This is reflected in the high proportion of staff holding a professional internal audit or accountancy qualification.

## 7. Quality and Performance

7.1 With effect from 1 April 2013, all of the relevant internal audit standard setting bodies, including CIPFA, adopted a common set of Public Sector Internal Audit Standards (PSIAS). These are based on the Institute of Internal Auditors International Professional Practices Framework and replace the previous Code of Practice for Internal Audit in Local Government.

7.2 Included within the new Standards is the requirement for the organisation to define the terms ‘Board’ and ‘senior management’ in the context of audit activity. This has been set out within the Internal Audit Charter, which confirms the ABVCSSC’s role as the Board.

7.3 The PSIAS require each internal audit service to maintain an ongoing quality assurance and improvement programme based on an annual self-assessment against the Standards, supplemented at least every five years by a full independent external assessment. The outcomes from these assessments, including any improvement actions arising, will be reported to CMT and the ABVCSSC each year, usually as part of the annual internal audit report. For clarity, the Standards specify that the following core principles underpin an effective internal audit service:

- Demonstrates integrity;
- Demonstrates competence and due professional care;
- Is objective and free from undue influence (independent);
- Aligns with the strategies, objectives, and risks of the organisation;
- Is appropriately positioned and adequately resourced;
- Demonstrates quality and continuous improvement;
- Communicates effectively;
- Provides risk-based assurance;
- Is insightful, proactive, and future-focused;
- Promotes organisational improvement.

7.4 In addition, the performance of Internal Audit continues to be measured against key service targets focussing on the following three areas, all of which are underpinned by appropriate performance measures:

- Quality/Customer Satisfaction;
- Cost/Coverage;
- Compliance with Professional Standards (as per 7.3 above).

7.5 At a detailed level each audit assignment is monitored and customer feedback sought. There is also ongoing performance appraisals and supervision for all Internal Audit staff during the year to support them in achieving their personal targets.

7.6 In addition to the individual reports to management for each audit assignment, reports on key audit findings and the delivery of the audit plan are made to both CMT and the ABVCSSC on a quarterly basis. An Annual Internal Audit Opinion is also produced each year.

7.7 Whilst Internal Audit liaises closely with other internal audit services through the Sussex Audit Group, the Home Counties Chief Internal Auditors' Group and the County Chief Auditors' Network, we are continuing to develop joint working arrangements with other local authority audit teams (including as part of Orbis) to help improve resilience and make better use of our collective resources. During 2016, the Head of Assurance has taken up the position of Chair of the County Chief Auditor's Network, the membership of which includes all county council and unitary council heads of internal audit across England.

7.8 Finally, in order to ensure compliance with professional standards, alternative management arrangements will be put in place to ensure there is appropriate independence where Internal Audit undertakes audit activity in areas where the Head of Assurance (as the Head of Internal Audit for the County Council) also has operational responsibility. This relates primarily to any audit work on risk management or insurance arrangements.

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# INTERNAL AUDIT PLAN

## 2017-18



<b>Council Priority:</b>	<b>Driving Economic Growth</b>
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Review Name	Type	Outline Objective
Schools	Audit & Advice	We will continue our audit coverage in schools, which will involve a range of assurance work, including key controls testing in individual schools, follow-ups of previous audit work and themed reviews. In addition, we will continue to work with Children's Services colleagues to help improve the level of scrutiny and challenge provided by school governors, including the provision of more robust and focussed training. We will also work with our Orbis partners to provide bulletins and guidance for schools.
Academy Transition Arrangements	Audit	This review will consider the arrangements in place for managing the transition for schools becoming academies, having regard to the risks for both the schools themselves and the County Council.
Education Improvement Partnerships	Audit	Education Improvement Partnerships (EIPs) are groups of schools working together across an area to improve outcomes for all pupils. EIPs receive funding from the local authority and include primary and secondary schools, and, in some areas, post-16 colleges and early year providers. This audit will examine EIP governance arrangements, with a view to ensuring there is appropriate consultation on EIP objectives, effective financial planning for EIP funds, clear stakeholder reporting and robust controls over the authorisation of expenditure.
Community Infrastructure Levy	Audit	A review to ensure that the Community Infrastructure Levy application and bidding process is operating effectively to maximise the Council's ability to secure funding, including assurance that funds received are used appropriately.
Sustainable Drainage Systems (SuDS)	Audit	A review to assess compliance with the Council's statutory obligations (as Lead Local Flood Authority - LLFA) in relation to SuDS, where recent changes have made SuDS a material consideration when determining planning applications for major developments. Non-compliance exposes the Council to financial and reputational risks.

