CABINET

TUESDAY, 2 JUNE 2020 AT 10.00 AM

ROOM CC2 - COUNTY HALL, LEWES

Note: County Councillors will be joining the meeting remotely

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

A G E N D A

1   Minutes of the meeting held on 3 March 2020 *(Pages 3 - 4)*

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   Coronavirus update *(Pages 5 - 18)*
         Report by Chief Executive

6   East Sussex Environment Strategy and Corporate Climate Emergency Plan *(Pages 19
         - 70)*
         Report by Director of Communities, Economy and Transport

7   External Audit Plan 2019/20 *(Pages 71 - 90)*
         Report by Chief Operating Officer

8   Internal Audit Strategy and Plan for 2020/21 *(Pages 91 - 108)*
         Report by Chief Operating Officer

9   To agree which items are to be reported to the County Council

10   Any other items considered urgent by the Chair

PHILIP BAKER
Assistant Chief Executive
County Hall, St Anne's Crescent
LEWES BN7 1UE   22 May 2020

Contact Andy Cottell, 01273 481955,
Email: andy.cottell@eastsussex.gov.uk

NOTE: As part of the County Council's drive to increase accessibility to its public meetings, this meeting will be broadcast live on its website and the record archived for future viewing. The broadcast/record is accessible at

www.eastsussex.gov.uk/yourcouncil/webcasts/default.htm

CABINET

MINUTES of a meeting of the Cabinet held on 3 March 2020 at Council Chamber - County Hall, Lewes

PRESENT   Councillors Keith Glazier (Chair)
Councillors Nick Bennett (Vice Chair), Bill Bentley, Claire Dowling, Carl Maynard, Rupert Simmons, Bob Standley and Sylvia Tidy

Members spoke on the items indicated

Councillor Barnes	- items 5 and 6 (minutes 52 and 53)
Councillor Beaver	- items 5 and 6 (minutes 52 and 53)
Councillor Bennett	- item 5 (minute 52)
Councillor Godfrey Daniel	- items 5 and 6 (minutes 52 and 53)
Councillor Claire Dowling	- item 5 (minute 52)
Councillor Galley	- item 5 (minute 52)
Councillor Rodohan	- item 6 (minute 53)
Councillor Stephen Shing	- item 5 (minute 52)
Councillor Simmons	- item 6 (minute 53)
Councillor Stogdon	- item 6 (minute 53)
Councillor Tutt	- item 5 (minute 52)
Councillor Ungar	- item 5 (minute 52)
Councillor Webb	- item 5 (minute 52)

49   MINUTES OF THE MEETING HELD ON 28 JANUARY 2020

49.1   The minutes of the Cabinet meeting held on 28 January 2020 were agreed as a correct record.

50   DISCLOSURES OF INTERESTS

50.1   Councillor Keith Glazier declared a personal a non prejudicial interest in item 6 as the Chair of Transport for the South East.

51   REPORTS

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

52   COUNCIL MONITORING: QUARTER 3 2019/20

52.1   The Cabinet considered a report by the Chief Executive.

52.2   It was RESOLVED to note the latest monitoring position for the Council and the deletion of the Brexit risk as set out in paragraph 2.7 of the report.

Reason

52.3   The report sets out the Council's position and year end projections for the Council Plan targets, Revenue Budget, Capital Programme, Savings Plan together with Risks for 2019/20 quarter 3.

53   TRANSPORT FOR THE SOUTH EAST'S PROPOSAL TO GOVERNMENT

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

53.2   It was RESOLVED to:

    1.   agree the submission to Government of the draft proposal set out in Appendix 3 for Transport for the South East to become a Sub-national Transport Body; and

    2.   delegate authority to the Director of Communities, Economy and Transport in consultation with the Lead Member for Economy to finalise our agreement to the proposal prior to Transport for the South East's submission to Government and to take any actions necessary to give effect to recommendations.

Reason
53.3   The establishment of Transport for the South East (TfSE) provides an opportunity to support and grow the economy through the delivery of their transport startegy focussed on unlocking growth, boosting conectivity and speeding up journeys whilst improving access to opportunities for all and protecting and enhancing our region's unique environment.

53.4   Through the proposed range of powers and responsibilities being sought, TfSE will enable the Council to more directly influence how and where money is invested by strategic transport providers. It will also help drive improvements for the travelling public and for businesses in the county, so helping to secure delivery of longstanding transport infrastructure ambitions. In doing so, TfSE will provide a more co-ordinated strategic role that speaks with one voice for the region to Government.

53.5   Following consultation, TfSE have revised their draft proposal to Government on how they would achieve their ambition and are seeking the constituent authorities consent to support their proposal to Government in April 2020. Overall the County Council is supportive of TfSE's revised draft proposal to create a Sub-national Transport Body, with its proposed powers and responsibilities, and consents to TfSE submitting their proposal to Government.

54   ITEMS TO BE REPORTED TO THE COUNTY COUNCIL

54.1   The Cabinet agreed that item 5 should be reported to the County Council.

[Note: The item being reported to the County Council refers to minute number 52]

Report to:	**Cabinet**
Date of meeting:	**2 June 2020**
By:	**Chief Executive**
Title:	**Coronavirus Update**
Purpose:	**To update on the measures the Council has taken in response to the coronavirus pandemic and next steps**

RECOMMENDATION

Cabinet is recommended to note the report and comment on the proposed approach to resetting the Council's activities

1   Background

1.1   Since the pandemic began, staff across the Council have been, and continue to be, involved in a huge amount of work to support the nation's response. We have worked closely with partners to launch new services to protect and support the most medically vulnerable (the shielded group) and vulnerable, changed and adapted services to meet the current situation and offered other options when this wasn't possible. Saving lives and looking after the most vulnerable people in our community have been our priorities during the crisis.

1.2   Over the next few weeks the Council will need to respond to Government's plans for the gradual loosening of lockdown arrangements in two phases, depending on the progress of the pandemic. We are planning our service delivery in the new context. Some of the new services we have begun will need to be continued for the foreseeable future. Changes will need to be made to others either temporarily as lockdown is eased or more fundamentally to build on the lessons learnt during the first two months of the Covid-19 response.

1.3.   The changes we have made will have profound and sometimes permanent impacts on our services and finances. We are keeping a careful record of all the additional costs we have incurred as result of the decisions we have made in order to tackle the pandemic. Whilst the Government has partially recognised the additional costs to local government and has made additional funding available, it is insufficient to meet all the pressures we face, particularly in relation to adult social care. We will need to consider the effects of these changes on our future service offer and financial plans for the remainder of this year and the future as part of the RPPR process. We will also need to continue to lobby strongly for continuing funding to meet residents' needs.

1.4   Members have received regular briefings on the work the Council is undertaking to help tackle the Covid-19 outbreak. This report provides an update on the latest position to the week ending 22 May. Full details of the changes to our services are on our website. This report covers:

2.	Deaths due to Covid-19	11.	Highways and Transport
3.	Adult Social Care	12.	Reallocating Road Space
4.	Children's Services	13.	Parking Charges
5.	PPE	14.	Business Services
6.	Testing and Tracking	15.	Member Meetings
7.	Shielded Cohort	16.	Communications

8.	Trading Standards	17.	Financial Implications
9.	Libraries	18.	Economy
10.	Waste Recycling Sites	19.	Recovery

2.   Deaths due to Covid-19 in East Sussex

2.1   The ONS publishes weekly provisional counts of the number of deaths registered involving the coronavirus (COVID-19), by local authority of residence. The latest figures for the week ending 8 May are shown below and include any mention of COVID-19 on the death certificate.

