AUDIT COMMITTEE

THURSDAY, 20 SEPTEMBER 2018

10.00 am COMMITTEE ROOM - COUNTY HALL, LEWES

MEMBERSHIP - Councillor Colin Swansborough (Chair)
Councillors Gerard Fox (Vice Chair), John Barnes, Matthew Beaver, Bob Bowdler, Philip Daniel and Daniel Shing

A G E N D A

1 Minutes of the previous meeting held on 13 July 2018 *(Pages 3 - 10)*

2 Apologies for absence

3 Disclosures of interests

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

4 Urgent items

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

5 Internal Audit Progress Report - Quarter 1, 2018/19 *(Pages 11 - 26)*
Report by the Chief Operating Officer

6 Risk Management Framework and Strategic Risk Monitoring report - Quarter 1, 2018/19 *(Pages 27 - 36)*
Report by the Chief Operating Officer.

7 Minimum Revenue Provision Calculation *(Pages 37 - 40)*
Report by the Chief Finance Officer.

8 Council Reserves report *(Pages 41 - 54)*
Report by the Chief Finance Officer.

9 Work programme *(Pages 55 - 58)*

10 Any other items previously notified under agenda item 4

PHILIP BAKER
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12 September 2018

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Agenda Item 1

AUDIT COMMITTEE

MINUTES of a meeting of the Audit Committee held at Committee Room - County Hall, Lewes on 13 July 2018.

PRESENT	Councillor Colin Swansborough (Chair), Councillors Gerard Fox (Vice Chair), John Barnes, Matthew Beaver, Bob Bowdler, Philip Daniel and Daniel Shing
LEAD MEMBERS	Councillor David Elkin
ALSO PRESENT	Becky Shaw, Chief Executive Kevin Foster, Chief Operating Officer Ian Gutsell, Chief Finance Officer Ola Owolabi, Head of Accounts and Pensions Russell Banks, Chief Internal Auditor Nigel Chilcott, Audit Manager Khy Perryman, IT & Digital Information Governance & Continuity Manager Jo Lees, Director KPMG Charlotte Goodrich, Senior Manger KPMG

1 APOLOGIES FOR ABSENCE

1.1 There were no apologies for absence.

2 DISCLOSURES OF INTERESTS

2.1 There were none.

3 URGENT ITEMS

3.1 There were none notified.

4 ANNUAL REVIEW OF THE CORPORATE GOVERNANCE FRAMEWORK 2017/18

4.1 The Chief Executive introduced the report. The review of the Corporate Governance Framework report is presented to the Committee each year to ensure the Council has effective governance arrangements in place and forms part of the Annual Governance Statement (AGS). The report will be presented to the Governance Committee for approval on 17 July 2018.

4.2 The Committee noted that in Appendix 3 of the report there is an action to develop the Council's approach to transparency and to respond to the Government's open data agenda. The Committee asked if there was a conflict between this requirement for openness and the introduction of the General Data Protection Regulation (GDPR). The Chief Operating Officer explained that GDPR is more concerned with personal data and the open data agenda is chiefly about business or organisation information and data, so there is little conflict.

4.3 The Committee commented that there did not appear to be a corresponding action on transparency and the open data agenda in the action plan in Annex A. The Chief Executive explained that as this is an overarching requirement it is being picked up across the organisation.

4.4 Councillor Philip Daniel stated that the Local Government Transparency Code was less demanding than the standards for Central Government level (e.g. the Scottish Government has already published a report on open data), and expressed a view that East Sussex County Council (ESCC) should seek to apply the higher standards, in particular, on risk and obligation transparency with respect to contracting. The publication of the risks the Council is exposed to through major contracts may be of particular relevance in the wake of the Carillion collapse.

4.5 The Chief Executive responded that ESCC complies with the Local Government Transparency Code and that an assessment would need to be done of the relative importance and value to be added by diverting resource away from other activities into this area. The Chief Operating Officer added that the Procurement Team can do an initial assessment and report back through the Audit Committee as necessary. The Chief Executive confirmed that she would draw the Audit Committee's comments to the attention of the Governance Committee.

4.6 The Committee discussed the training provided for Members as referred to in the bullet point in section 4 of the Annual Governance statement (Appendix 3 of the report). The Chair stated that from his point of view, a comprehensive training programme had not been provided for newly elected Members. The Chief Executive outlined that Governance Services had put in place a comprehensive training programme both following the election and on an ongoing basis since. It was noted there was an issue with the take up of the training on offer, rather than the provision. The Committee commented that it would be helpful to have more online training resources as they can be accessed flexibly by Members. The Chief Operating Officer responded that there is already some online training provision, which is accessible to staff and Members. The Chief Executive said she would ask Democratic Services to explore the possibility.

4.7 Councillor Barnes asked about the review of the Health and Wellbeing Board. The Chief Executive replied that a report detailing progress was going to the Health and Wellbeing Board on 17 July and was available on the website.

4.8 The Committee RESOLVED to note the report to the Governance Committee and its appendices.

5 REVIEW OF THE KPMG EXTERNAL AUDITOR'S REPORT TO THOSE CHARGED WITH GOVERNANCE AND 2017/18 STATEMENT OF ACCOUNTS

5.1 Jo Lees from the Council's External Auditors, KPMG, introduced report. She outlined that the External Auditor intended to issue an unqualified opinion on the accounts and value for money work. There are two significant risks that were identified and examined as part of the audit (as detailed on pages 9 and 10 of the External Auditor's report in appendix 1 of the Governance Committee report – see appendix A). The first risk was the valuation of the Council's pension assets and liabilities, because this is a key area of judgement. The Auditors found that there were no issues that they needed to draw attention to as a result of their work in this area.

5.2 The second risk included in the audit was the valuation of land and buildings. Again this is due to the judgement issues involved in the way the property portfolio is valued. The approach that ESCC's professional valuer has adopted includes a contingency in the valuation. This is not wrong, but ESCC does not have to include a contingency. Consequently the Auditors have made a recommendation that the Council considers the appropriateness of this approach.

5.3 The Chief Finance Officer explained that the valuation method used to estimate the cost of rebuilding all the property assets includes a 5% contingency. There is a consultation being undertaken by the Royal Institute of Chartered Surveyors on whether a contingency has to be included, but the consultation has not concluded. ESCC has decided to include a contingency on the advice of the professional valuers, but once the consultation outcome is known, ESCC will act on the revised guidance and change its approach to the valuation accordingly.

5.4 Jo Lees outlined that there are two other risks that the Auditors have to include in their work. The fraud risk from revenue recognition has been rebutted as there is unlikely to be an incentive for local authorities to fraudulently recognise revenue. The other is the fraud risk from the management override of controls. The Auditors found there were no issues arising from this area of risk.

5.5 The Auditor's view on management judgements (page 12 and 13 of the Auditor's report) is that they are balanced and sound. The Auditors concluded that the Authority has adequate arrangements to secure economy, efficiency and effectiveness in its use of resources and therefore anticipate issuing an unqualified value for money conclusion (as outlined in the Summary on page 4). Jo Lees confirmed the independence of the External Auditors.

5.6 The Chair asked the Auditors if they could clarify the meaning of the terms "unqualified opinion" and "true and fair" used in the report. Jo Lees explained that "unqualified" meant that the Auditors were not placing a qualification on the audit opinion (i.e. there are no issues). What is meant by "true and fair" is that the accounts are true and fair based on the evidence the Auditors have seen, and they have not been miss stated. Jo Lees also clarified that the Elector Objection related to last year's accounts, where an objection was raised concerning Lender Option, Buyer Option (LOBO) loans.

5.7 The Committee did not have any concerns that they wished to bring to the attention of the Governance Committee on the independent Auditor's report. The Chair thanked the Auditors, on behalf of the Committee, for their work on the Council's accounts over the last five years.

5.8 The Committee RESOLVED to note report and its appendices.

6 <u>REVIEW OF KPMG EXTERNAL AUDITOR'S REPORT TO THOSE CHARGED WITH GOVERNANCE AND THE PENSION FUND 2017/18 STATEMENT OF ACCOUNTS</u>

6.1 Charlotte Goodrich of KPMG introduced report. She outlined that the External Auditors were giving an unqualified "true and fair" audit opinion on pension fund account. The audit work has included one significant risk on the valuation of hard to price investments (page 8 of the External Auditor's report), in addition to the risks they are required to assess in all cases. This was due to the areas of judgement involved in valuing these assets. The audit found there were no issues arising from the assessment of this risk.

6.2 Charlotte Goodrich explained that the fraud risk from revenue recognition has been rebutted as there is unlikely to be an incentive for local authorities to fraudulently recognise revenue. The other risk is the fraud risk from the management override of controls. The Auditors found there were no issues arising from these areas of risk and there were no audit adjustments or recommendations.

6.3 The Committee discussed their role in reviewing the External Auditor's report on the East Sussex Pension Fund. The Committee have an advisory role as part of their oversight of all audit matters. The External Auditor's report will be presented to the Pension Committee for approval on Monday 16 July 2018.

6.4 The Committee noted that the Pension Fund was a large and mature fund which was close to being fully funded. The Committee asked about the approach being taken to identify what additional investment is needed to fund the Pension Fund's liabilities. This includes consideration of the level of funding required; the risk of fluctuating markets and measures to 'de-risk' the portfolio of investments; and the impact on employers of increased contributions to meet the Pension Fund liabilities. The Head of Accounts and Pensions outlined that these issues will be considered by the Pension Committee as part of the Investment Strategy, and the Pension Committee will be holding an Investment Strategy Review Day after the Pension Committee meeting.

6.5 The Committee did not identify any concerns that they wished to bring to the attention of the Pension Committee, and asked that their comments concerning the Pension Fund Investment Strategy be passed onto the Pension Committee. The Chief Finance Officer agreed to report the Audit Committee's comments to the Pension Committee for their consideration.

6.6 The Committee RESOLVED to note report and its appendices.

7 <u>INTERNAL AUDIT ANNUAL REPORT AND OPINION 2017/18 (INCLUDING INTERNAL AUDIT PROGRESS REPORT QUARTER 4, 01/01/18 - 31/03/18)</u>

7.1 The Audit Manager introduced the report. The report includes the Internal Audit Annual report opinion for 2017/18 (appendix 1) and the audit outcomes for the audit work completed in quarter 4 of 2017/18 (appendix 2). The Chief Internal Auditor is able to provide an opinion of reasonable assurance that East Sussex County Council has in place an adequate and effective framework of governance, risk management and internal control for the period 1 April 2017 to 31 March 2018.

7.2 The Committee asked how the schools audit work was organised. The Audit Manager outlined that a specific programme for the work on school audits has been developed, which focusses on financial management and governance. The programme includes an examination of governance and reporting, financial planning, income, expenditure, safeguarding of assets etc. The Committee noted with pleasure the improvement in school audit opinions, with no schools over the last 12 months receiving an audit opinion of partial or minimal assurance. This represents substantial progress in this area.

Quarter 4 Audit Opinions

7.3 The Committee discussed the audit of Personal Service Companies and use of Consultants, which received a partial assurance opinion. The Committee commented that it was surprised that the Council does not have records and asked whether the action plan agreed with management will deal with this weakness and lead to an improved opinion in the follow up audit. The Audit Manager outlined that work is underway on the action plan enabling the collection of information for existing contracts and any new ones. The records will then be retained in the procurement system. The Chief Internal Auditor clarified that the issue was not that records had not been kept, but more that there was not a central place where all records were gathered together and accessible. It is the understanding of the Chief Internal Auditor that everyone who needs access to the records will be able to gain access to them.

7.4 The Committee asked for clarification on how complaints relating to fraud and corruption are dealt with. The Chief Internal Auditor explained that ESCC operates a whistle blowing reporting system, which the Internal Audit team manage separately from the ordinary complaints system. The team will then assess all complaints and allegations and investigate or refer them to other teams as appropriate. If necessary, serious allegations will be referred directly to the

Police, with the Internal Audit team acting as the main point of contact/liaison with the Council for the Police investigation.

Summary comments

7.5 The Committee did not consider that there were any significant control issues that needed to be included in the Councils annual governance statement, and considered that the Council's system for internal audit had proved effective during 2017/18.

7.6 The Committee RESOLVED to:
1) Note the Internal Audit Service's opinion on the Council's control environment; and
2) Agreed that the Council's system for internal audit has proved effective during 2017/18.