# INTERNAL AUDIT PLAN

## 2017-18



**Council Priority:**

**Keeping Vulnerable People Safe**

<b>Review Name</b>	<b>Type</b>	<b>Outline Objective</b>
School Registration Arrangements (to include Academies)	Audit	<p>The Education (Pupil Registration) (England) (Amendment) Regulations 2016 seek to provide a framework for schools to manage child protection risks, particularly in relation to the whereabouts and safety of children. The regulations also provide a framework to ensure schools and academies don't remove pupils from the roll as a means of manipulating their performance.</p> <p>This audit will look to provide assurance that schools and academies are complying with the Government's requirements in relation to pupil registration and are following these when removing pupils from the school roll.</p>
Unaccompanied Asylum Seeking Children	Audit	<p>An audit of the Council's arrangements for dealing with unaccompanied children seeking asylum, where we are responsible for all associated costs until the age of 25 (failed asylum seekers may also be supported if they have children or social care needs). This includes schooling, foster care or children's homes, through to university fees and housing costs. The review will look to ensure that the Council is complying with its responsibilities, is maximising grant contributions and that all expenditure is appropriate, valid and accurate.</p>
Troubled Families	Audit	<p>As a continuation of our work in this area, we will verify a proportion of result claims before they are made, including confirming families' eligibility for inclusion in the expanded programme and whether progress measures set out in the Troubled Families outcome plans have been achieved and evidenced.</p>
Care Leaver Payments & Grants	Audit	<p>The audit will review the process for administering grants and other payments to those leaving care.</p>
Home To School Transport	Audit	<p>A review of the Council's arrangements for providing home to school transport for pupils. It will cover eligibility, safeguarding, procurement, contract and budget management arrangements (including billing and payments).</p>



# INTERNAL AUDIT PLAN

## 2017-18



<b>Council Priority:</b>	<b>Helping People Help Themselves</b>
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<b>Review Name</b>	<b>Type</b>	<b>Outline Objective</b>
East Sussex Better Together / Accountable Care Model	Advice & Audit	Continued audit advice, support and assurance in relation to ESBT (and Connecting 4 You) and the move towards an Accountable Care Model (and the pooling and alignment of a single budget and systems established to manage this). We will work with ASC and Finance colleagues to identify key areas of support to help provide assurance that a sufficiently robust framework of control exists in this complex area.
Social Care Non-Attendance and Deaths	Audit	A review of systems and controls in place to ensure payments are only made for valid social care clients who are actually receiving care.
Sexual Health Open Access	Audit	A review of controls in relation to open access, whereby ESCC residents seek and obtain sexual health treatment in other local authorities, and this is charged to ESCC. Whilst it is not possible to control how and when people access out-of-area services, it is important that the Council obtains appropriate assurance that services have actually been provided before any payments are made.
Ordinary Residence	Audit	A review of processes in place to manage the risks associated with other local authorities 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.
Financial Assessments	Audit	A review to understand and appraise the financial assessment process in relation to adults both entering and already in, ESCC care. This will include revisiting internal audit work previously undertaken in this area.

# INTERNAL AUDIT PLAN

## 2017-18


**Council Priority:**
**Making Best Use of Resources**

<b>Review Name</b>	<b>Type</b>	<b>Outline Objective</b>
Adult Social Care Liquidlogic (LAS) & Controcc	Audit	A review to assess the adequacy of controls within the LAS (client information and management system for Adults) and Controcc (the social care payments and billing system).
Children's Social Care LiquidLogic (LCS) & Controcc	Audit	A review to assess the adequacy of controls within the LCS (client information and case management system for Children) and Controcc (the social care payments and billing system).
ICT – General Data Protection Regulations (GDPR)	Audit	A review to ascertain preparedness for the new General Data Protection Regulations, where there is a risk of non-conformance and ensuing financial penalties under the new regime. A gap analysis will be undertaken to assess how measures implemented by the Council align to the proposed GDPR.
ICT – Third Party Services	Audit	The Council is exposed to clear risks associated with parts of the organisation trading with third party IT providers without our own IT and Digital Department being aware, and therefore unable to implement adequate information governance and security controls. This review will therefore assess the adequacy of, and compliance with, Council policy in this area and, where non-compliance is identified, whether the associated risks have been properly considered and managed.
ICT – Prioritisation of Disaster Recovery / Service Restoration	Audit	A review of the arrangements in place over the prioritisation of disaster recovery / service restoration, to ensure that these are robust and there is appropriate alignment between the recovery expectations of service departments and ICT restoration / recovery capability.
SAP Application Controls	Audit	An audit to evaluate the adequacy and effectiveness of the key configuration settings and access restriction mechanisms to a variety of sensitive transactions in SAP.
Accounts Payable	Audit	A full key financial system audit. To review processes relating to the procure-to-pay process.