	Home	Hospital	Care home	Hospice	Other communal establishment	Elsewhere	Total
Eastbourne	0	22	23	1	0	0	46
Hastings	0	6	0	1	0	0	7
Lewes	1	38	39	3	2	0	83
Rother	0	22	9	1	0	1	33
Wealden	0	46	27	3	0	0	76
East Sussex	1	134	98	9	2	1	245

2.2   The ONS has also carried out work on death rates from Covid-19 at local authority level and by socioeconomic deprivation. For the period covered by the data (1 March to 17 April), rates in East Sussex are relatively low.

Age-standardised mortality rates for all causes and deaths involving the coronavirus (COVID-19),

	COVID death rates/100,000 people	Rank (1 = highest rate 317 = lowest rate)
England	37	
South East Region	27	
East Sussex	15	
Eastbourne	16	264
Hastings	6	308
Lewes	24	193
Rother	8	303
Wealden	16	262

2.3   London had the highest age-standardised mortality rate, with 86 deaths per 100,000 persons involving COVID-19. The South West saw the lowest age-standardised mortality rate of 16 deaths per 100,000 population. This was statistically significantly lower than any other region or country.

3.   Adult Social Care

3.1   Supply of social care provision remains under real pressure in East Sussex and on 21 May, 88 of 313 East Sussex care homes were closed to all admissions. We now have in place an integrated health and social care plan in East Sussex which delivers the objectives set in the DHSC Action Plan. This includes testing all patients before admission to a care home. Patients testing positive are supported through a period of isolation at either Bexhill Care Centre or in a community health unit before moving, when clear, to a care home. This

helps give care homes the reassurance they require to accept discharges and maintain the required flow of patients from hospital.

3.2   In terms of provider support, we send care homes a daily bulletin and have regular web-based provider forums. We also have a specific email address for questions and issues to which we respond. We have a specific email address for PPE enquiries and if providers are identifying shortages, we have a standard form for them to complete and we then prioritise allocation.

3.3   The Government has issued guidance requiring ASC authorities to produce care home resilience plans. The plans are expected to be submitted on 29 May. This requires councils to take on oversight of a range of functions that it has not had previously, for example in relation to the supply of PPE, testing and workforce issues in private providers. This will have long term funding and management implications for the Council, as the funding allocated by Government to support this is unlikely to cover ongoing costs. It should be noted that there is not equality of accountability on health to take responsibility for outcomes and finances.

3.4   Government has announced a £600m Infection Control Fund to support this work. The fund will support adult social care providers to reduce the rate of transmission in and between care homes and support wider workforce resilience. This will be allocated to local authorities. ESCC will receive £10.7m from this fund. Allocations were calculated on the number of care home beds in an area, with an area cost adjustment to reflect differences in wages and prices in different councils. The funding will be paid in 2 equal instalments. 75% of the initial funding will be required to go straight to care homes for use on infection control measures, including to care homes with whom we do not have existing contracts. The second payment will be contingent on the first being used for infection control. The remaining 25% must also be used for infection control measures, however local authorities are able to allocate based on need.

4.   Children's Services

Schools
4.1   To date, we have seen daily pupil numbers of approximately:
*   1000 pupils per day across all schools before the Easter holidays
*   About 800 per day over the Easter holidays
*   100 per day over the two bank holidays
*   Since the Easter holidays about 1800 per day (50% vulnerable children).

4.2   We have been working with schools to implement the Government guidance for the phased reopening of schools from the 1 June. For primary schools this involves the return of reception, years 1 and Years 6, alongside the continued provision of teaching for vulnerable children and the children of Keyworkers. Schools have been asked to continue to provide remote learning for those who are not scheduled to return. Inevitably this is a complicated exercise that needs to take account of the availability of staff and the nature of the building to ensure this expansion of numbers can be managed safely for pupils and staff. Therefore, whilst it is likely that some schools will be able to meet the Government's ask from the 1 June, others will inevitably need to employ a phased approach. The Government has asked that where there are capacity issues, vulnerable and key worker children are prioritised. As the economy opens up, we anticipate greater demand from key workers who have previously been able to rely on a household member to look after their child rather then send them to school. Council officers have worked with individual schools and school clusters to help prepare for a return. All schools are required to ensure a risk assessment is in place prior to opening.

4.3   Secondary Schools have been asked to continue to provide a service to vulnerable pupils and the children of keyworks and identify how they can increase contact with Year 10 pupils. Special schools are undertaking individual reviews of their pupils to identify how best to plan a return.

4.4   We have secured some additional capacity from HMI to undertake support for:
- Special school re-integration
- Primary school re-integration, with the Primary Board, linking with ISEND and with also a focus on transition and digital disadvantage
- EYS providers' reintegration.

Early Years Sector (EYS) Providers
4.5   In April, 710 children attended an early year's provider. To support sustainability, East Sussex has paid an additional £177,500 to support those nurseries, pre-schools and childminders who remained open. There are 98 settings open, caring for 467 children.

Digital Devices for Disadvantaged Children to access Remote Education
4.6   In April, the Department for Education (DfE) announced a major package of support for vulnerable and disadvantaged children and young people across England. It will provide digital devices (laptops and tablets) and internet access for some disadvantaged children and young people who do not currently have access to them. Eligible children and young people include care leavers, children and young people aged 0 to 19 with a social worker and disadvantaged year 10 pupils. East Sussex has been given 129 devices and 56 routers for disadvantaged year 10 pupils within maintained schools (academies receive directly from the DfE). A further 1,187 devices and 170 4G dongles will be allocated to vulnerable children in social care. East Sussex County Council was the first authority to identify their children and complete the return to the DfE, thereby securing an early release of equipment to our vulnerable children.

4.7   The allocation of 129 laptops and tablets is insufficient to meet all the demand from our eleven secondary and special schools. To address this critical issue, we are working with partner organisations such as the Hastings Opportunity Area (HOA) and the National Collaborative Outreach Programme (NCOP) to deliver a package of funding to purchase additional devices to reach as many of our disadvantaged year 10 pupils as possible. Additional funding of £65,500 has already been approved to facilitate this and we have been able to order 200 additional devices.

Vulnerable Groups
4.8   As part of our duty for safeguarding children and supporting schools to safeguard vulnerable children and young people (0-25), a database of vulnerable children was compiled, and each school was sent the list of children in their school and asked to respond to a series of questions including whether the child was attending school, what contact the school has had with the child/family and whether any risks have been highlighted. Support has been provided to schools to manage remote safeguarding arrangements, but for some children, where social care determine that they would be safer in school or college, we are supporting schools to offer appropriate provision.

4.9   The vulnerable children risk assessment process has been completed in two cohorts. Cohort 1 was every child and young person in East Sussex with a social worker, with an EHCP and/or who is a Young Carer. Around 6,300 children and young people have moved through the Cohort 1 risk assessment process. In East Sussex, 7.2% of vulnerable children across all phases are attending (the national is about 5%).