8 <u>PUBLIC SECTOR INTERNAL AUDIT STANDARDS EXTERNAL ASSESSMENT REPORT</u>

8.1 The Chief Internal Auditor introduced report. The timing of the external assessment was at the end of the period when an external assessment has to be carried out, and was also at a critical stage in the integration of the three Orbis Internal Audit departments into one service. The external assessment identified only one area that required action, which relates to the appointment or removal of the Chief Internal Auditor. The Internal Audit Charter has been amended to deal with this issue. The Committee asked for a further explanation of the reason for this action point.

8.2 The Chief Internal Auditor outlined that the independence of Internal Audit is crucial to its effectiveness. One of the ways of preserving effectiveness is for the Chief Internal Auditor to be able to report freely to the Audit Committee. There is a risk that management could remove the Chief Internal Auditor and this recommendation offers protection if the Audit Committee has to be involved in the removal or appointment of Chief Internal Auditor. At present ESCC requires the Chair of the Audit Committee to be consulted, but this was not the situation for the two other Orbis partner authorities. The amendment of the Internal Audit Charter requires all three Audit Committee Chairs to be consulted.

8.3 The Committee noted the external assessor's conclusion that Orbis Internal Audit has achieved the highest level of conformance with relevant professional standards, and congratulated the team on their achievement.

8.4 The Committee RESOLVED to note the report and the external assessor's conclusion.

9 <u>STRATEGIC RISK MONITORING 2017/18 - QUARTER 4</u>

9.1 The Chief Operating Officer introduced the report. He explained that the Strategic Risk Monitoring is included in the Council monitoring report which is presented to Cabinet on quarterly basis. The 2017/18 quarter 4 report was presented to Cabinet on 26 June 2018 and included any items that have been changed or escalated from departmental risk registers. The Chief Operating Officer added that a report will be presented at the September Audit Committee meeting to explain the risk assessment process and a how departments assess and escalate risks.

9.2 The Committee reviewed the items on the strategic risk register in appendix 1 of the report, and discussed the following risks in more detail.

School Places and Changes to the Funding Formula

9.3 Councillor Fox raised the risk to school place delivery posed by the increase in the number of schools that were now Academies, and therefore outside of local authority control. He asked whether it might be worth adding this to the monitoring of risk by the Committee and whether it is in the departmental risk register.

9.4 Councillor Barnes outlined that he was still worried about strategic risk 13 Dedicated Schools Grant (DSG). He asked how many schools would be below the block grant threshold (e.g. a threshold of around 120 pupils) and whether this will lead to school closures. Councillor Barnes added that he would have expected that the budget pressures and risk from the block funding formula (DSG) would have been modelled. He outlined that a number for small rural schools could be under threat of closure, and that East Sussex was not alone in this respect.

9.5 The Chief Operating Officer responded that Risk 13 is departmental risk and would be within remit of People Scrutiny Committee to examine. He added that the Council does a huge amount of modelling for school place provision and the need for capital funding. There is a level of oversight of these issues and they are included in the Reconciling Policy, Performance and Resources (RPPR) financial planning process. This includes the potential changes to the DSG and any further investment that may be required as part of the integrated planning process for school places.

Cyber Attack

9.6 The Committee sought further assurance about the robustness of the arrangements for protecting the Council's data from the risk of Cyber Attack (Risk 12). Khy Perryman, Information Security and Governance Manager, joined meeting and gave a presentation on the measures ESCC is taking on Cyber Security. The presentation covered the following topics:

- Definition of Cyber Security issues, including the threat from organised crime which is something the Council takes seriously as local government is one of the top targets for organised crime due to the amount of personal information that is held.
- A description of targets which includes individuals in managerial and professional occupations due to their likely access to systems and data.
- Third party security, including data breaches (e.g. where other organisations are hacked in order to obtain people's personal information). There is increased activity in this area and the introduction of GDPR has had an impact on increases in security. The Council is currently getting around one notification per week of a third party breach of data security.
- Computer network security and resilience. ESCC has good controls in place for its internal network and equipment. It has also built resilience into the network and internet access. Current activity in this area includes Bit Coin miners trying to install malware to get other computing resources to mine Bit Coin and is a risk arising from the use of personal applications.
- Supply chain security – ensuring the Council's suppliers have appropriate Cyber Security in place.
- Accidental disclosures – investigate all incidents and provide training.
- Email and web site security – ESCC is working to ensure as many emails as possible are sent/received securely as these pose a major risk. Web sites accessed via search engines are secure and flag when a site does not use encryption.
- Threat Sharing – ESCC works with partner organisations to share information on threats.
- ESCC Employs dedicated and trained information security staff, as well as providing Cyber Security awareness training to all staff.

- The Essential Components of the Cyber Security programme are:
    - Governance, compliance and organisation arrangements
    - Data protection
    - Security risk management
    - Identity and access management
    - Incident resolution
    - 3rd party vendor management
    - Host and endpoint protection
    - Application, database and mobile protection
    - Network, cloud and data centre
    - Security awareness training
    - Technology enabled support.

9.7 The Lead Member for Resources asked how often ESCC's systems were subject to Cyber Attack per day. The Information Security and Governance Manager responded that if port scanning probes are included, then ESCC's Cyber Security systems are tested every minute.

9.8 The Information Security and Governance Manager summarised by outlining that security is ongoing process as attacks and threats are constantly evolving. The Council cannot eliminate all risk, but is actively working to make sure the Council's information and IT systems are as secure as possible. The Council takes an intelligence driven, risk based approach to Cyber Security. The Council is providing training for to all staff, especially around opening unrecognised emails, as everyone is responsible for Cyber Security.

9.9 The Committee RESOLVED to note the current strategic risks and the risk controls / responses being proposed and implemented by Chief Officers.

10 AUDIT COMMITTEE - WORK PROGRAMME

10.1 The Chair introduced the work programme item, which is the Committee's opportunity to review the future work programme. The Committee discussed the work programme and agreed to add the following items:

- A report on the Council's reserves, how they are held, and the projection up to 2021. As this report is linked to Treasury Management, the Committee requested that the report is presented to the September meeting (alongside the report on the calculation of the Minimum Revenue Provision).

- The Property Asset Disposal and Investment Strategy annual monitoring report is to be presented to the November Audit Committee meeting, together with a report on the Community Asset Transfer policy and how this links to the Council's Property Asset Disposal and Investment Strategy.

10.2 The Committee also agreed to receive the report on the Risk Management Framework and risk assessment process (September meeting), before considering whether any further work is necessary on the risks associated with the changes to the schools Direct Support Grant (see minute 9.4 above).

Training

10.3 The Committee discussed the training that is available to Committee members and the possibility of using the Chartered Institute of Public Finance and Accountancy (CIPFA) to provide Audit Committee training. Individual briefings, provided by Officers, are also available for Committee members. The Chief Finance Officer will arrange a briefing for Councillor Bowdler at a mutually convenient date.

The meeting ended at 11.38 am.

Councillor Colin Swansborough
Chair

Report to: **Audit Committee**

Date of meting: **20 September 2018**

By: **Chief Operating Officer, Business Services Department**

Title of report: **Internal Audit Progress Report – Quarter 1 (01/04/18 – 30/06/18)**

Purpose: **To provide Members with an update on all internal audit and counter fraud activity completed during the quarter, including a summary of all key findings. The report also includes details of progress on delivery of the annual audit plan along with an update on the performance of the internal audit service during the period.**

RECOMMENDATIONS

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

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1. Background

1.1 This progress report covers work completed between 1 April 2018 and 30 June 2018.

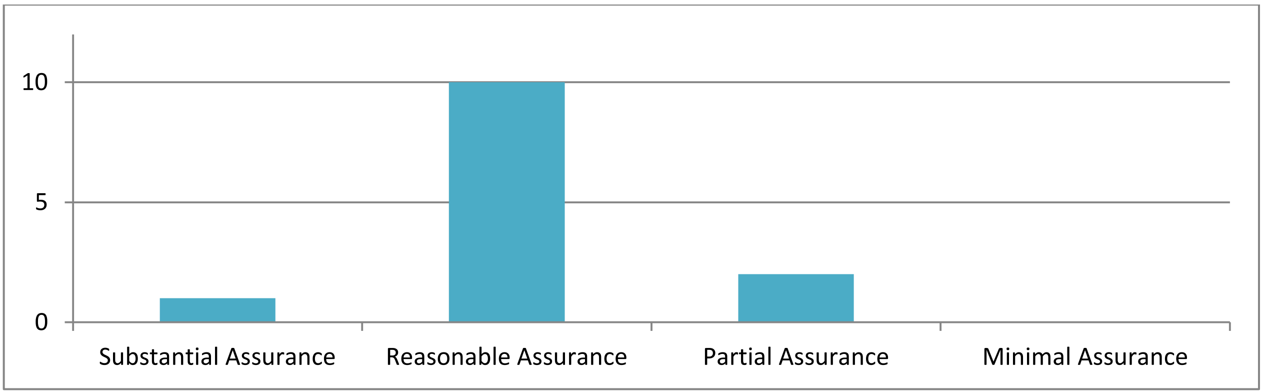
2. Supporting Information

2.1 The current annual plan for internal audit is contained within the Internal Audit Strategy and Annual Plan 2018-19 which was approved by Audit Committee on 22 March 2018.

3. Conclusion and Reasons for Recommendation

3.1 Key audit findings from final reports issued during Quarter 1 are summarised in Appendix 1.

3.2 Overall, of the 13 formal audits finalised during the quarter, 1 received 'substantial assurance', 10 received opinions of 'reasonable assurance' (including 4 schools) and 2 received 'partial assurance' (both of which were schools). There were no opinions of 'minimal assurance'.



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

3.4 The overall conclusion has been drawn based on all audit work completed in the year to date and takes into account the management response to audit findings and the level of progress in subsequent implementation. This is something which will continue to be monitored and reported on by Internal Audit throughout the year.

3.5 Formal follow up reviews continue to be carried out for all audits where ‘minimal assurance’ opinions have been given and for higher risk areas receiving ‘partial assurance’. One follow-up review (a school) was completed in the quarter and this resulted in an improved opinion of reasonable assurance (from minimal).

3.6 Members will recall that flexibility was built into the audit plan to allow resources to be directed to any new and emerging risks. We continue to liaise with departments to identify these but would also welcome input from this Committee. Details of those reviews added and removed from the plan so far this year are set out at the end of Appendix 1.

3.7 Progress against our performance targets (focussing on a range of areas relating to our service) can be found in Appendix 1. All targets have been assessed as on target (green).

KEVIN FOSTER
Chief Operating Officer

Contact Officers:	Russell Banks, Orbis Chief Internal Auditor	Tel No. 01273 481447
	Nigel Chilcott, Audit Manager	Tel No. 01273 481992

BACKGROUND DOCUMENTS:

Internal Audit Strategy and Annual Plan 2018-19

Appendix 1

Internal Audit and Counter Fraud

Quarter 1 Progress Report 2018/19

CONTENTS

1. Summary of Completed Audits

Preparedness for the General Data Protection Regulation

1.1 The European Parliament passed a new General Data Protection Regulation (GDPR) in April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data.

1.2 The objective of this audit was to ascertain whether the Council had carried out adequate preparation to comply with GDPR. In order to evaluate the adequacy and effectiveness of arrangements, we reviewed the scope and progress of the Council's GDPR project plan against the Information Commissioner's Office (ICO) 'Getting Ready for the GDPR' checklist.

1.3 Overall, we found that the Council had implemented effective arrangements to ensure compliance with GDPR and we were able to provide an opinion of **reasonable assurance** as a result. We found that there was a well-managed GDPR project and comprehensive action plan in place, together with strong governance arrangements, including regular reporting on progress to the Council's Information Strategy Board. We found clear similarities between the Council's GDPR action plan and the ICO's checklist, and significant progress had been made against the actions required to achieve conformance.

1.4 The scale of GDPR did, however, mean that, at the time of our review, a small number of required actions had not been fully implemented, including the ratification of all revised Council policies linked to data protection, compilation and completion of the Council's Information Asset Register and ensuring existing contracts with third parties included specific terms to ensure that data processing carried out by them meets all the requirements of GDPR. All of these areas were in progress and an action was agreed that regular reports on progress against outstanding GDPR requirements would continue to be presented to senior management. A follow up review will be carried out by Internal Audit during 2018/19 to assess compliance with the new requirements.

Contract Management – Management of Mobile Phone Contract

1.5 In March 2015, the Council awarded the contract for the supply of mobile phones and mobile network services to Telefonica O2 UK Ltd. The contract was for an initial period of three years and was due to end in February 2018, but it has now been extended to February 2019.

1.6 At the time of the audit fieldwork, the spend on mobile phone contracts in 2017/18 was £273,775, of which £222,636 related to rental charges, £5,958 in respect of call charges and £45,181 in respect of handset costs.