## INTERNAL AUDIT PLAN 2017-18



Review Name	Type	Outline Objective
Procurement Cards	Audit	This audit will look to provide assurance that P-cards are only issued to appropriately authorised and trained staff and are being used only to purchase goods and services that are wholly, exclusively and necessary for the use of the Council, and for the best value attainable.
Payroll - Key Controls	Audit	This audit will review the key controls operating within the Payroll system, including those relating to starters, leavers, temporary and permanent payments and contractual changes.
Accounts Receivable – Key Controls	Audit	This audit will provide assurance over the key controls operating within the Accounts Receivable system, including those in place for ensuring the accuracy of customer details, accuracy of invoicing, recording and matching payments to invoices, and recovery.
Debt Management	Audit	This audit will involve a thorough review of the controls operating within Adult Social Care and Business Operations to manage debt within the Accounts Receivable system. Particular emphasis will be placed on the arrangements for the monitoring and recovery of deferred debt arising from social care service users.
Bankline (Banking Application)	Audit	A review of the controls operating over the Council's electronic banking application 'Bankline'. The system is used for making Chaps payments (same day automated payment system in the UK – primarily used for high value payments, including Treasury Management payments) and faster payments, as well as the day to day management of Council bank accounts.
Pensions Governance, Investments and External Control Assurance	Audit	A review to assess the adequacy of East Sussex Pension Fund management and governance arrangements. Also, to examine arrangements for obtaining assurance over the adequacy of the control environment of pension fund investment managers and the custodian.
Pension Fund Processes and Systems	Audit	To review the key controls over the calculation and payment of pensions, transfers to and from the pension fund and the collection and recording of pension contributions (incl. contributions from other admitted bodies).

## INTERNAL AUDIT PLAN 2017-18



Review Name	Type	Outline Objective
Pension Fund Pooling – Governance Arrangements	Advice	To provide advice and guidance on the governance framework associated with the 'ACCESS Pool', in preparation for the pooling of ESCC pension fund assets from April 2018.
Budget Management	Audit	A review of the Council's budget management arrangements, to include both central controls and examination of a sample of individual service budgets.
Recruitment and Induction	Audit	This audit will review the arrangements for recruiting new staff, to include approval to recruit, advertising arrangements, shortlisting, pre-employment checks, training and induction.
Apprenticeship Levy	Audit	<p>The Apprenticeship Levy, introduced in April 2017, changes the way the government funds apprenticeships in England. As a result, the way the Council accesses funding and training for apprenticeships will also change.</p> <p>This audit will seek to provide assurance over the arrangements for calculating and accounting for the Apprenticeship Levy, the arrangements for ensuring the funds for apprenticeship training are spent in a timely manner and in accordance with the Department for Education's Apprenticeship Funding Policy.</p>
Personal Service Companies and Use of Consultants	Audit	<p>A review to provide assurance that the Council has controls in place to manage the key risks associated with the appointment of personal service companies and use of consultants, including non-compliance with the Code of Conduct, inadequate performance monitoring, the reputational risk associated with not following an appropriate appointment process and failing to protect intellectual property rights.</p> <p>We will also provide assurance that the Council has adequate controls in place to ensure compliance with the new IR35 legislation relating to 'self-employment' status.</p>

## INTERNAL AUDIT PLAN 2017-18



Review Name	Type	Outline Objective
ORBIS - General	Advice and Audit	To work with management to support the development of new systems, processes and working practices within the partnership to help ensure that a sufficiently robust framework of control remains in place. This will include following-up previous audit reports to ensure agreed actions have been implemented.
ORBIS - Business Operations Roadmap	Advice	We will provide advice, support and challenge on risk and internal control matters associated with changes made within Business Operations, as identified within their 'Roadmap' document. The work will support the merging of processes within transactional teams (such as Payroll, Accounts Payable, Accounts Receivable and Pensions).
ORBIS - SAP Developments	Advice	To provide advice, support and challenge in relation to SAP development and improvement work.
ORBIS - Property Transformation	Advice	To provide advice, support and challenge on risk, governance and internal control matters in relation to property transformation and improvement initiatives.
ORBIS - Procurement Transformation	Advice	To provide advice and support into the procurement transformation programme, including the design of sourcing, purchasing and contract management systems.
Procurement and Contract Management (incl Financial Assessments)	Audit	As a continuation of previous audit work in this area, we will undertake a review of a sample of high risk and, where appropriate, joint contracts with Surrey County Council. The audit will also review the process for undertaking due diligence of contractors, including financial assessments, both pre and post contract award.
Lease Management – Property	Audit	A review to assess the adequacy of the control framework in place for the management of property leases (where the Council is either the landlord or the tenant) to ensure that the Council achieves maximum value from its property assets.
Highways Contract Management	Advice and Audit	Following the letting of the highways contract to Costain, we will undertake a contract management audit which will include a review of governance arrangements, performance management and payment mechanisms.

# INTERNAL AUDIT PLAN

## 2017-18



Review Name	Type	Outline Objective
Waste Contract	Audit	Audit work in relation to the Waste PFI Contract following the recent external review by Defra. Potentially to include a review of the implementation of actions arising from this external review, contract compliance, governance and payment arrangements, and the measurement / accounting of waste volumes.
Staff Travel and Expenses	Audit	This audit will review the controls associated with all methods of staff travel and expenses, including (but not limited to) mileage claims, travel warrants, season tickets, workplace travel allowances, purchasing cards and petty cash.
Capital	Advice	To provide audit advice and support in relation to the review of current capital systems and processes, following the analysis work undertaken by AECOM. Note – Capital will be subject to a full internal audit review in 18/19.
Energy Management	Audit	A review of the Council's energy management arrangements and associated processes, including the payment of invoices and the management of income received in respect of green energy generation.