4.10   Cohort 2 began in the week beginning 4 May. This includes: high risk Cohort 1 cases (identified by the Steering Group); new Child in Need and Child Protection cases and newly

issued EHCPs since Cohort 1; children open to ISEND where ISEND have concerns regarding increased risk due to lockdown and children and young people where the LA has agreed to issue an EHCP. Schools, settings and colleges have also been invited to add children and young people to their Cohort 2 list who do not have an EHCP and have a diagnosis (or are on the pathway for diagnosis) of neurodevelopmental issues, such as Autism or ADHD, sensory processing or attachment; where lockdown could escalate difficulties and impact on wellbeing.

4.11   Learning from the vulnerable children risk assessment process and Keeping Schools Open process will feed into the planning to support schools, settings and colleges with preparing for re-opening.

Children's Social Care
4.12   A suite of performance indicators is reviewed weekly to keep an overview of key performance information.

Front Door contacts
4.13   We have seen a reduction in activity in the front door teams but now we are beginning to see referral rates picking up again. The social work teams have RAG rated all the vulnerable young children working with colleagues in schools and SLES to maintain oversight.

Children on Child Protection (CP) Plans
4.14   The number of children on CP plans has increased from 544 week commencing 16 March to 581 week ending 22 May. This is in part due to CP plans not ceasing as it is difficult to step down safely at this time.

Residential Units
4.15   Keeping residential units open remains a priority and we are working to ensure this happens.

5.   Personal Protective Equipment (PPE)

5.1   Supply of PPE is improving, although drops via the Local Resilience Forum don't have regular frequency. Maintaining an adequate supply and flow of PPE for our staff, the care sector and other key workers in East Sussex will therefore remain a concern until the central online system is up and running. We will continue to source what we need through all routes available to us in the meantime, and our procurement team is making progress on building a supply chain.

5.2   In response to the Government's request for data on our local requirements, we have submitted the below Sussex-wide weekly PPE requirement.

	Masks	**Aprons**	**Gloves**	**Hand Sanitiser**	**Eye protection**
35% of East & West Sussex Demand	373,156	2,386,985	5,020,399	230,602	95,433

6.   Testing and Tracking

6.1   The Government has increased testing capacity and expanded the offer of testing. Now anyone in England over the age of 5 with symptoms can ask for a test; and social care workers or residents of care homes can be tested whether or not they have symptoms. We are encouraging staff to arrange their tests through ESCC as tests booked via ESCC referral can be prioritised if the Government's system is over-subscribed. We can also

support staff through the process, and we have an overview of how testing is working across the organisation.

6.2   Testing can be done by appointment at four centres in Sussex - in Bexhill, at Brighton's Amex Stadium, at Gatwick Airport, and Bognor. The Government has also rolled out mobile units staffed by military personnel for testing in places where there is significant demand, including care homes, police stations and prisons. A mobile unit was deployed in Eastbourne between Monday 18 and Wednesday 20 May for testing ESCC staff and staff from care homes.

6.3   The Government has established a care home testing portal to support residents and staff of care homes whose primary clients are older people or those with dementia. This digital portal is intended to improve the process of arranging tests for care homes by enabling them to register for the delivery and collection of test kits directly. There remains, however, significant challenges with capacity and co-ordination of the testing regime.

6.4   A local outbreak plan is expected to be published shortly which will set out how track and trace arrangements are anticipated to work. Members will be updated at the meeting if announcements are made.

7.   Shielded Cohort

7.1   We continue to support a large and growing number of people through the Government's shielding system. By 19 May, 11,500 calls had been made up to those on the shielded list and 1,600 letters sent to those not contactable by phone. We are now making follow-up calls to those called before 1 May and follow up letters are to be sent to everyone who has been called. Over 3000 food boxes have been delivered by ESCC. We are heavily reliant on volunteers, including from other council services, for these activities and if they return to their jobs shortly, while we are required to maintain the system, we will need to establish an alternative workforce. We are thinking about how we can maintain this work and manage its costs as part our recovery and restoration planning.

8.   Trading Standards

8.1   Both District and Borough Councils (via Environmental Health) and ESCC (via Trading Standards) have been designated by the Secretary of State to enforce emergency regulations regarding business premise closures within their areas. As part of local planning, Trading Standards and Environmental Health across East and West Sussex have put in place a separation of roles based upon premises type to avoid any unnecessary duplication of effort. A Single Point of Contact within each Service has been established to ensure that wherever complaints are received they are quickly routed to the correct service without needing to re-signpost the person making the complaint. There is speculation that the Government may see a role for environmental health and trading standards staff in enforcing any new workplace social distancing requirements as lockdown is eased. We will need to be clear that Councils are not resourced to fulfil this role.

8.2   In the four weeks to 23 April Trading Standards received and dealt with over 180 enquiries concerning Covid-19 related issues, including issues relating to click and collect being offered by closed businesses. Our view at present is that delivery and other remote sales are permitted but not ones that allow (and encourage) people to travel to the businesses themselves. This may change if Government issue further advice. We have not needed to resort to formal action at the moment, which is encouraging. The following activities are continuing:
- Animal Health – in accordance with our Business Continuity Plan we prioritise this area of work, continuing to intervene in welfare and movement issues relating to farmed

animals. One of the changes to the Covid-19 Regulations clarified that Livestock Markets could open but Hailsham Market has continued during this pandemic as our view was that they were allowed to open.

- Rogue Traders – We continue with a number of complex investigations, interviewing suspects by post and obtaining statements remotely to progress cases where movement restrictions and health and safety prevent personal contact. We will respond to any allegations of illegal activity in this area in accordance with our Business Continuity Plan.
- Food Monitoring & Compliance – Whilst not undertaking routine sampling or visits, we are still responding remotely to complaints and concerns, even though many of these have reduced as a result of the business closures. The Food Standards Agency have issued advice around the contacting and inspections of high-risk food and feed manufacturers which we are following.

9. Libraries

9.1   The eLibrary (our online offer) has been providing services while our buildings are closed. Staff are developing the offer further and providing promotional updates, 'how to' guides and telephone support to people unfamiliar with the eLibrary. We have seen a significant increase in eBook loans, usage of online newspapers and magazines - roughly double the pre-Covid levels and there has been a large spike in new members joining online since we closed. We are exploring where there have been gaps left in provision (e.g. Learning Services exams, Home Library Service) and how these could be met remotely/virtually.

10. Household Waste Recycling Sites

10.1   Having received further guidance from Government, household waste recycling sites reopened on 18th May. To ensure safe-distancing and the safety of staff and public on site some restrictions are in place. Residents are being urged to consider whether it is essential for them to go to a household waste recycling site at this time, and if they do, to expect queues. The number of cars entering each site is restricted and operating on a one-in, one-out basis. Trailers and over-sized vehicles are not allowed, and chargeable waste (rubble, soils, plasterboard, asbestos or tyres) is not being accepted for the time being.

11. Highways and Transport

11.1   Work is continuing on highways maintenance and the Highways Service has been able to provide a near normal service, whilst maintaining safe-distancing and ensuring the safety of the workforce and public. In the first few weeks staff were subject to criticism from some members of the public for working during the current situation, but this has largely ceased. The workforce has been supported with a briefing to use if challenged and public FAQs and signage explaining why vital work needs to continue.