1.7 This audit was undertaken to review the contract management arrangements in place. It covered governance, provision of services in line with the contract, performance management, the payments process and change control procedures.

1.8 In completing this work, we were able to provide an opinion of **reasonable assurance** over the adequacy of controls in this area. We found that the essential elements of the contract are being delivered and that recent improvements in the management of the contract have meant that a number of historical issues have been resolved. Opportunities to improve contract management do, however, exist, including ensuring that:

- A Contract Service Board is established consisting of representatives from ESCC and the contractor, in accordance with the contract, to strengthen contract governance;
- Regular performance reports from the provider are reviewed and validated to maximise value for money;
- Proactive contract risk management takes place on a regular basis, and;
- Mobile phones are disconnected promptly for staff that have left Council employment.

1.9 Appropriate action to address the findings of this audit has been agreed with management within a formal action plan.

Lease Management

1.10 East Sussex County Council owns a large portfolio of property and land. A proportion of this portfolio is leased outside the authority to various individuals, groups or companies; property is also leased in by the Council in order to fulfil its strategic objectives or service needs. Records held by the Estates Team showed that there are 66 active leases into the Council of land or property, whilst there are 148 active leases or licences of Council property or land to external individuals, groups or companies.

1.11 The purpose of this review was to provide assurance that:

- All income is received in full and on time in accordance with agreed terms;
- All new, or changes to, existing lease agreements are approved at an adequate level and meet the needs of the Council, and;
- Monitoring arrangements are effective in ensuring compliance with the terms of the lease.

1.12 In completing this work, we were able to provide an opinion of **reasonable assurance.** We found that invoicing processes are robust, supported by clear debt recovery procedures. A clear strategy has been developed that details the Council's objectives from its property portfolio and contracts are in place for all leases, which have been approved in accordance with departmental schemes of delegation.

All leases contain appropriate provision for monitoring arrangements, with the monitoring itself being carried out by the user departments.

1.13 However, there are some areas where management is (and already was) working to further strengthen processes and controls. These include:

- Ensuring all data relating to active leases is accurate and up-to-date, where some inconsistencies were found as part of our testing;
- The centralisation of invoicing, some of which is carried out by user departments, using the new property asset management system (PAMS), which will provide increased resilience and visibility to the team;
- Ensuring guidance covering roles and responsibilities for lease management is more comprehensive.

1.14 Actions to address these and other lower priority findings were agreed with management.

Internal Audit Pension Fund Strategy

1.15 ESCC has a statutory responsibility to administer and manage the East Sussex Pension Fund (ESPF) on behalf of participating employers in East Sussex. The primary objective is to ensure assets held on behalf of the Pension Fund are managed for the long term benefit of scheme members (in accordance with the rules of the scheme and the regulatory framework), maximising the Fund's growth while minimising investment risk.

1.16 Orbis Internal Audit provide internal audit services to the ESPF. During quarter 1, we updated our Internal Audit Strategy for this work, based on the Local Authority Working Group Guidance on the Audit of Investment Managers (LAWGAIM) and the County Chief Auditors Network (CCAN) guidance 'Gaining Assurance over the Governance and Administration of Pension Funds, and Pension Fund Investment Management – A Guide for the Internal Auditor'.

1.17 The objective of the Internal Audit Strategy for the ESPF is to provide a consistent, risk based approach to determining an internal audit programme for the Pension Fund, which takes maximum advantage of the available sources of internal and external assurance.

1.18 The Strategy, reported to and approved by the Pension Board and Pension Committee in May and June 2018 respectively, covers the following areas:

- Governance, Investments and Strategy
- ACCESS Pool Arrangements (see below)
- Pension Processes and Systems
- Pension Fund External Control Assurance

1.19 The results of the above work will be reported to Pension Board and Audit Committee throughout the year.

Pension Fund Access Pool

1.20 Recent government reform has called for Local Government Pension Schemes (LGPS) to pool their assets in order to:

- Achieve benefits of scale;
- Provide strong governance and decision-making (investments should be managed appropriately by the pool with risk adequately assessed and managed);
- Reduce costs and improve value for money (pools need to deliver substantial savings in investment fees, both in the near term and over the next 15 years whilst at least maintaining investment performance), and;
- Improve capacity to invest in infrastructure.

1.21 The ESPF has chosen to pool funds with 10 others to create the ACCESS pool (a collaboration of central, eastern and southern shires). The ACCESS pool has assets of £41bn with the ESPF representing £3.4bn of these funds.

1.22 This review sought to provide assurance that the governance arrangements for the pool are transparent and that the Council retains input to strategic decisions with regard to the ESPF, particularly in terms of the investment strategy, where different risk appetites across the pool may result in higher risk investments being made, and potential financial loss.

1.23 In providing an opinion of **substantial assurance**, we concluded that:

- Adequate governance arrangements are already in place or being developed as the pool is established (the pool only went live in April 2018 and does not yet hold any ESPF funds), in compliance with the 'Local Government Pension Scheme: Investment Reform Criteria and Guidance'. We believe that the governance arrangements provided by the ACCESS Joint Committee will offer effective oversight;
- The ESPF will be able to exercise some control over its assets' allocation as it will be able to move investments between sub-funds in line with its own investment strategy;
- A formal plan is in place to further develop the pool and progress against the plan is regularly monitored, and;
- Reporting requirements continue to be developed in liaison with the participating schemes.

1.24 There were no actions arising from this review.

Care Leaver Payments and Grants

1.25 The Care Leaver Services Team provide information, help and support to those leaving care in order to help them make the transition to adult life successfully. This includes financial support towards accommodation, education and training costs with a budget of £790,400 for 2017/18.

1.26 The purpose of the audit was to provide assurance that:

- Governance arrangements ensure appropriate review and authorisation of payments and grants made to care leavers;
- Effective budget monitoring arrangements ensure payments and grants made to care leavers do not exceed available funds; and
- Funding agreements and monitoring arrangements ensure payments and grants are used appropriately for the purposes intended.

1.27 We were able to provide **reasonable assurance** over controls operating within this area. All payments to care leavers reviewed as part of the audit were found to be authorised appropriately and used for the purposes intended, with effective budget monitoring processes in place to manage the increasing demand faced by this service.

1.28 Some areas for improvement were, however, identified, including the need to:

- Ensure adequate records are maintained of monies owing where the full weekly allowance is not paid to care leavers for reasons of safeguarding;
- Consider alternatives to payments by cash where it is more difficult to evidence that money has been received and used appropriately, and;
- Ensure that, where procurement cards are used to purchase items for care leavers, VAT receipts are obtained so that VAT can be reclaimed wherever possible.

1.29 These areas were discussed with management and actions for improvement agreed as part of a formal action plan.

LAS/Controcc

1.30 The LAS system is the Council's records management and authorisation system for client (adult) social care needs. The system was introduced in December 2015 to replace the Council's Carefirst system.

1.31 The Adult's ContrOCC system is the Council's contracts and budget management system for adult social care clients. It is used to calculate payments to care providers and to collect contributions from clients towards the cost of their care. An automated interface allows LAS and ContrOCC to share key information.
In the 2017/18 financial year, payments through the CONTROCC/LAS system amounted to approximately £140m.

1.32 The purpose of the audit was to provide assurance that controls are in place to meet the following objectives:

- Robust system administration controls are in place, with access to the systems being secure and strictly controlled, including any third party access;
- Service provision only takes place after appropriate approval has been received. Where exceptions apply, sufficient documentation is maintained to support this;
- Payments are complete, accurate and timely and are only made to *bona fide* providers of care in respect of approved services they have provided to ESCC clients;
- Client contributions are received in full, in a timely manner and accurately recorded within the financial system;
- Scheduled system processes are adequately controlled to ensure that automated interfaces between ContrOCC and SAP run complete and as expected.

1.33 Overall, based on the audit work carried out as part of this review, we were able to provide an opinion of **reasonable assurance**. Whilst, in general, good controls were found to be in place and operating effectively, some opportunities for improvement were identified. These included the need to:

- monitor and close user accounts in LAS which are inactive to help prevent unauthorised access to sensitive and confidential data;
- implement a formal process for the management of provider payments once a provider enters into a novation process, in order to limit the possibility of overpayments being made.

1.34 Action to address these and other lower priority actions were agreed in full with management.

LCS/Controcc

1.35 The Liquid Logic Children's System (LCS) is the Council's records and case management authorisation system for children in need, looked after children and adoption. The Children's ContrOCC system is the Council's contracts and budget management system for Children's Social Care clients. This system is used to calculate payments to care providers. An automated interface allows LCS and ContrOCC to share key information.

1.36 In the period April 2017 to December 2017, payments totalling £8.3million were made from the ContrOCC system to 658 different care providers.

1.37 The scope of the audit was to review the adequacy of controls within LCS and the Children's version of ContrOCC, covering generally the same areas as in the LAS/Controcc review above.

1.38 Overall, we were able to provide **reasonable assurance** over the adequacy of controls in place. Whilst areas of good practice were identified, a number of opportunities to further improve controls were identified; the majority of which were deemed low priority. Only one medium priority action was identified, relating to the need to introduce a routine monitoring process to identify dormant LCS user accounts so that these can be closed, where appropriate, to reduce the risk of unauthorised access.

1.39 A formal action plan incorporating all of the findings from our review was agreed with management.

Broadband UK

1.40 The 'e-sussex' project, led by East Sussex County Council in partnership with Brighton & Hove City Council, was launched to improve internet access for homes and businesses in East Sussex. The project is overseen by Broadband Delivery UK (BDUK), part of the Department for Digital, Culture, Media and Sport.

1.41 During 2017/18, the Council received £1,874,749 in grant funding and the purpose of our work was to confirm that expenditure had been incurred in accordance with the terms of the grant and that the figures stated in the annual return were correct.

1.42 No formal audit opinion is given with this work, but we were able to sign the annual return as correct. There were no findings arising and therefore no actions for improvement were needed.

School Audits

1.43 Our work in schools has continued in order to assess the adequacy of financial governance and to gauge the effectiveness of training to governors, headteachers and school business managers. In quarter 1, the following individual school reviews were completed:

School	Type	Location	2017/18 Budget £'000	Opinion
Polegate Primary School	Community	Polegate	£1,667,951	Reasonable Assurance
Seddlescombe CE Primary School	C of E Voluntary Controlled	Seddlescombe	£896,305	Reasonable Assurance
St. Mary the Virgin CE Primary School Follow-Up	C of E Voluntary Aided	Hartfield	£415,466	Reasonable Assurance
Wallands Community Primary School	Community	Lewes	£1,718,778	Reasonable Assurance
Southover CE Primary School	C of E Voluntary Controlled	Lewes	£1,155,581	Partial Assurance
Denton Community School	Community	Newhaven	£973,595	Partial Assurance

2. Counter Fraud and Investigation Activities

Proactive Counter Fraud Work

2.1 Following the establishment of the Orbis Counter Fraud Team in April 2018, focus in the first quarter has been on aligning investigative practices and procedures to ensure a consistent approach is adopted across the Orbis partnership in line with best practice and relevant guidance. Quarter 2 will see the implementation of an integrated Fighting Fraud Plan across Orbis partners that will strengthen our ability to prevent and detect fraud.

2.2 A report to outline the proactive work being undertaken to detect and prevent fraud, fraud risk assessment and the Counter Fraud Strategy is on the November Audit Committee agenda.

Summary of Completed Investigations

Public Health Overpayment

2.3 A joint investigation was undertaken with TIAA (the organisation responsible for investigating fraud within Clinical Commissioning Groups (CCG's) in the NHS) regarding an allegation that a GP practice was inflating its figures on quarterly returns to the Council in respect of sexual health services, which are funded by Public Health. The investigation found that an over-payment of approximately £38,000 had been made to the GP practice as a result of the template they used to record services being designed incorrectly.

2.4 However, we were unable to establish any evidence that the template had been designed in this way deliberately in order to defraud Public Health. Following the investigation, a number of internal control improvements were put in place by Public Health, including the issuing of a standard template for all GP practices to use.

2.5 The overpayment is in the process of being recovered.

Overclaiming Business Mileage

2.6 An allegation was received regarding a member of staff within Adult Social Care consistently over-claiming business mileage. In investigating this, we found a clear lack of understanding with regards to how business mileage should be calculated. It was agreed that the individual would pay back the over-claimed mileage and be subject to formal standard setting, and support would be provided in terms of completing future claims.

Conflict of Interest

2.7 We provided support and advice to a management investigation following receipt of an anonymous allegation that raised concerns about a member of staff initiating the setting-up of a business which conflicted with their role within the Council. The investigation determined that there was no evidence of fraud or deliberate attempts to conceal information; rather a lack of awareness of policy. In conjunction with Human Resources, management determined that the employee should be subject to formal standard setting on this occasion.

3. Action Tracking

3.1 All high priority actions agreed with management as part of individual audit reviews are subject to action tracking. As at the end of quarter 1, 100% of high priority actions due had been implemented.

4. Amendments to the Audit Plan

4.1 In accordance with proper professional practice, the internal audit plan for the year remains under regular review to ensure that the service continues to focus its resources in the highest priority areas based on an assessment of risk. Through discussions with management, the following reviews have been added to the audit plan during the year:

- Internal Audit Pension Fund Strategy
- Broadband Delivery UK Grant Return
- Surveillance Camera Systems
- Orbis Customer Access Portal

4.2 Through the same process, the following audits have been removed or deferred from the audit plan and, where appropriate, will be considered for inclusion in the 2019/20 plan as part of the overall risk assessment completed during the annual audit planning process:

- Debt Management within Deferred Payment Arrangements

5. Internal Audit Performance

5.1 In addition to the annual assessment of internal audit effectiveness against Public Sector Internal Audit Standards (PSIAS), the performance of the service is monitored on an ongoing basis against a set up agreed key performance indicators as set out in the following table:

Aspect of Service	Orbis IA Performance Indicator	Target	RAG Score	Actual Performance
Quality	Annual Audit Plan agreed by Audit Committee	By end April	G	Approved by Audit Committee on 22 March 2018
	Annual Audit Report and Opinion	By end July	G	2018/19 Annual Report and Opinion approved by Audit Committee on 13 July 2018
	Customer Satisfaction Levels	90% satisfied	G	100%
Productivity and Process Efficiency	Audit Plan – completion to draft report stage	90%	G	33.9% completed to draft report stage by end of Q1 (against a Q1 target of 22.5%)

Aspect of Service	Orbis IA Performance Indicator	Target	RAG Score	Actual Performance
Compliance with Professional Standards	Public Sector Internal Audit Standards	Conforms	G	January 2018 – External assessment by the South West Audit Partnership gave an opinion of ‘Generally Conforms’ – the highest of three possible rankings
	Relevant legislation such as the Police and Criminal Evidence Act, Criminal Procedures and Investigations Act	Conforms	G	No evidence of non-compliance identified
Outcome and degree of influence	Implementation of management actions agreed in response to audit findings	95% for high priority agreed actions	G	100%
Our staff	Professionally Qualified/Accredited	80%	G	85%[1]

[1] Includes part-qualified staff

Audit Opinions and Definitions

Opinion	Definition
Substantial Assurance	Controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
Reasonable Assurance	Most controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
Partial Assurance	There are weaknesses in the system of control and/or the level of non-compliance is such as to put the achievement of the system or service objectives at risk.
Minimal Assurance	Controls are generally weak or non-existent, leaving the system open to the risk of significant error or fraud. There is a high risk to the ability of the system/service to meet its objectives.

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Report to:	**Audit Committee**
Date:	**20 September 2018**
By:	**Chief Operating Officer**
Title of report:	**Strategic Risk Monitoring**
Purpose of report:	**To update the Committee on current strategic risks faced by the Council, their status and risk controls / responses and to describe the current Risk Management process.**

RECOMMENDATION: The Committee is recommended to note the current strategic risks and the risk controls / responses being proposed and implemented by Chief Officers and to note the Risk Management process described at point 3.

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1. Background

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

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

2. Supporting Information

2.1 The Council's Strategic Risk Register, which is attached as Appendix 1, is formally reviewed by Departmental Management Teams (DMT's) and the Corporate Management Team (CMT) on a quarterly basis. Members should note that this version of the Strategic Risk Register, which relates to Quarter 1 of 2018 / 2019, was reviewed by CMT on 29th August 2018 and presented to Cabinet on 18th September 2018.

2.2 The following paragraphs summarise the changes made since the risk register was last presented to the Audit Committee on 13th July 2018;

2.3 **Risk 8 (Capital Programme)** and **Risk 12 (Cyber attack)** have been updated and also have updated risk control responses. **Risk 1 (Roads), Risk 4 (Health), Risk 6 (Local Economic Growth), Risk 7 (Schools), Risk 9 (Workforce),** and **Risk 10 (Recruitment)** all have updated risk control responses.

2.4 **Risk 6 (Local Economic Growth)** now has a post control Red, Amber Green (RAG) rating of 'Green' having reduced from 'Amber' at the previous review. CMT are satisfied that the risk control responses in place are sufficient to justify this reduction in rating. All other risk ratings (Red, amber, green) remain unaltered. No new risks have been added and no existing risks removed since the last review.

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

3. The Risk Management Process

3.1 The Strategic Risk Register details risks with the potential to adversely impact the delivery of the Council's objectives. While individual risks are allocated to named officers, the Strategic Risk Register is collectively owned and reviewed by CMT, and any potential additions or deletions are collectively agreed.

3.2 All risks are assessed in accordance to their potential to effect service delivery in terms of 'likelihood', i.e. the chance of the risk event occurring, and their 'impact' i.e. to what degree they will affect the council or relevant service, once the risk event has occurred. These measures create a risk score, which is shown in terms of RAG rating for each risk. These ratings enable management teams to rank their risks in terms of potential threat to services and this will inform the risk conversations and ultimately decision making.

3.3 Below the Strategic Risk Register, each Department has its own Departmental risk register detailing risks which impact specifically on the Department. These risk registers are also regularly reviewed by the relevant risk owning officers and Departmental Management teams. There is also a network of Departmental risk co-ordinators who, in conjunction with the Corporate Risk Manager, facilitate reviews and appropriate risk updates, offering advice, guidance and challenge to risk owners.

3.4 The level at which an identified risk is recorded on a risk register is dependent on a combination of two considerations. The first is the level at which the identified risk has the potential to impact (i.e. Corporately or Departmentally) and therefore where the mitigations, or risk control actions, can most appropriately be taken. The second consideration is where an awareness of the risk at a strategic level is appropriate, and this is particularly relevant to risks which have a potential 'reputational' dimension. Therefore, risks recorded on the Strategic Risk Register can either be truly corporate in nature or can be risks which are 'Departmental' in nature, where mitigation actions are undertaken at Departmental level, but have been escalated up to a Strategic level to acknowledge that their impact has the potential to effect the Council as a whole.

3.5 Risk escalation from Departmental risk level to the Strategic Risk Register (or de-escalation from the Strategic Risk Register to Departmental level) should only occur following a discussion around the appropriate level of that risk. Risks are regularly proposed as additions to the Strategic Risk Register, but are only adopted if CMT are in full agreement.

3.6 The Council's risk profile is dynamic and consequently both the Strategic Risk Register and Departmental risks registers are reviewed on a quarterly basis. However Strategic level risks tend to be broader in scope and therefore there is not as much risk movement to and from the Strategic Risk Register as there may be at Departmental risk level.

3.7 Strategic risks can relate to any aspect of the council's operation. Comparative analysis with similar Authorities in the South East region shows that risk themes shown in the Strategic Risk Register are broadly shared by other councils. These include such risk themes as financial pressures, impact on workforce and recruitment, cyber threats, new ways of working and local economic development. However, all councils are unique with different social, economic and geographical profiles, all of which will impact on their risk profile and be reflected in their risk registers. Also different council's will express their risks in terms of their own objectives and priorities.

3.8 Following the Orbis Centres of Expertise reorganisation, with effect from 1st September 2018, the risk management function across both East Sussex County Council and Surrey County Council will be delivered by the Service Improvement and Risk Manager. Risk management at Brighton & Hove City Council (B&HCC) is outside the scope of Orbis and therefore will continue to be delivered by the B&HCC Risk Manager.

Kevin Foster
Chief Operating Officer

Contact Officers: Rawdon Philips, Insurance Manager (Fund and Policy),
Tel: 01273 481593

Local Member: All

Background documents :
None

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Strategic Risk Register – Q1 2018/19			
Ref	**Strategic Risks**	**Risk Control / Response and Post Mitigation RAG score**	
12	**CYBER ATTACK** The National Cyber Security Centre (NCSC) has highlighted the substantial risk to British web infrastructure with elevated levels of Cyber Crime being reported against all areas of government. Cyber-attacks often include multi vector attacks featuring internet based, social engineering and targeted exploits against hardware, software and personnel. The remote nature of the internet makes this an international issue and an inevitable risk. Examples of the impact of a Cyber Attack include: • Financial fraud related to phishing of executives and finance staff; • Loss of Personally Identifiable Information and subsequent fines from Information Commissioner's Office (4% of global revenue under the new General Data Protection Regulations); • Total loss of access to systems that could lead to threat to life. A successful cyber-attack can shut down operations - not just for a few hours, but rather for multiple days and weeks. The collateral damage, such as information leaks and reputational damage can continue for much longer. Added to that, backup systems, applications and data may also be infected and therefore, of little usable value during response and recovery operations - they may need to be cleansed before they can be used for recovery. This takes time and consumes skilled resources reducing capacity available to operate the usual services that keep the Council working.	Most attacks leverage software flaws and gaps in boundary defences. Keeping software up to date with regular patching regimes; continually monitoring evolving threats and re-evaluating the ability of our toolset to provide adequate defence'. Ongoing discussion and communication with the Info Sec industry to find the most suitable tools and systems to secure our infrastructure. Expanding Security Information and Event Management (SIEM) system capabilities to align with SCC and leverage latest standards of automation, detection and prevention. Development of "Security Advocates". Trained staff that can cascade and share cyber security insights and highlight potential issues into the workforce. Promoting a visible approachable business based security team; Enhancing user awareness - Expanding E-Learning and policy delivery mechanisms to cover Cyber threat, educating staff around the techniques and methods used by active threats. With 77% of all malware installed via email, users to be given learning experiences of phishing at point of use in a safe and secure environment; Providing GDPR training and workshops to cascade vital skills and information to those affected by new Data Protection laws; ESCC servers moved to the Orbis Primary Data Centre for resilience – An accredited Tier 3 environment certified to these standards: • ISO 27001 - IT Governance and Information Security Management • ISO 9001 - Quality Standard in Customer Service, Customer Processes, Product Process and Service, Efficiency and Continuous Improvement • ISO 14001 - Environmental Management and Best Practices for Corporate Environmental Responsibility. Disaster Recovery services now to similarly be relocated to a Tier 3 Data Centre environment (Orbis Secondary Data Centre in Guildford).	R

Strategic Risk Register – Q1 2018/19			
Ref	**Strategic Risks**	**Risk Control / Response and Post Mitigation RAG score**	
4	**HEALTH** Failure to secure maximum value from partnership working with the NHS. If not achieved, there will be impact on social care, public health and health outcomes and increased social care cost pressures. This would add pressures on the Council's budget and/or risks to other Council objectives.	Implementation of East Sussex Better Together (ESBT) Programme by East Sussex County Council (ESCC) and Hastings and Rother Clinical Commissioning Group (CCG) and Eastbourne, Hailsham and Seaford CCGs to transform health and social care in the county and deliver the Better Care Fund plan to improve outcomes for East Sussex residents, with robust governance arrangements reporting to County Council and Health and Wellbeing Board. In High Weald Lewes Havens the Connecting 4 You Programme has now been established to improve health and social care outcomes for residents. NHS England has applied formal directions to both NHS Hastings and Rother CCG and NHS Eastbourne, Hailsham and Seaford CCG which require them to develop and implement a financial recovery plan that contributes to achieving financial balance across the whole East Sussex system and ensures services are clinically sustainable as well as financially so. Leadership capacity, governance and wider capacity and capability of the CCGs will also be reviewed. Financial recovery will therefore be the focus of CCG and partnership attention for the rest of the financial year. The ambition of ESBT remains the same, however the pace of change will inevitably slow due to the need to achieve financial balance.	R
7	**SCHOOLS** Failure to manage the expected significant reduction in resources for school improvement from 2017/18 and the potential impacts of changing government policy on education, leading to reduced outcomes for children, poor Ofsted reports and reputational damage	• Work closely with schools to build a sustainable system across East Sussex, in order to ensure that the capacity and expertise is available to provide oversight of educational performance and to offer appropriate support and challenge where it is required. • Provide an opportunity for every school to be part of a local Education Improvement Partnership to support their ongoing improvement and for all partnerships to develop to the point where they provide a sustainable network through which all schools and other providers take responsibility for improvement in their local area. • Continue to develop commissioning model of school improvement including reviewing the level of trading by the Standards and Learning Effectiveness Service (SLES) to ascertain what is sustainable within reducing capacity and to identify core services that can be traded. • Continue to build relationships with academies and sponsors, including the Diocese of Chichester; ensure a dialogue about school performance, including data sharing. • Work with academies and maintained schools through the Education Improvement Partnerships to develop system leadership, school to school support and to broker partnerships to reduce pressure on SLES services. • Broker support to academies to address any performance concerns and investigate the feasibility of trading some Local Authority (LA) school improvement services with all schools on a full cost recovery basis. • Where academies do not appear to be accessing appropriate support, bring this to the attention of the DfES, who may exercise their intervention powers. • Work with the Regional Schools Commissioner (RSC) to ensure the work of the RSC and the LA is aligned and that schools have the support they need. • Review SLES activity in relation to our statutory responsibilities.	R