11.2   The roads patching programme has progressed as normal, and a jet patcher unit has been working in the county for six weeks now, and a second unit will be joining in the summer. The resurfacing programme is progressing to plan, and a programme of major resurfacing has taken place in Wivelsfield and has now started in Crowborough. Full details of this year's programme have been published on the East Sussex Highways website. Work on the Newhaven Port Access Road project has continued throughout the lock-down period and the contractor has made good progress with the construction of the bridge deck, and at time of writing the tarmac base course is being laid. The project remains on track for completion in the autumn.

12. Reallocating Road Space

12.1   Following publication of the Government's roadmap to recovery, the Department for Transport have produced statutory guidance for Local Authorities to reallocate road space to support walking and cycling. The Government's expectation is for local authorities to make significant changes to their road layouts to give more space to cyclists and pedestrians with the aim of embedding the changes to travel behaviour and demonstrate the positive effects of active travel.

12.2   We have established a technical working group comprising officers from a number of teams, including the Strategic Economic Infrastructure Team, Traffic & Road Safety, Network Management, Highways Asset Management and ESCC Communications, as well as officers from the Borough and District Councils to work though proposals.

12.3   Initially the working group will draw up terms of reference, in consultation with the Lead Member, that will set out the priority interventions for this authority. The Government guidance includes a large number of initiatives, from the creation of pop-up cycleways, pedestrian and cycle zones, widening of pavements, cycle parking facilities, junction improvements and the introduction of 20mph speed restrictions. There will be competing priorities from different user groups and we will not be able to meet all of these demands. The working group will also consider whether it is possible to bring forward medium- and longer-term plans to address more immediate priorities. Importantly, the Government Guidance points to the importance of whole-route approaches to create corridors for buses, cycles and access only on key routes into town and city centres, as well as identifying and bringing forward permanent schemes already planned, for example under Local Cycling and Walking Infrastructure Plans, and that can be constructed relatively quickly.

13.   Parking Charges

13.1   The decision made by the Lead Member for Transport and Environment in January to increase parking charges following public consultation in autumn 2019, was deferred until 1 July when lockdown arrangements are expected to be further eased.

14.   Business Services

14.1   Since the last update, businesses services have:
- Increased vigilance on the Council's IT systems in recognition of significantly increased Cyber Security risks;
- Begun preparing plans for the management of core buildings in line with Government guidance to support some return of services from remote working. We continue to support and direct staff to work from home where they are able and any plans to move services and teams back towards corporate buildings will be done on a manged and transitioned basis; and
- Made contingency arrangements through the Capital Programme for slippage in plans due to construction industry contraction

15.   Member Meetings

15.1   Arrangements to hold Member meetings remotely under the new regulations have been put in place. A guide to remote meetings has been developed and circulated to all Members, and included on the Members' Intranet page, supported by a training session held via Skype. Further guidance and training will be provided specifically for Chairs. Additional support has been given to individual Members on an ad hoc basis as required.

15.2   Preparations are being made to move meetings onto Microsoft Teams which will provide some enhancements to the video conferencing functionality. Support will be provided to Members to make the transition.

15.3   Public access to remote meetings has been arranged via our existing webcasting site and agendas for remote meetings are being published as normal.

15.4   A remote County Council meeting was held on 12 May. Two Cabinet meetings are scheduled to take place in 2 and 23 June, plus an ongoing programme of Lead Member meetings as set out in the updated Forward Plan.

15.5   Virtual committee meetings will also be arranged where required to enable core business to continue, these will include:
- Pension Board – 8 June
- Standards Committee- 16 June
- Pension Committee – 22 June
- Governance Committee – 23 June.

15.6   Scrutiny and Audit Committee work programmes have largely been suspended since the Covid-19 restrictions on meetings came into force. It is proposed that, with the agreement of Chairs, the June People and Place committee meetings are cancelled, given the need for departments to prioritise the Covid-19 response. The People and Place scrutiny committees can then provisionally plan to resume meetings in September. Scrutiny Committees could, if Members wish, hold informal meetings to review and reprioritise their existing work programmes, particularly to agree provisional agendas for September and November meetings. Any informal meetings would be supported by Member Services.

15.7   Scrutiny Committees are currently continuing a low level of Scrutiny Review or Reference Group work where this can be supported by departments and/or be progressed by scrutiny independently. Work that is currently underway includes:

People Scrutiny
- Background research is continuing where possible in relation to reviews of school exclusions and loneliness and resilience which were in their early stages.

Place Scrutiny
- The Committee has established a Highways Contract Re-procurement Reference Group in conjunction with CET to support work on the Highway Services Re-procurement Project. It is planned to hold an initial meeting at the end of May and another in July.
- The Review Board working on the Scrutiny Review of Becoming a Carbon Neutral Council has suspended Board meetings until June when it will review the position, but some work is continuing on background research and meeting preparation where officer capacity permits.

HOSC
- HOSC has received notification of a number of temporary NHS service changes which are exempt from formal consultation but in some cases have required clarification and additional information.
- HOSC is also mid-way through a review of CCG proposals to close Eastbourne Walk-in Centre and will need to resume this work alongside the resumption of the NHS consultation when this is confirmed.

15.8   An informal meeting of the Audit Committee was held on 13 May 2020 to allow the Committee in their advisory role to comment on the External Audit Plan for 2019/20 and the Internal Audit Strategy and Plan 2020/21 prior to the reports being considered by Cabinet in June. It is proposed to hold the next scheduled Audit Committee meeting on the 10 July 2020 to consider the annual review of the Corporate Governance framework and the remaining reports rescheduled from the cancelled March meeting.

16.   Communicating with partners and residents

16.1   We have built dedicated pages on our website and kept them updated to help businesses, residents and partners get the latest information on the position in East Sussex. We have made extensive use of social media, video and traditional media to keep people informed and have introduced email bulletins for residents, members, MPs, partners and staff which are received by more than 40,000 people. We have distributed information leaflets to 25,000 of the most vulnerable households in the county and worked with District and Borough Councils to get this information to many more. We have also translated this key information into 28 other languages.

17.   Financial Implications of Covid-19

17.1   The Government has provided two tranches of Covid-19 response funding for councils. Each tranche was £1.6bn nationally. The first tranche of funding announced on 19 March was primarily to meet the increased demand for, and enable additional support across, adult social care; meet the additional costs of providing children's social care; provide additional support for the homeless and rough sleepers; support those at higher risk of severe illness from Covid-19; and meet pressures across other services. It was split into £210m for general support and £1,390m for Social Care. The £210m was allocated by 2013/14 Settlement Funding Assessment (SFA) and the £1,390m was allocated using the current Relative Needs Formula for Adult Social Care.