APPENDIX 1

Strategic Risk Register – Q1 2018/19			
Ref	**Strategic Risks**	**Risk Control / Response and Post Mitigation RAG score**	
1	**ROADS** Wet winter weather, over recent years has caused significant damage to many of the County's roads, adding to the backlog of maintenance in the County Council's Asset Plan, and increasing the risk to the Council's ability to stem the rate of deterioration and maintain road condition.	The additional capital maintenance funding approved by Cabinet in recent years has enabled us to stabilise the rate of deterioration in the carriageway network and improve the condition of our principle road network. However a large backlog of maintenance still exists and is addressed on a priority basis. The County Council's asset management approach to highway maintenance is maintaining the overall condition of roads, despite recent year's winter weather. However, severe winter weather continues to be a significant risk with the potential to have significant impact on the highway network. The recently approved five year capital programme for carriageways 2018/19 to 2022/23, and the six year additional capital programme for drainage and footways 2017/18 to 2022/23 provide the ability to continue to improve condition and build resilience into the network for future winter events. The past winter (2017/18) has been more severe than previous years. We gritted 52,584 km last year and gritted over 98,000 km this year. There were also two periods of snowfall this year. Whilst this was manged well it has led to an increase in carriageway potholes, which will put some additional pressure on the revenue budget as a result. Changes to the grass cutting policy could have an impact on the efficiency of the drainage system, with more material in the drains if it is not managed effectively.	**A**
5	**RECONCILING POLICY, PERFORMANCE & RESOURCE** Failure to plan and implement a strategic corporate response to resource reductions, demographic change, and regional economic challenges in order to ensure continued delivery of services to the local community.	We employ a robust Reconciling Policy, Performance and Resources (RPPR) process for business planning. We have adopted a commissioning approach which means evaluating need and considering all methods of service delivery, which includes working with partner organisations to deliver services and manage demand. The Council Plan sets out targets for a 'One Council' approach to deliver our priorities and is monitored quarterly. The plans take account of known risks and pressures, including demographic changes and financial risks, to design mechanisms to deliver the Council's priorities. Central Government's plans for the future funding of local government services remain undeveloped. It is prudent therefore to continue to plan on the basis of current assumptions.	**A**
13	**DEDICATED SCHOOLS GRANT** Failure to manage the loss of flexibility in the allocation of the Dedicated Schools Grant (DSG) and High Needs (HN) Block funding and the potential increased risk to the Council's budget.	The County Council has agreed an approach to mitigate and fund DSG reductions. Through the RPPR process, and building on previous work to offset DSG reductions, funding to offset expected reductions to the highest risk areas has been planned over the next 3 years. For HN block in particular, a significant amount of work has been undertaken, working with schools, to reduce the pressure in this area. The funding of DSG reductions as described above will also help with this. The on-going RPPR process will continue to part-mitigate this risk.	**A**

Strategic Risk Register – Q1 2018/19			
Ref	**Strategic Risks**	**Risk Control / Response and Post Mitigation RAG score**	
8	**CAPITAL PROGRAMME** As a result of current austerity, the capital programme has been produced to support basic need only and as a result of this there is no resource for other investment that may benefit the County e.g. that may generate economic growth. Additionally there is a risk, due to the complexity of formulas and factors that impact upon them, or changes in these, that the estimated Government Grants, which fund part of the programme, are significantly reduced. There is also a risk that the move from Section 106 contributions to Community Infrastructure Levy (CIL) will mean that Council has reduced funding from this source as bids have to be made to Districts and Boroughs. Slippage continues to occur within the programme, which has an impact on the effective use of limited resources.	Governance arrangements have been reviewed and developed with Property for the delivery of Schools Basic Need and capital property works in support of the robust programme delivery of the basic need programme. The Education Sub Board, which in part focuses on future need for schools places, continues to inform the Capital Strategic Asset Board of key risks and issues within the School Basic Need Programme. Regular scrutiny by the Capital Strategic Asset Board, of programme and project profiles (both in year and across the life of the programme) occurs on a quarterly basis. Financial regulations have been updated to reflect the revised governance arrangements. The Board also proactively supports the seeking and management of all sources of capital funding, including; grants, S106, CIL, Local Growth Fund and European grants. A working group has been set up to develop the process for bidding for CIL and work continues with Districts and Boroughs to maximise the Council's receipt of this limited resource. Finance continues to work with Communities, Economy and Transport (CET) colleagues to strengthen the governance and reporting across their capital programme and the CET Capital Board now includes Finance support, as well as Finance representation at the cross departmental Local Growth Fund Oversight group.	**A**
9	**WORKFORCE** Stress and mental health are currently the top two reasons for sickness absence across the Council, potentially leading to reduced staff wellbeing, reduced service resilience, inability to deliver efficient service and / or reputational issues.	The 2018/19 Q1 sickness absence outturn for the whole authority (excluding schools) is 1.89 days lost per Full Time Employee (FTE), a decrease of 2.7% since the same period last year. Although stress/mental health remains the primary reason for absence during Q1, time lost due to stress/mental health during this period fell by 9.3% compared to Q1 last year. A range of initiatives to address stress/mental health absences have been implemented, including: • hosting wellbeing roadshows and raising awareness through Yammer campaigns and newsletters • managers' 'Mental Health Awareness' workshops have now been introduced as part of the corporate training programme. • increased measures are being put in place to support the resilience of our employees, including the introduction of a managers 'Mental Health Awareness workshop' as well as Mental Health First Aiders across the organisation. • finally, the evaluation of the online mindfulness pilot programme (through Local Government Association funding) has now been completed and this will be used to inform future commissioning of mindfulness activities.	**A**

Strategic Risk Register – Q1 2018/19			
Ref	**Strategic Risks**	**Risk Control / Response and Post Mitigation RAG score**	
10	**RECRUITMENT** Inability to attract high calibre candidates, leading to limited recruitment choices and therefore lack of the expertise, capacity, leadership and/or innovation required to deliver services and service transformation.	Work is underway to understand the specific recruitment and retention issues across the workforce and identify appropriate solutions to these. This includes: • identifying relevant attraction and engagement channels; • a review of the Council's market position in terms of salary levels; • consideration of the broader employee offer; • re-procurement of the Council's benefits provision, due to launch July 2018; •consideration of the workforce for the future in the context of the council's 'core offer', and • a review of our recruitment incentive arrangements such as the Relocation Scheme, Market Supplements etc.	**A**
6	**LOCAL ECONOMIC GROWTH** Failure to deliver local economic growth, and failure to maximise opportunities afforded by Government proposal to allocate Local Growth Funding to South East Local Enterprise Partnership, creating adverse reputational and financial impacts.	The County Council and its partners have been successful in securing significant amounts of growth funding totalling £110m, via both the South East and Coast 2 Capital Local Enterprise Partnerships (LEPs), to deliver a wide range of infrastructure projects in East Sussex. We have also secured outgoing European Union (EU) funding for complementary economic development programmes supporting businesses to grow, including South East Business Boost, LoCASE, SECCADS and inward investment services for the county. The County Council is working with Wealden District Council and developing a business case to secure Housing Infrastructure Funding (HIF) of approximately £30m. It will be submitted by March 2019. The aim is to accelerate housing development in Wealden, with the proposal if successful helping to unlock significant funding for county transport and school infrastructure improvements in one of our key Growth Corridors. The business case will also include an environmental mitigation package in recognition of the impact on the Ashdown Forest. Government is working on a new Shared Prosperity Fund, which seeks to combine growth funding and outgoing EU funding into one, and as a consequence we are working with partners to develop a pipeline of projects to ensure we are well-placed to capitalise when the fund is released, and calls for projects are issued. Government has also instigated a review of LEPs across the country, and we await the outcome with interest.	**G**

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Report to:	**Audit Committee**
Date:	**20 September 2018**
By:	**Chief Finance Officer**
Title of report:	**Minimum Revenue Provision**
Purpose of report:	**To set out the accounting principles for the Minimum Revenue Provision and how this is applied by the Council and options for future application.**

RECOMMENDATIONS - Audit Committee is recommended to-

1. **note the principles that apply to the Council's Minimum Revenue Provision.**
2. **note the potential options that can be applied to change the charging methodology and its budgetary impact.**
3. **seek views on changing the methodology that can be taken into consideration within the RPPR process.**

1. Background

1.1. Minimum revenue provision (MRP) is the method by which a local authority charges its revenue budget over time with the cost of its capital expenditure that is funded by debt (borrowing).

1.2. The scheme of MRP was set out in former *regulations 27, 28 and 29 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003.* This system was radically revised by the *Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008.* The regulations replace a requirement that local authorities calculate the MRP pursuant to detailed calculations, with a duty to make prudent MRP. The guidance includes a number of methods (see para 2.1 below) which it considers to be prudent. The guidance is also clear that authorities are also free to devise other methods they consider prudent.

1.3. New guidance, applicable from 1st April 2019, has also recently been published, which mainly updates for MRP on Investment Properties and retrospective overpayments of MRP.

1.4. The guidance defines prudence as charging MRP to the revenue account *"over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant".* The guidance suggests that:

- MRP on all capital expenditure incurred before 1st April 2008 (and on expenditure previously funded by supported borrowing) is equal to 4% of the opening capital financing requirement (CFR). The CFR measures the notional amount of borrowing that should have been undertaken at a particular point in time compared to the actual level of borrowing;
- MRP on capital expenditure incurred from April 2008 onwards that is funded by unsupported "prudential" borrowing, (i.e., borrowing from the Public Works Loan Board) should be calculated by reference to the asset's useful life, using either a straight line or an annuity method, starting in the year after the asset becomes operational.

1.5. At a time of increasing pressure on local authority finances many Council's are reviewing their MRP policies and the freedoms and flexibilities associated with the latest MRP guidance and looking at prudent ways to reduce the amount charged to the revenue account for the cost of financing capital expenditure.

2. MRP Calculation Methodologies

2.1. The guidance provides four different annual repayment profiles:

- **Option 1 Regulatory Method** - the MRP is equal to the amount determined in accordance with the former Regulations 28 and 29 of the 2003 Regulations as if they had not been revoked by the 2008 amendment to those regulations.
- **Option 2 Capital Financing Requirement (CFR) Method** - similar to option 1 but a simpler alternative, so on an annual basis repaying 4% of the outstanding debt on a reducing balance.

  Note - Options 1 and 2 are primarily for debt supported by government through the revenue support grant system. This supported borrowing by government ceased from 31 March 2007.
- **Option 3 Asset Life Method -** intended for new borrowing under the Prudential system, for which no Government support is given and is therefore self-financed, to make a provision over the estimated life of the asset for which the borrowing relates.
- **Option 4 Depreciation Method -** intended for new borrowing under the Prudential system for which no Government support is being given and is therefore self-financed, to make a provision in accordance with the standard rules for depreciation accounting of the asset for which the borrowing relates.

2.2. Up until 2015/16, the Council's policy was to calculate MRP in accordance with the guidance, using a 4% reducing balance method (option 2) for supported and pre 2008 borrowing expenditure and an equal instalment asset life method (option 3) for expenditure funded by borrowing after 2008. The total MRP charge in 2015/16 was £11.2m.

2.3. In 2016/17 a review of the MRP policy was undertaken. Various options for change were looked at including a reduction in the period of write down, linking to formula grant and linking to the maturity debt profile.

2.4. As a result of the review, the MRP policy was revised and the repayment profile was amended to a reduction in the period of write down for pre 1/4/08 debt by moving from a reducing balance to an equal instalment (or straight line) method. The 4% charge was no longer considered to be prudent as the guidance was written when government support for borrowing was included in revenue support grant at a similar level.

2.5. This method was deemed to bring a fairer approach for current and future Council Tax payers by linking MRP to the average useful life of an asset which better reflects the economic benefit the Council gets from using the asset to deliver services over its useful life. The disadvantage of the reducing balance methodology is that the element of the CFR being written down on this basis will take many years to be fully financed and will be well in excess of the lives of any of the assets that have been funded by borrowing.

2.6. The change in MRP policy, applied to pre 2008 debt using an equal instalment method over a 45 year average asset life, resulted in the total MRP charge for 2016/17 being reduced to £7.4m. The total MRP charge in 2017/18 was £7.8m.

3. **Alternative Methodology Option**

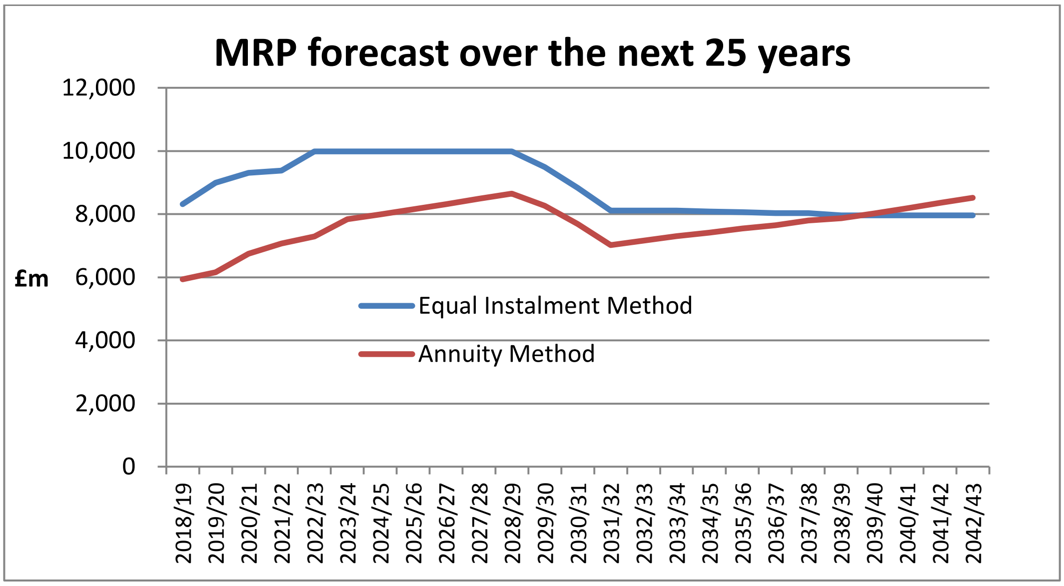
3.1 The current MRP policy is based on asset life using a straight line basis. This method, whilst easy to calculate, results in future tax payers gaining a benefit from the cost of financing which is in effect lower in future years as it does not reflect the time value of money.

3.2 The concept behind annuity MRP is that the annual charge to revenue is equal to the principal repayment on an annuity loan. An annuity loan is one where the total repayment of principal and interest is constant. Because the principal is being repaid, the interest element reduces with time, the principal element therefore increases with time in order that the total payment remains constant.

3.3 The annuity method can be viewed as a fairer way of writing down the financing of assets and is allowable under the MRP guidance. The CFR is written down over the same period but on a 2% annuity basis (based on the government's inflation target) instead of straight line. With this method, the total amount is the same (as the equal instalment method) but the charge is lower in the earlier years and increases each year. This method can be applied to pre 2008 debt and / or post 2008 debt.

3.4 The MRP budget for 2018/19 is £8.3m and the current forecast is £8.02m (£4.94m pre 2008 and £3.08m post 2008). By moving to the annuity method the current forecast would be reduced to £5.93m (£3.34m pre 2008 and £2.59m post 2008), a reduction of £2.09m (£1.60m pre 2008 and £0.49m post 2008).

3.5 The chart below shows a comparison of the MRP profile over the next 25 year period comparing the two methods. The annuity method produces a lower charge to revenue up until 2039/40 after which the charge is more than the equal instalment method.



3.6 The budget impact of changing to the Annuity Method, over the next 5 years, is shown in the table below:

	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Current Budget	**8,300**	**8,300**	**8,300**	**8,300**	**8,300**
Forecast					
Pre 2008	3,346	3,413	3,481	3,550	3,621
Post 2008	2,588	2,550	2,560	2,564	2,616
2018/19+	-	197	706	954	1,052
Total	**5,934**	**6,160**	**6,747**	**7,068**	**7,289**
Savings	**(2,366)**	**(2,140)**	**(1,553)**	**(1,232)**	**(1,011)**

3.7 The saving on budget in 2018/19 is £2.366m. In the following year, the saving is less due to (i) the increasing nature of the annuity repayment profile and (ii) the inclusion of MRP charges post 2018/19, based on new borrowing for the future capital programme between 2018/19 and 2022/23.

3.8 Any change in MRP approach will need to be supported by the Council's external auditor (Grant Thornton).

4. Conclusion and reasons for recommendations

4.1 The current MRP policy is based on asset life using an equal instalment methodology for both pre and post 2008 debt. A more prudent approach may be to move to an annuity method for both. With an annuity, MRP is lower than straight line in the early years and higher in later years.

4.2 Moving to an annuity method will therefore lead to revenue savings in the early years. Although early year savings are matched by latter year higher costs, it is still considered prudent to use the annuity asset life method. This allows for the fact that interest costs will fall as the CFR is repaid, with MRP rising over the same period the total revenue cost of the capital expenditure remains constant.

4.3 The equal instalment method is simpler and as it is the same amount each year, is easier to monitor and budget. However the annuity method takes account of the time value of money. The schedule of charges produced by the annuity method thus results in a consistent charge over an asset's life, taking into account the real value of the annual charges when they fall due. The annuity method also matches the repayment profile to how the benefits of the asset financed by borrowing are consumed over its useful life, a method that reflects the fact that asset deterioration is slower in the early years of an asset and accelerates towards the latter years.

4.4 Any changes to the MRP policy have to be submitted to full Council for approval.

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Chief Finance Officer

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Local Member(s): All
Background Documents – None

Report to: **Audit Committee**

Date: **20 September 2018**

Report by: **Chief Finance Officer**

Title: **Committee on Reserves and Balances**

Purpose: **To set out the Council's approach to managing reserves and balances**

RECOMMENDATIONS

Audit Committee is recommended to:

1) Note the current approach to reserves and balances.

2) Seek views on reserves and balances that can be taken into consideration within the RPPR process.

1. Introduction

1.1 This report sets out the Council's approach to managing reserves and balances.

1.2 The Council's approach to the management and accounting for general and specific reserves is set out in the Reserve and Balances Policy approved at State of the County in June 2017, shown at Appendix 1. The policy was reviewed and refreshed at that time to ensure that it is reflective of the Council's strategic agenda and the current financial risks and issues that the Council faces through the medium term.

2. Earmarked Reserves and General Fund Balance

2.1 Reserves are a key element of the Council's Reconciling Policy, Performance & Resources (RPPR) and financial management arrangements. Reserves can be broadly categorised as follows:

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

2.2 It is crucial to bear in mind that the reserves are the only source of financing to which the authority has access to fund risks and one-off pressures over a number of years. Reserves can only be spent once and it is widely recognised that due to funding pressures county councils find it harder than other councils to build up reserves. Current pressures being faced by the Council (together with shire counties as a whole), particularly within social care, mean that it is increasingly important to have sufficient reserves to allow the Council to continue to deliver services, should the current financial risks and issues continue in the short-to-medium term.

2.3 The current reserves continue to be adequate and necessary in their nature and level, and have been set with regard to the areas of change that currently are not fully understood and cannot be fully quantified but will have potential financial impact over the planning period. These are set out at Appendix 2 which forms part of the Chief Finance Officer's annual assessment of financial robustness reported to Council in February each year. The uncertainty regarding the future finance system means it is increasingly important to hold sufficient reserves to manage this unquantifiable financial risk. Therefore every opportunity should be taken to top up the Council's strategic reserves.

2.4 Appendix 3 shows a summary of actual earmarked reserves balances at 1st April for the years 2015 to 2018. Appendix 4 shows future estimated planned balances over the life of the current Medium Term Financial Plan (MTFP).

2.5 As well as reserves balances shown at Appendices 3 and 4, the Council also holds a General Fund balance of £10.0m. This was increased from £8.3m following review in 2016. This is a minimum general balance which, whilst it remains lower proportionately than a lot of other authorities, is considered adequate on the basis that an in-year contingency is also held. Should the General Fund Balance have to be used the Council would have to consider how this could be topped back up to an adequate level to manage future years' risks.

2.6 The general contingency in 2018/19 is £3.5m. The general contingency is used in the first instance to cushion the impact of pressures in year. Any unused balance will be transferred to strategic reserves at the end of each financial year, in line with the approved policy at Appendix 1.

2.7 Since Northamptonshire served a Section 114 notice there has been significant focus on county councils' reserves. Nationally there have been a number of recent analyses to try to apply a methodology to assess the financial robustness of authorities. In general these have been in some form of comparison between net revenue budget and level of reserves. The table below summarises these (at a very high level) for our South East Seven (SE7) neighbours. The table shows a simple analysis based on these general figures, noting that there is currently no definitive guidance on what constitutes an appropriate/robust level of reserves.

Table 1 – usable reserves as a % of net revenue budget

Figures are in £m	**County Councils**		**County Councils including Fire Authority**			**Unitary Authorities**	
	East Sussex	**Kent**	**Hampshire**	**Surrey**	**West Sussex**	**Brighton & Hove**	**Medway**
Net revenue adjusted[1] **budget** (from the 18/19 RA return)	699.9	1,795.5	1,699.8	1,478.4	1,070.0	441.7	289.7
Usable Reserves[2] - balance at 31 March 2018 (from Statement of Accounts of each authority)	122.1	199.3	461.9	118.5	180.0	46.7	18.0
Useable reserves as a % of net revenue budget	**17.4%**	**11.1%**	**27.2%**	**8.0%**	**16.8%**	**10.6%**	**6.2%**

[1] The RA figure has been used for consistency across authorities. It comprises net revenue budget adjusted for a number of items, including but not limited to: reserves, specific & special revenue grants, capital expenditure charged to the GF Revenue Account (CERA), Minimum Revenue Provision (MRP), interest payable, debt management.

[2] Consists of earmarked reserves plus general reserves less schools balances plus reserves from revenue grants & contributions that are held by departments. Excludes schools balances, capital receipts reserves, capital grants unapplied, LEP balances and HRA balances as they are either ringfenced or cannot be applied to ongoing annual revenue costs.

2.8 CIPFA has consulted on a Resilience Index which will include reserves levels. The consultation closed in August and we await the outcome. Ahead of this however, the external audit undertaken by KPMG in June/July 2018 did not highlight any concerns about the level of reserves held by this authority.

3.0 Schools Balances

3.1 Schools balances are held by the Council on behalf of the schools and are not Council funds. They consist of underspends and overspends that are carried forward at year end. Primary Schools are allowed to carry forward 8% of their in-year budget share and Secondary Schools 5% automatically without requirement to provide supporting evidence. If there is a carry forward in excess of the allowable limits for two consecutive years, the school has to provide an explanation plus a plan for use of the balance. These balances are not carried forward at the same level each year; they vary for each school year-on-year. Appendix 5 shows the balances held by individual schools at 1st April 2018.

3.2 The main reasons why schools hold balances are:
- anticipation of future budget pressures usually arising from pupil variation;
- to fund specific projects such as building work, equipment and IT; and
- to hold a contingency for reasons of prudence.

3.3 These balances are committed to be spent on the education service and are not available to the Council for general use.

4.0 Conclusion

4.1 Audit Committee is recommended to note the current approach to reserves and balances and seek views on reserves and balances that can be taken into consideration within the RPPR process.

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Reserves and Balances Policy **Appendix 1**

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

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

Types of Reserve
The Council will maintain the following reserves:

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

Earmarked reserves will be maintained as follows:

- risk reserve: to manage the potential financial consequences of risks recognised in the Council's risk management arrangements and the CFO's robustness statement;
- priority outcomes and transformation reserve: to fund the transformation programme to change, protect and improve Council services;
- financing reserve: to enable the effective management of the medium-term financial strategy and investment strategy.
- named service reserves will be held specifically for the capital programme, waste contract risk and insurance risk.