17.2   The second tranche was aimed at getting rough sleepers off the streets, supporting clinically vulnerable people and providing assistance for the public health workforce. It was also to reflect financial pressure being felt by councils resulting from lower use of fee-paying services (e.g. car parks and leisure facilities). The split in two tier areas between county and district authorities was therefore 65:35. The funding has now been received. Allocations for East Sussex authorities are:

Local Authority	First Tranche of Covid-19 Funding	Second Tranche of Covid-19 Funding	Total Covid-19 Additional Funding
TOTAL England	£1,600,000,000	£1,594,000,000	£3,194,000,000
East Sussex	£16,297,243	£9,810,215	£26,107,458
East Sussex Fire	£136,730	£633,138	£769,868
Eastbourne	£64,321	£1,026,186	£1,090,507
Hastings	£67,268	£918,693	£985,961
Lewes	£39,501	£1,026,785	£1,066,286
Rother	£41,835	£961,373	£1,003,208
Wealden	£52,005	£1,604,988	£1,656,993

17.3   In addition, on 9 May the Government announced £2bn funding (from the £5bn announced in the Budget) for walking and cycling, with £250m being made for an emergency active travel fund. The details of how this funding will be made available has yet to be issued.

17.4   Our latest projections, which we submitted to MHCLG as part of a national return, show that we face additional pressures of around £49m this year, so with the additional funding (£26m) we are facing an estimated shortfall of £23m. This is modelled on the assumption that lockdown ends at the end of July and includes the anticipated costs such as providing adult social care support for more people, block booking of beds and purchase of food supplies and PPE, along with expected reduced income from services which are closed.

17.5   The additional pressures arising in departments are estimated as follows, shown as a top 3 by department:

Top 3 by Department (£m)	Additional Costs	Loss of Income	Total
Purchase of Personal Protective Equipment	16.6		16.6
Supporting the market, including 10% per month additional support to care providers in line with gov't guidelines	7.9		7.9
Additional demand for services from hospital leavers, net of NHS contribution	3.4		3.4
Other	1.9	0.5	2.4
Subtotal Adult Social Care	29.8	0.5	30.3
IT&D primarily to enable remote working	0.7		0.7
Slippage in the completion of capital projects	0.7		0.7
Loss of income from training and development		0.3	0.3
Other	0.4		0.4
Subtotal Business Services	1.8	0.3	2.1
Primarily highways and lost income from parking charges	2.2	4.0	6.2
Household Waste: increased due to lockdown	1.6		1.6
Loss of income: Registration Services	0.1	1.3	1.4
Other	0.7	0.3	1.0
Subtotal Communities, Economy & Transport and Governance	4.6	5.6	10.2
Residential care	3.6	0.2	3.8
Early Years: including provider payments and purchase of laptops	0.7		0.7
Children's Social Care workforce: agency staff	0.2		0.2
Other	0.2	0.6	0.8
Subtotal Children's Services	4.7	0.8	5.5
Business Services/Orbis	0.4		0.4
Treasury Management: projected reduction in investment income		0.6	0.6
TOTAL	41.3	7.8	49.1

17.6   The MHCLG return focuses on current pressures and estimates for 2020/21. However, there are significant financial risks of Covid-19 that will be felt into 2021/22 and beyond, that add to the funding uncertainty:

- Impact on our residents and on Council Tax collection rates*;
- Impact of slowdown in house building and the reduction in the Council Tax base on income*;
- Impact on businesses and on Business Rates collection rates; and
- The confirmed delay to the Spending Review, Fair Funding Review and 75% business rates retention.

*The estimated forecasts for loss of Business Rates and Council Tax are not included in our Risk Log as per MHCLG instructions. However, based on the available District & Borough Councils' returns an estimated total loss of £7m will impact this council via the Collection Fund in 2021/22.

18.   Economy

18.1   The impacts of the Covid-19 outbreak on East Sussex businesses have been significant and will be ongoing. Whilst much financial support has been provided by Government, it is unclear how long the restrictions will last, and in turn how long financial support will be available. We have a good understanding of where the stress areas are, based on the intelligence we garner through Business East Sussex (an in-house business advice service) and various other mechanisms and have started work on developing an Economy Recovery Plan (ERP) for the county.

18.2   The ERP will be developed in partnership through Team East Sussex and the sub-boards, to ensure it is comprehensive and contains measures that will enable our economy to recover. Once complete, it will perform a number of functions. It will:

- Co-ordinate all economy recovery activity of partners;
- Become a bidding document that we will use to secure anticipated financial support from Government;
- Provide a means through which the East Sussex business community (which in addition to traditional private enterprise, also includes cultural institutions, social enterprises, voluntary and community sectors) can galvanise its efforts in recovery; and
- Provides a lobbying document for use particularly with Government and the South East Local Enterprise Partnership (SELEP) to articulate our needs.

18.3   We are currently working with SELEP, particularly in developing a case for utilising funding they hold for additional business support, and the East Sussex College Group on how their Adult Education Budget can be used for training/re-training needs of our employment base. They are likely to feature prominently in the ERP, as will the local recovery plans that colleagues in the District and Borough Councils are developing. The first draft of the ERP will be available in early June, and it will be considered by TES soon after.

19.   Recovery

19.1   Planning for and work on recovery will be carried out nationally, regionally and within local areas across all tiers of national and local government. We need to ensure our plans feed into and take account of the planning at all these levels.

19.2   The Government published on 11 May a cautious roadmap to 'return life to as close to normal as possible, for as many people as possible, as fast and fairly as possible, in a way that avoids a new epidemic, minimises lives lost and maximises health, economic and social outcomes.' The roadmap moves the national response from phase 1 'contain, delay,

research, mitigate', to phase 2 'smarter controls' with steps to reduce controls on individuals and businesses over the next two months. Phase 3 is 'reliable treatment' and will be entered when there is a viable vaccine or treatment to reduce loss of life. The Government's plan provides a national framework and timeline that will guide our local planning.

19.3   Locally, recovery needs to be considered in a number of timeframes:
- Immediate: preparatory work that, subject to resource, be undertaken during the response phase in preparation for recovery;
- Medium: First weeks and months: living with the virus and social distancing and making sure our services are able to operate in this new context; and
- Longer term: first year and beyond, the world postvaccine or reliable treatment.

19.4   Recovery will not be linear – we are likely to see waves of infection in the future which may necessitate moving in and out of some measures of emergency provision. Nor will it be even across services. ASC for example will be dealing with the consequences of the current rate of infection and the decisions which were made, whilst trying to maintain services required, as the health service begins to move towards business as usual and needing to react to any further waves of infection.

19.5   The emergency has necessitated new ways of working and has given rise to new partnerships and possibilities. These may offer opportunities to create a positive legacy for the future as we develop our recovery plans. As we move into our recovery we need to think about:
- What did we stop doing that should remain stopped?
- What did we stop doing that we should bring back?
- What have we started doing that we need to stop?
- What have we started that should continue?
- Are there totally new things that we might need?