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

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

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

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

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

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

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

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

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

Appendix 2

Risks (per 2018/19 robustness statement)

Risk	Potential magnitude	Estimate of potential impact	Magnitude £m
Growing demand for services is already impacting on service budgets particularly in Children's Services (CSD) and Adult Social Care (ASC). Service departments are forecasting a £2.4m overspend.	ASC 2018/19 budget £166.5m. CSD SEND budget for 2018/19 £7.9m.	2% increased unfunded demand	3.5
Unforeseen activity which impacts directly on departmental budgets over and above the £3.5m within the general contingency.	Net Service Budget £371.3m	1% increased unfunded demand	3.7
Risk that inflation on utilities and other areas where budgets were not uplifted for inflation become unmanageable within budget allocations.	Total utilities and other budget 2018/19 circa £69m.	2% increase in current provision.	1.4
Many of the proposed savings are complex with delivery plans still to be finalised. Therefore a risk exists that it will not be possible to make the planned savings within the timeframe required.	Total planned savings in 2018/19 are £17.1m.	10% non-achievement	1.7
Non achievement of Fees & Charges targets built into the revenue budget, due to the continuing economic climate.	Planned Fees & Charges for 2018/19 is £61.6m	Underachievement provision of 5%	3.1
Business Rate Revaluation significantly increases risk of inaccurate forecasts.	Reduction in anticipated revenue from Business rates local share of £11.6m.	Rates collected reduces by 5%	0.6
Changes in historic weather patterns may be being the potential for adverse weather conditions which may present the Council with additional unfunded costs. The impact of weather as opposed to additional prevention cannot be quantified.	Historic winter maintenance spend is circa £1.1m.	10% increase in costs due to adverse weather	0.1

Other risks include:

- Changes to the Local Government finance system to pave the way for the implementation of Business Rate Retention. As part of these reforms, the main Local Government grant will be phased out and additional responsibilities devolved to Local Authorities. This will be through incorporating existing grants including Public Health (effectively ending the ring fence) and Revenue Support Grant. The new responsibilities are as yet unknown and could bring significant risks to funding, particularly if they are demand led. Business Rate Retention will sit alongside the implementation of the outcome from the fair funding review, and the Government have announced they will aim for local authorities to retain 75% of business rates from 2020/21. Business rates will then be redistributed according to the outcome of this new needs assessment. It is not currently possible to estimate the impact of this on the Council until further detail is provided; and
- The Fair Funding Review consultation and outcome; which will be the basis of the new needs assessment upon which the business rates will be redistributed.

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Earmarked Reserves Balances @ 1st April for the years 2015 to 2018

Appendix 3

Reserve	Description	Balance @ 01.04.15 £m	Balance @ 01.04.16 £m	Balance @ 01.04.17 £m	Balance @ 01.04.18 £m
Held on behalf of others or statutorily ringfenced					
Balances held by schools	Cannot legally be spent on ESCC activities.	15.5	16.2	10.5	10.7
Public Health	Funded by Dept of Health grant and cannot be used for other purposes.	12.9	13.3	10.5	7.7
Other		5.2	5.2	5.4	6.3
Subtotal HOBOO or ringfenced		**33.6**	**34.7**	**26.4**	**24.7**
Service Specific Reserves					
Waste Reserve	Held with regard to financial risks relating to the waste contract, including but not limited to: high growth in housing numbers; change in law/compliance with waste regulations/contractor policy change; reduced recyclate prices increase disposal cost. These risks are reviewed annually and managed through this reserve on a four-year rolling programme. NB: During 2015/16 £22.0m was transferred to the new Capital Programme (£20.9m) and the General Fund (£1.1m).	34.8	12.8	12.8	12.8
End of Capital Programme to 2016		24.4	0.0	0.0	0.0
New Planned Capital Programme	The current Capital Programme runs to 2023. Basic need (essential budgets, such as schools places and highways infrastructure) has been identified, with very limited Government funding and capital receipts to fund them. Therefore, the reserve is held to support this and reduce the need to borrow and therefore the revenue pressure on the current MTFP and beyond. During 2015/16 £20.9m was transferred from the Waste Reserve. This reserve is planned to reduce to zero by 2021/22.	0.0	24.2	26.8	21.0
Insurance	This reserve is required for robustness and is set at a reasonable level based on actuarial review of insurance liabilities in 2018/19 and beyond.	6.4	6.6	5.8	5.4
Subtotal Service Specific Reserves		**65.6**	**43.6**	**45.4**	**39.2**
Strategic Reserves *					
Risk Reserve	To fund actions that mitigate the potential financial consequences of risks recognised in the Council's Corporate Risk Register and the CFO's robustness statement.	2.4	2.2	8.6	2.8
Priority Outcomes and Transformation Reserve	Priority Outcomes and Transformation Reserve - to fund the specified initiatives to change, protect and improve Council services, with particular emphasis on: - Invest-to-save; - Seed funding for innovation (notably digital) and developments contributing to the County Council's priorities; and - Investment in the redesign of the way that services are delivered.	5.2	6.0	5.2	9.8
Financing Reserve	To manage known issues with a one-off or short-term financial impact or one off remedial action while resolutions are sought over the life of the medium term financial strategy and investment strategy.	14.4	11.9	17.8	22.8
Subtotal Strategic Reserves		***22.0***	***20.1***	***31.6***	***35.4***
Total ESCC service specific & strategic reserves		**87.6**	**63.7**	**77.0**	**74.6**
TOTAL RESERVES		**121.2**	**98.4**	**103.4**	**99.3**

* At 2015 there were five strategic reserves, reduced to three at June 2017 (as part of the revised Reserves & Balances Policy approved at State of the County). The three reserves have been re-stated from 2015 to allow for comparable data.

Appendix 3

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Estimated Planned Earmarked Reserves Balances @ 1st April for the years 2018 to 2021

Appendix 4

Reserve	Dept	Balance @ 01.04.18 £m	Balance @ 01.04.19 £m	Balance @ 01.04.20 £m	Balance @ 31.03.21 £m
Held on behalf of others or statutorily ringfenced					
Balances held by schools	CSD	10.7	10.7	10.7	10.7
Public Health	Various	7.7	5.0	3.9	3.9
Other	CSD	6.3	3.7	3.0	3.3
Subtotal HOBOO or ringfenced		**24.7**	**19.4**	**17.6**	**17.9**
Service Specific Reserves					
Waste Risk Reserve	CET	12.8	12.8	12.8	12.8
Capital Programme (this forms part of the funding for the six year Capital Programme to 2022/23. See funding breakdown below *).	Cap	21.0	0.0	0.0	0.0
Insurance Risk	BSD/Corp	5.4	5.4	5.4	5.4
Subtotal Service Specific Reserves		**39.2**	**18.2**	**18.2**	**18.2**
Strategic Reserves					
Risk	Various	2.8	4.2	4.2	4.2
Priority Outcomes and Transformation	Various	9.8	6.1	4.9	3.6
Financing	Various	22.8	17.6	15.5	6.8
Subtotal Strategic Reserves		**35.4**	**27.9**	**24.6**	**14.6**
Total ESCC service specific & strategic reserves		**74.6**	**46.1**	**42.8**	**32.8**
TOTAL EARMARKED RESERVES		**99.3**	**65.5**	**60.4**	**50.7**

*** Capital programme funding breakdown:**

	£m
Capital Reserves	21.0
Government Grant	159.3
Specific Income (incl. LEP)	102.4
Capital Receipts	17.6
Contributions from Revenue	34.2
Borrowing	109.7
	444.2

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Schools Balances 1st April 2018 **Appendix 5**

Type	School	Balances @ 1st April 2018		
		Total Budget £'000	Total Spending £'000	(Under) / Over spend £'000
secondary	CLAVERHAM COMMUNITY COLLEGE	6,171	5,361	(810)
secondary	UCKFIELD COMMUNITY COLLEGE	8,139	7,633	(506)
secondary	PRIORY SCHOOL	5,507	5,107	(401)
primary	TELSCOMBE CLIFFS COMMUNITY PRIMARY SCHOOL	2,809	2,507	(302)
special	GROVE PARK SCHOOL	1,204	950	(254)
primary	ST THOMAS A BECKET CATHOLIC INFANT SCHOOL	1,373	1,127	(245)
secondary	ST RICHARD'S CATHOLIC COLLEGE	4,749	4,536	(213)
primary	CRADLE HILL COMMUNITY PRIMARY SCHOOL	1,974	1,762	(212)
secondary	HEATHFIELD COMMUNITY COLLEGE	6,865	6,664	(202)
primary	THE HAVEN VA CE/ METHODIST PRIMARY	1,660	1,459	(201)
primary	MANOR PRIMARY SCHOOL	1,525	1,326	(199)
primary	STAFFORD JUNIOR SCHOOL	1,637	1,441	(196)
secondary	CHAILEY SCHOOL	3,617	3,434	(183)
primary	LITTLE COMMON SCHOOL	2,230	2,053	(177)
primary	HARBOUR PRIMARY SCHOOL	1,827	1,650	(177)
primary	PEACEHAVEN HEIGHTS	2,164	1,989	(175)
primary	NEWICK CE PRIMARY SCHOOL	927	755	(172)
primary	MOTCOMBE COMMUNITY SCHOOL	1,360	1,210	(150)
special	HAZEL COURT SCHOOL	932	785	(146)
primary	ETCHINGHAM CE PRIMARY SCHOOL	599	467	(132)
secondary	ROBERTSBRIDGE COMMUNITY COLLEGE	3,332	3,200	(132)
primary	ST MARY MAGDALENE'S CATHOLIC PRIMARY SCHOOL	976	845	(131)
primary	ST PETER & ST PAUL CE PRIMARY SCHOOL	1,509	1,381	(128)
primary	HELLINGLY COMMUNITY PRIMARY SCHOOL	976	850	(126)
primary	SANDOWN PRIMARY SCHOOL	1,811	1,695	(117)
primary	IFORD & KINGSTON CE PRIMARY SCHOOL	807	691	(116)
primary	SEAFORD PRIMARY SCHOOL	1,786	1,671	(115)
primary	ROTHERFIELD PRIMARY SCHOOL	801	687	(114)
primary	BREDE PRIMARY SCHOOL	640	526	(113)
primary	BODIAM CE PRIMARY SCHOOL	523	410	(113)
primary	BOURNE PRIMARY SCHOOL	1,717	1,608	(109)
primary	HERSTMONCEUX CE PRIMARY SCHOOL	812	705	(107)
primary	MAYNARDS GREEN COMMUNITY PRIMARY SCHOOL	840	735	(106)
primary	POLEGATE SCHOOL	1,668	1,565	(103)
primary	STONE CROSS SCHOOL	1,471	1,371	(100)
primary	RODMELL CE PRIMARY SCHOOL	310	210	(99)
primary	ST PHILIP'S CATHOLIC PRIMARY SCHOOL	800	701	(99)
primary	BATTLE & LANGTON CE PRIMARY SCHOOL	1,687	1,591	(96)
primary	NETHERFIELD CE PRIMARY SCHOOL	667	571	(96)
primary	HARLANDS PRIMARY SCHOOL	865	770	(95)
primary	WESTFIELD SCHOOL	920	825	(95)
primary	HURST GREEN CE PRIMARY SCHOOL	598	505	(94)
primary	FRANT CE PRIMARY SCHOOL	518	428	(90)
primary	PARK MEAD PRIMARY SCHOOL	562	472	(90)
primary	WILLINGDON PRIMARY SCHOOL	1,576	1,488	(88)
primary	CHANTRY COMMUNITY PRIMARY SCHOOL	847	762	(86)
primary	SEDLESCOMBE CE PRIMARY SCHOOL	845	761	(84)
primary	DENTON COMMUNITY SCHOOL	974	891	(82)
primary	MAYFIELD CE PRIMARY SCHOOL	671	591	(81)
primary	FOREST ROW CE PRIMARY SCHOOL	870	790	(80)
primary	ST MARY'S CATHOLIC PRIMARY SCHOOL	836	757	(79)
primary	ALL SAINTS CE PRIMARY SCHOOL	937	859	(78)
primary	ST PANCRAS CATHOLIC PRIMARY SCHOOL LEWES	603	526	(77)
primary	ANNECY CATHOLIC PRIMARY SCHOOL	705	630	(76)
primary	WADHURST CE PRIMARY SCHOOL	1,074	1,000	(74)
primary	WALLANDS COMMUNITY PRIMARY SCHOOL	1,719	1,648	(71)
secondary	PEACEHAVEN COMMUNITY SCHOOL	5,566	5,497	(68)
primary	WEST RISE COMMUNITY INFANT SCHOOL	1,034	966	(68)
primary	ST MARY STAR OF THE SEA CATHOLIC PRIMARY SCHOOL	910	843	(68)
primary	STONEGATE CE PRIMARY SCHOOL	511	445	(66)
primary	CHYNGTON SCHOOL	1,555	1,490	(65)
primary	FIVE ASHES CE PRIMARY SCHOOL	416	351	(65)
primary	ST JOHN'S MEADS CE PRIMARY SCHOOL	820	757	(64)
primary	ALFRISTON SCHOOL	493	429	(64)
primary	HAMSEY COMMUNITY PRIMARY SCHOOL	522	462	(60)
primary	MARK CROSS CE PRIMARY SCHOOL	463	402	(60)
primary	PEASMARSH CE PRIMARY SCHOOL	484	423	(60)
primary	FLETCHING CE PRIMARY SCHOOL	398	339	(60)