19.6   We need to use our existing political and business planning processes to develop our plans. Covid-19 is now a reality to be taken into account in our plans, not an episode from which we will move on. The following principles will guide the planning of Covid-19 recovery for East Sussex County Council services and the Council's wider support for residents and businesses:

1. Our usual business planning process (RPPR), led by Cabinet and CMT, will be used to develop a short-term recovery plan 2020/21 and medium/long-term full planning from 2021/22

2. The Council's Core Offer, Priority Outcomes and subsidiary Delivery Outcomes will be reviewed and revised as needed to ensure they are the right for recovery plans – recognising the fundamental changes that have taken place in society and the way it works and building on the positive lessons we have learnt. Some services we set up in response to the pandemic will need to continue into the foreseeable future (for example help for the shielded cohort) and the impact of decisions we have taken could have long lasting service and financial consequences (for example in ASC)

3. The Council's financial resource allocations for current and future years will be reviewed and revised to take account of changes in availability and priorities

4. Learning from what has worked well and what has not during the crisis will be fully considered in recovery planning and long-term planning for services and partnerships

19.7   This work will lead to a revised Council Plan and targets and MTFP for this

year and the future. We need to recognise that we need a flexible approach to planning and delivery as we move through the pandemic. Our integrated monitoring and risk processes provide a vehicle to allow us to do that.

19.8   Our plans for future years will also need to take into account the broader context in which we are working: the impact of the pandemic on the national economy and our funding prospects; the changed needs of our residents and businesses and the impact of exiting the EU in 2021 on both the economy and our services.

Becky Shaw
Chief Executive

Committee:	**Cabinet**
Date:	**2 June 2020**
Report By:	**Director of Communities, Economy & Transport**
Title of Report:	**East Sussex Environment Strategy and corporate Climate Emergency Plan.**
Purpose of Report:	**To seek agreement to the East Sussex Environment Strategy and to the corporate Climate Emergency Plan.**

RECOMMENDATION: Cabinet is recommended to:

1) **agree the East Sussex Environment Strategy as set out at appendix 1 of the report;**
2) **agree the corporate Climate Emergency Plan as set out at appendix 2 of the report; and**
3) **agree to report progress towards the target of achieving climate neutrality to the County Council.**

1   Background information

1.1   The East Sussex Environment Strategy: in March 2018 the Corporate Management Team agreed that the 2011 Environment Strategy for East Sussex should be updated and that an Environment Board to Team East Sussex (TES) should be set up to enable the economic development and environmental agendas to be brought together more effectively. The Board was established in November 2018 and has produced the draft Environment Strategy set out in appendix 1. Cabinet is now being asked to agree the Strategy on behalf of the County Council.

1.2   The corporate Climate Emergency Plan: in October 2019 the County Council declared a climate emergency. This included a commitment to become carbon neutral from its own activities as soon as possible, and by 2050 at the latest, to set out a clear plan of action and to report annually at the July County Council meeting on its progress towards the target. The proposed action plan is set out in appendix 2.

1.3   Together, the corporate Climate Emergency Plan and the Environment Strategy comprise a package of measures that the County Council is proposing to take forward to improve the environment of East Sussex. The Climate Emergency Plan illustrates where the Council has direct control, whilst the Strategy illustrates areas where the Council is working with a range of partner organisations to effect change. Both of these are underpinned by an outline communications strategy, set out in appendix 3, through which the Council and partners will seek to influence positive behavioural change within the wider community.

2   Supporting Information

2.1   The East Sussex Environment Strategy: The East Sussex Strategic Partnership (ESSP) adopted the first Environment Strategy for East Sussex in July 2011. The strategy has been updated to reflect a number of changes to national, regional and local policies and targets, for instance the national 25 Year Environment Plan and climate change emergencies declared by a number of local organisations. The Strategy provides a consistent local evidence base for decision-making and a mechanism for partnership working to address new challenges, such as net zero carbon targets.

2.2   The Environment Board which produced the Strategy includes the national environmental regulators, businesses and business representative organisations, the two universities, District and Borough Council representatives and the County Council, which provides the secretariat.

2.3 The Environment Strategy focuses on 5 key environmental themes, namely climate change, natural capital, air quality, water and resource efficiency. This reflects the environmental priorities identified in the United Nations' Sustainable Development Goals, national strategies and the priorities of the organisations that make up the Environment Board.

2.4   The actions in the Strategy have been selected on the basis that they meet a clearly identified need, provide county-wide benefits, and can be delivered in 1-2 years. The County Council will take a lead on some of the proposed actions, where these are most relevant to the Council, for instance developing a Walking and Cycling Infrastructure Plan for the county. The Environment Board will provide regular updates on progress to TES and the ESSP.

2.5   A significant amount of environmental work is already being delivered through other partnerships and strategies, which the Environment Strategy signposts to in order to help manage expectations as to the scale of change that the Environment Strategy is able to deliver.   For example, many environmental aspects of transport are addressed by the Transport for the South East's Transport Strategy and the County Council's Local Transport Plan.

2.6   Investing in improvements in the environment is part of the recovery from Covid-19, in terms of jobs, health and wellbeing (e.g. There is a need to significantly increase the number of tradespeople required to deliver domestic retrofit requirements to help reach net zero, whilst Covid-19 has emphasised the need and value of our green spaces as part of physical and mental health resilience).

2.7   The Environment Strategy has been reviewed and endorsed by the organisations represented on the Environment Board and on TES.

2.8   The corporate Climate Emergency Plan: the plan in appendix 2 sets out the County Council's current carbon footprint, recommends a carbon reduction target, and identifies a clear set of actions to be taken towards becoming carbon neutral. The key points from appendix 2 are:

1) The Council's emissions in 2018-19 were about 3% of total emissions from East Sussex;
2) The Council has reduced its emissions by over 50% during the last 10 years, including through projects that have generated annual savings of £770,000;
3) The largest part of the Council's carbon footprint is from the goods, works and services that are procured. The Council has only limited understanding of these emissions and no direct control over them, so it is recommended that they are omitted from the corporate carbon reduction target until a better understanding of these emissions has been gathered. This is the approach taken by other local authorities, for instance Adur-Worthing Council and Wealden District Council;
4) It is recommended that the Council commits to increasing its carbon reduction target from 3% per year to 13% per year, as this aligns with the UN Paris climate change agreement to hold the increase in global average temperatures to well below 2^0C above pre-industrialisation levels. This approach has been adopted by a number of private and public sector organisations;
5) A 13% reduction target is likely to become increasingly difficult to achieve, once the simpler and more cost-effective measures have been implemented;
6) It is recommended that an initial 5 year carbon target, with annual milestones, is adopted, and supported by a 2 year action plan. This will enable short-term adjustment in light of changing legislation, technology and levels of resources available.

2.9   From the tragedy of Covid-19 we also have an opportunity to lock in key changes that we will need to make anyway to address climate change, notably flexible working and more walking and cycling.

2.10   A critical aspect will be how and when to involve and engage the public on climate change again, in view of the current need to prioritise jobs, and support businesses as they restart.

2.11   Councillors will be aware that the Place Scrutiny Committee is also undertaking a Scrutiny Review of Becoming a Carbon Neutral Council, which has considered the draft Climate Emergency Plan and reviewed the Council's baseline carbon footprint. The Review Board is examining the actions necessary for the Council to reduce greenhouse gas emissions and achieve the aim of becoming carbon neutral.

3.   Conclusion and Reason for Recommendations

3.1   Cabinet is recommended to agree the East Sussex Environment Strategy and the corporate Climate Emergency Action Plan, and for progress towards the target of achieving carbon neutrality to be reported to Full Council in July.

RUPERT CLUBB
Director of Communities, Economy and Transport

Contact Officer: Andy Arnold. 01273 481606. Andy.arnold@eastsussex.gov.uk

LOCAL MEMBERS: ALL

BACKGROUND PAPERS: None

This page is intentionally left blank

Page 23

East Sussex Environment Strategy 2020

'At pace & at scale'
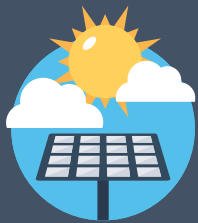
Contents

Foreword

Climate change and the degradation of the world's natural capital assets are defining issues of our time. The recent reports by the intergovernmental panels on climate change and biodiversity make a clear case for urgent action, as a healthy and productive environment is an essential pre-requisite for sustainable social and economic prosperity.

No single organisation, acting alone, can secure the changes that we need. Therefore, a partnership of private, public and educational sector organisations has formed the Environment East Sussex Board, which has developed this Environment Strategy and will steer its implementation. The main aim of the Board is to drive measurable improvements in our environment, to ensure East Sussex continues to be where people want to live, work, study, visit and do business. We are grateful to the Board members for their commitment to developing and delivering this Strategy.

The Environment Board is accountable to Team East Sussex (TES), which is the East Sussex board of the wider South East Local Enterprise Partnership (SELEP) and to the East Sussex Strategic Partnership. The Environment Strategy is one of a suite of Team East Sussex documents detailing priorities for the county which aim to create a more productive, healthier, happier and more sustainable county, and it will inform the updated East Sussex Growth Strategy for 2020+.

The challenges are huge. But the opportunities, and the impacts if we get this wrong – economically and socially – are even larger. This Strategy is a sound start to addressing these challenges and securing the opportunities. We look forward to working with many of you in achieving a healthier and more productive environment.

Graham Peters
Chair, Team East Sussex

Michael Turner
Chair, Environment East Sussex Board

Why do we need an Environment Strategy?

The purpose of the Strategy is to set out the transformational change that is required and why, and what new steps we are going to take to help address the urgent environmental challenges and to maximise the available opportunities. The evidence set out in this Strategy makes it clear that the pace and scale of action needs to be far greater, and that co-ordinated local action is an essential part of adding to the action already being taken by many private and public sector organisations, community groups and individuals.

The first Environment Strategy for East Sussex was adopted in 2011. It brought together the high level aims, objectives and actions of a wide range of organisations in East Sussex into one shared, long-term strategic environmental plan for the county. Since then there have been significant changes to national, regional and local policy and strategies, including Parliament declaring a climate emergency (2019), the 25 Year Environment Plan (2018), the Clean Growth Strategy (2018) and the Environment Bill of 2020. Consequently, this updated Environment Strategy for East Sussex seeks to:

- align with these latest national, regional and local strategies;

- set out an updated and robust local evidence base;

- identify the key challenges and opportunities; prioritise achievable actions for the Environment Board to deliver in the next 1-2 years.

- set out what we will do to review and report on progress.

This Strategy is only one amongst many strategies that addresses the environment of East Sussex. Consequently, it does not attempt to cover all aspects of the environment and does not replicate what is dealt with in other strategies. For instance, many aspects of transport are addressed in the Transport Strategy developed by Transport for the South East and in the East Sussex Local Transport Plan. Instead, the Environment Board will use this Environment Strategy as a framework to:

- challenge other strategies and plans to contribute to delivering the aims of this Strategy;

- lobby government to develop clear, stable and well-designed policies and interventions that help to deliver the aims of this Strategy.

A supporting Technical Appendix sets out the legislative and policy context, signposts to the extensive work that is already in progress to address the environmental priorities, and provides a more detailed explanation for why the short term actions have been chosen. The Technical Appendix can be found here: **www.eastsussex.gov.uk/environment/priorities/environmentstrategy**

Vision and Priorities

The shared vision of this strategy is to:

'Protect and enhance our natural and built environment for current and future generations and tackle and adapt to climate change.'

Five priority environmental themes have been identified, namely: climate change, natural capital, air quality, water and resource efficiency. These priorities are in line with the Sustainable Development Goals developed by the United Nations in 2015 and the priorities identified in recent national strategies. As the environment is complex and functions as an integrated system, so there is considerable overlap between the five themes, such as climate change and air quality.

Monitoring and reporting

The Environment Board will produce an annual report on progress in implementing the Environment Strategy, for review and challenge by Team East Sussex. Performance indicators have been taken from the larger set of national indicators used by government. These indicators will help to measure pr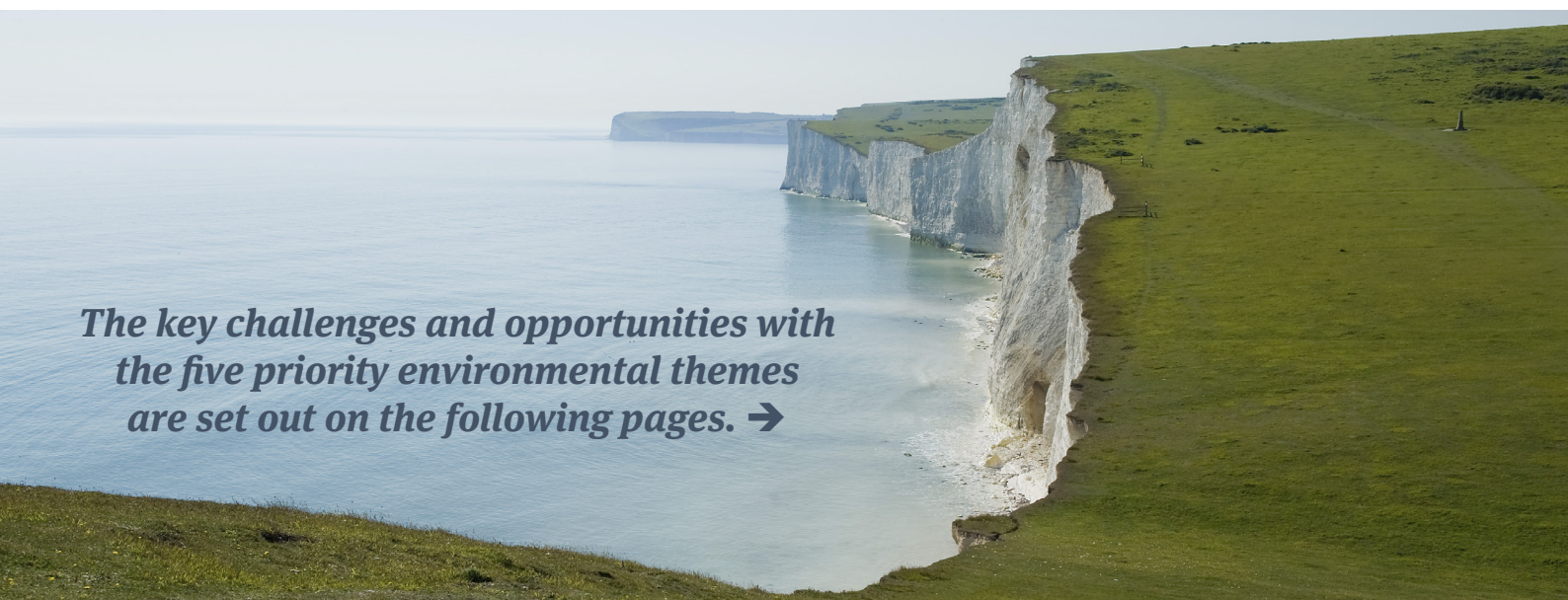ogress towards the longer-term aims, which are summarised in the table on page 15. The Board will add new actions every year, will carry out a light-touch review of the Strategy every year and a more detailed review every five years, to ensure that it remains fit for purpose and is contributing to shifting the local economy towards a sustainable future.