Type	School	Balances @ 1st April 2018		
		Total Budget £'000	Total Spending £'000	(Under) / Over spend £'000
primary	CHIDDINGLY PRIMARY SCHOOL	502	443	(59)
primary	SOUTH MALLING CE PRIMARY SCHOOL	995	939	(56)
primary	ROSELANDS INFANT SCHOOL	1,053	998	(55)
primary	LANGNEY PRIMARY SCHOOL	1,873	1,818	(55)
primary	SOUTHOVER CE PRIMARY SCHOOL	1,153	1,099	(55)
primary	LAUGHTON COMMUNITY PRIMARY SCHOOL	516	463	(54)
primary	BECKLEY CE PRIMARY SCHOOL	500	448	(52)
primary	GUESTLING BRADSHAW CE PRIMARY SCHOOL	832	782	(50)
primary	PEVENSEY & WESTHAM CE PRIMARY SCHOOL	1,449	1,400	(50)
primary	TOLLGATE COMMUNITY JUNIOR SCHOOL	1,419	1,370	(49)
primary	ST MARK'S CE PRIMARY SCHOOL, HADLOW DOWN	463	414	(49)
primary	EAST HOATHLY CE PRIMARY SCHOOL	505	457	(48)
primary	DITCHLING (ST. MARGARET'S) CE PRIMARY SCHOOL	591	544	(47)
primary	ST ANDREW'S CE INFANT SCHOOL	1,087	1,040	(47)
primary	HOLY CROSS CE PRIMARY SCHOOL	504	456	(47)
primary	NORTHIAM CE PRIMARY SCHOOL	477	430	(47)
primary	BURWASH CE SCHOOL	690	645	(45)
primary	ST MICHAEL'S PRIMARY SCHOOL, WITHYHAM	468	425	(43)
primary	FRAMFIELD CE PRIMARY SCHOOL	472	429	(43)
primary	CROWHURST CE PRIMARY SCHOOL	512	471	(41)
primary	PASHLEY DOWN INFANT SCHOOL	1,070	1,029	(41)
secondary	WILLINGDON COMMUNITY SCHOOL	4,867	4,828	(40)
primary	WESTERN ROAD COMMUNITY PRIMARY SCHOOL	845	806	(39)
primary	BLACKBOYS CE PRIMARY SCHOOL	475	438	(38)
primary	ST THOMAS' CE PRIMARY SCHOOL, WINCHELSEA	609	572	(37)
primary	DANEHILL CE PRIMARY SCHOOL	410	374	(36)
primary	GROVELANDS COMMUNITY SCHOOL	2,088	2,052	(36)
primary	NUTLEY CE PRIMARY SCHOOL	443	409	(35)
primary	ASHDOWN PRIMARY SCHOOL	1,596	1,564	(32)
primary	ICKLESHAM CE PRIMARY SCHOOL	526	494	(31)
primary	SALEHURST CE PRIMARY SCHOOL	797	767	(30)
primary	ST PETERS CE PRIMARY SCHOOL, CHAILEY	583	553	(30)
primary	MERIDIAN PRIMARY SCHOOL	1,934	1,904	(30)
primary	PUNNETTS TOWN COMMUNITY PRIMARY SCHOOL	486	459	(27)
primary	BROAD OAK COMMUNITY PRIMARY SCHOOL	526	499	(27)
primary	LITTLE HORSTED CE PRIMARY SCHOOL	489	463	(26)
primary	FIRLE CE PRIMARY SCHOOL	450	425	(25)
primary	GROOMBRIDGE ST THOMAS' CE PRIMARY SCHOOL	722	697	(25)
primary	WEST RISE JUNIOR SCHOOL	1,085	1,060	(25)
primary	HANKHAM PRIMARY SCHOOL	595	571	(25)
primary	STAPLECROSS METHODIST PRIMARY SCHOOL	467	446	(22)
primary	ST JOHNS CE PRIMARY SCHOOL	734	713	(21)
primary	BARCOMBE CE PRIMARY SCHOOL	542	522	(20)
primary	HIGH HURSTWOOD CE PRIMARY SCHOOL	476	456	(20)
primary	ST MARY THE VIRGIN CE PRIMARY SCHOOL, HARTFIELD	415	396	(19)
primary	ST MICHAEL'S CE PRIMARY SCHOOL, PLAYDEN	435	417	(18)
primary	RINGMER PRIMARY SCHOOL	1,039	1,021	(18)
primary	BUXTED CE PRIMARY SCHOOL	711	693	(17)
primary	PLUMPTON PRIMARY SCHOOL	470	456	(14)
primary	PARKSIDE COMMUNITY PRIMARY SCHOOL	800	788	(13)
primary	ALL SAINTS & ST RICHARD'S CE PRIMARY SCHOOL	357	345	(12)
primary	CATSFIELD CE PRIMARY SCHOOL	505	494	(11)
primary	WIVELSFIELD PRIMARY SCHOOL	683	675	(8)
primary	ROCKS PARK PRIMARY SCHOOL	782	774	(8)
primary	BONNERS CE PRIMARY SCHOOL	509	502	(7)
primary	DALLINGTON CE PRIMARY SCHOOL	478	473	(5)
primary	SACRED HEART CATHOLIC PRIMARY SCHOOL	824	821	(3)
primary	CASTLEDOWN COMMUNITY PRIMARY SCHOOL*	978	978	0
primary	CHRIST CHURCH CE PRIMARY SCHOOL*	254	254	0
primary	OCKLYNGE JUNIOR SCHOOL*	1,773	1,773	0
primary	PARKLAND INFANT SCHOOL*	410	410	0
primary	PARKLAND JUNIOR SCHOOL*	543	543	0
primary	PELLS CE PRIMARY SCHOOL**	237	237	0
primary	SHINEWATER PRIMARY SCHOOL*	1,086	1,086	0
primary	ST THOMAS A BECKET CATHOLIC JUNIOR SCHOOL***	448	448	0
secondary	CAUSEWAY SCHOOL	3,195	3,201	6
-	Closed / converting schools	-	-	12
primary	NINFIELD CE PRIMARY SCHOOL	573	588	15
primary	TICEHURST & FLIMWELL CE PRIMARY SCHOOL	545	560	15
primary	CROSS-IN-HAND CE PRIMARY SCHOOL	958	1,029	72
secondary	UPLANDS COMMUNITY COLLEGE	3,822	4,188	366
TOTAL		**170,401**	**159,655**	**(10,733)**

* These Schools converted to Academy status during financial year 2017/18. The budget and spending shown is pro-rata, whilst a maintained school.

** Pells Primary School closed during the financial year 2017/18.

*** St Thomas a Becket Junior amalgamation with St Thomas a Becket Infants during 2017/18.

Audit Committee – Work Programme

List of Suggested Potential Future Work Topics		
Issue	**Detail**	**Meeting Date**
Minimum Revenue Provision (MRP) calculation	A report has been requested to look at the calculation of the MRP. This is linked to the Treasury Management Strategy, and may seek to establish if a change in the method of calculation could yield further revenue savings.	20 Sept 2018
Council's Reserves	A report on the Council's reserves, how they are held, and the projection up to 2021.This is with a view to looking at risk, whether returns on reserves could be improved via the Treasury Management Strategy and whether there are opportunities for reducing reserves .	20 Sept 2018
Property Asset Disposal and Investment Strategy	The Audit Committee have requested an annual report to monitor the implementation of the Strategy.	22 Nov 2018
Community Asset Transfer (CAT) Policy	The ABVCS Committee at the meeting on 22 March 2018 requested that a review of the CAT policy (one of a suite of property policies) be kept on the work programme as it links to the Property Asset Disposal and Investment Strategy. A report on the CAT policy and how in links to the Strategy will be presented to the Audit Committee at eth November meeting	22 Nov 2018
Risk Monitoring	A presentation/report has been requested on the risk monitoring framework and how risk is assessed and promoted to the Strategic Risk Register. This will be combined with the Q1 Strategy Risk Monitoring report	20 sept 2018
Audit Committee Working Groups		
Working Group Title	**Subject area**	**Meeting Dates**

Agenda Item 9

Training and Development

Title of Training/Briefing	Detail	Date
Treasury Management	Briefing on the Treasury Management Strategy and activity prior to consideration of the Treasury Management Annual report.	22 Nov 2018
Internal Audit Strategy and Plan	A briefing and consultation on the development and content of the Internal Audit Strategy and Plan for 2019/20, prior to the Committee endorsing the Strategy prior to agreement by Cabinet.	January 2019

Future Committee Agenda Items		**Author**
All meetings		
Internal Audit Progress Report	Quarterly report which provides a summary of the audits and opinions carried out in that quarter; counter fraud and investigations, follow up work on audits and high risk recommendations and performance monitoring against the Internal Audit Plan	Nigel Chilcott / Russell Banks
Strategic Risk Monitoring	Quarterly monitoring report of the Council's Strategic Risk Register	Rawdon Phillips
Committee Work Programme	Discussion of the future reports, agenda items and other work to be undertaken by the Committee.	Senior Democratic Services Advisor
22 November 2018		
Internal Audit Progress Report	Internal Audit Progress report – Quarter 2, 2018/19 (01/07/18 – 30/09/18)	Nigel Chilcott, Audit Manager/Russell Banks, Chief Internal Auditor
Counter Fraud Strategy	A report to outline the proactive work being undertaken to detect and prevent fraud, fraud risk assessment and the Counter Fraud Strategy.	Russell Banks, Chief Internal Auditor

Future Committee Agenda Items		Author
Strategic Risk Monitoring	Strategic risk monitoring report – Quarter 2, 2018/19 (01/07/18 – 30/09/18)	Rawdon Phillips, Risk & Insurance Manager
Annual Audit Letter	To consider the Annual Audit letter and fee update from the External Auditor	Ian Gutsell, Chief Finance Officer / Ola Owolabi, Head of Accounts and Pensions
Treasury Management	To consider a report on the review of Treasury Management performance for 2017/18 and for outturn for the first six months of 2018/19, including the economic factors affecting performance, the Prudential Indicators and compliance with the limits set within the Treasury Management Strategy.	Ian Gutsell, Chief Finance Officer / Ola Owolabi, Head of Accounts and Pensions
Property Asset Disposal and Investment Strategy	Consideration of an annual report on the implementation of the Property Asset Disposal and Investment Strategy.	Tina Glen/Graham Glenn/John Stebbings
Community Asset Transfer (CAT) policy	Consideration the links between the Community Asset Transfer (CAT) policy for Council owned land and buildings and the Property Asset Disposal and Investment Strategy.	Tina Glen/John Stebbings
March 2019 (date tbc)		
Internal Audit Progress Report	Internal Audit Progress report – Quarter 3, 2018/19 (01/10/18 – 31/12/18)	Nigel Chilcott, Audit Manager/Russell Banks, Chief Internal Auditor
Strategic Risk Monitoring	Strategic risk monitoring report – Quarter 3, 2018/19 (01/10/18 – 31/12/18)	Rawdon Phillips, Risk & Insurance Manager
Internal Audit Strategy and Plan	Consideration of the Internal Audit Strategy and Plan for 2019/20	Russell Banks, Chief Internal Auditor/ Nigel Chilcott, Audit Manager

Future Committee Agenda Items		Author
External Audit Plan 2018/19	This report sets out in detail the work to be carried out by the Council's External Auditors on the Council's accounts for the financial year 2018/19.	Ian Gutsell, Chief Finance Officer & External Auditors/ Ola Owolabi, Head of Accounts and Pensions
External Audit Plan for East Sussex Pension Fund 2018/198	To consider and comment upon the External Audit Plan for the East Sussex Pension Fund for the financial year 2018/19.	Ian Gutsell, Chief Finance Officer & External Auditors/ Ola Owolabi, Head of Accounts and Pensions