The main environmental challenges

A healthy and productive environment is essential for sustainable social and economic prosperity: it provides all the raw materials for the resources we use in our daily lives, the soil in which we grow our food, clean air and drinking water, and a range of services such as natural flood attenuation and a contribution to mental well-being. Our environmental assets, and the services and benefits they provide, have a significant value, some of which can be quantified, such as food production, but others cannot and so are missing from decision-making. However, as with financial capital, poorly managed environmental capital will fail to provide the returns that are necessary for sustainable economic prosperity. The erosion of local environmental capital, sometimes irreversibly, undermines economic prosperity and health.

Additional local pressures on environmental assets include a projected increase in the population of East Sussex of about 10% by 2032 and a 14% increase in the number of households, as average household size declines. This will require over 2,000 additional homes to be built per year, alongside investment in transport, utilities, employment workspace, health and social care, education and community infrastructure.
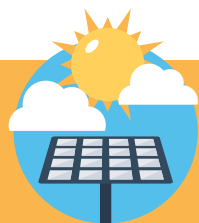
The key challenges and opportunities with the five priority environmental themes are set out on the following pages. ➔

"Companies that don't adapt, including companies in the financial system, will go bankrupt, without question. But also there will be great fortunes made along this path aligned with what society wants."

Mark Carney *(August 2019)*

Climate change

The 2018 report from the United Nations Intergovernmental Panel on Climate Change concluded that without substantial efforts to curb greenhouse gas emissions over the next decade we are likely to face severe, widespread, and irreversible impacts on societies. Human activity has already led to 1°C of global warming from pre-industrial levels, which is resulting in damaging impacts on lives, infrastructure and ecosystems that are apparent today.

The predicted impacts of climate change in East Sussex include more frequent and intense flooding, drought and episodes of extreme heat, as well as impacts from the effects of climate change overseas, such as on food supply. This will lead to an increase in heat-related deaths, particularly amongst the elderly, damage to essential infrastructure, impact on food production, disruption to supply chains and service provision, greater coastal erosion and impact on coastal habitats and wetlands.

Carbon emissions in East Sussex fell by 27% between 2005 and 2016. This excludes emissions that occur outside the boundary of East Sussex as a result of the demand for goods and services that are consumed in East Sussex. This level of reduction is similar to the national rate of reduction, as it has been driven by the same changes, notably the switch from coal to gas and renewables to generate electricity.

The UK's Tyndall Centre for Climate Change Research has estimated that, based on current scientific understanding, East Sussex needs to cut carbon emissions by about 13% per year to keep within its share of the total global carbon budget. This rate of reduction is higher than has been achieved in the past.

This Strategy sets out an aim for East Sussex to meet the Tyndall reduction target. This will require extensive changes across all levels of society within a short time frame, set against a predicted increase in the demand for energy due to a growing population and economic growth. It's widely recognised that the legislation and resources currently being deployed to meet this national target are inadequate.

Even if global warming can be limited to 1.5°C, significant additional investment will still need to be made in measures to adapt to the effects of climate change that are already locked in due to past emissions of greenhouse gases. The main effects include increased flooding, droughts and heat waves. For instance, in England around one in six properties and over half of water and sewage treatment works are in areas already at risk of flooding from rivers, the sea or surface water.

The long term aims on climate change of this Strategy are for East Sussex to:

1. *Remain within its science-based carbon budget.*

2. *Be adapted to the effects of climate change that are already locked in.*

"Business stands squarely behind the ambition for the UK to have a net-zero emissions economy by 2050."
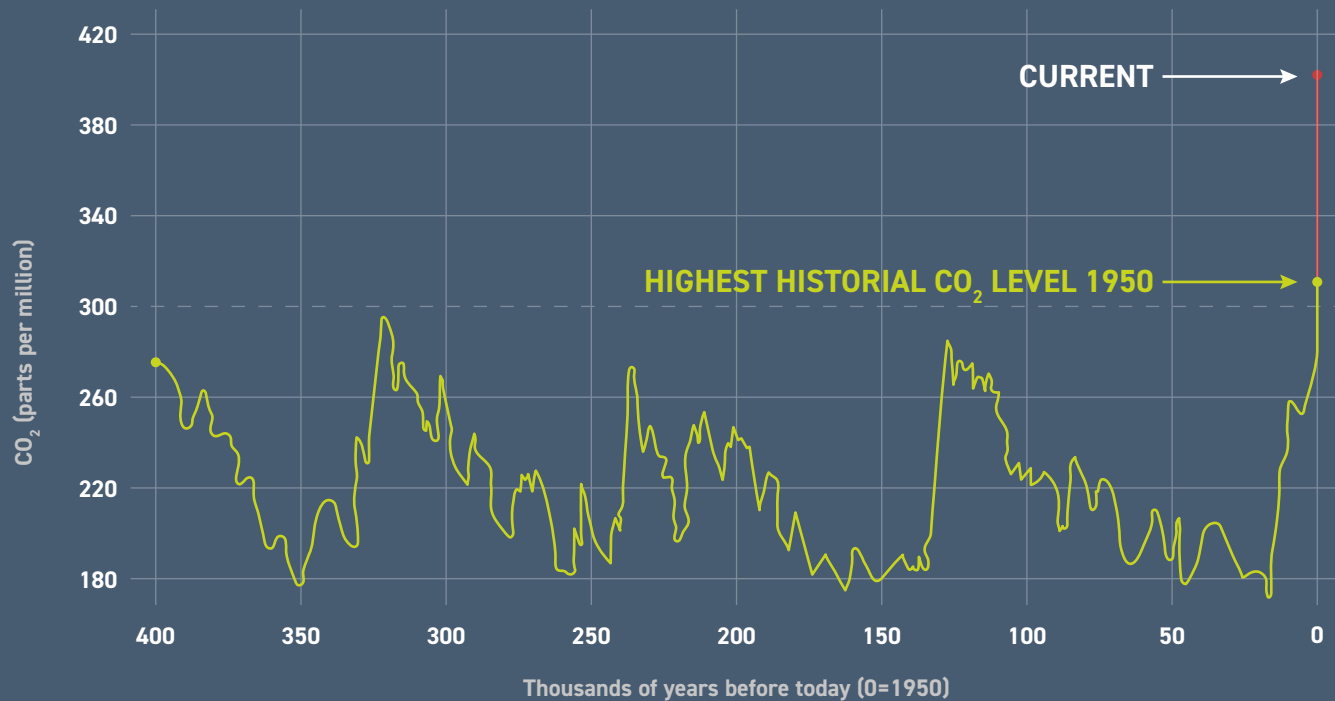
Carolyn Fairbairn, CBI Director-General

6

Figure 1: Changes in atmospheric carbon dioxide levels over the last 400,000 years

Case study:

The Lewes-based energy cooperative OVESCO installed solar PV panels on the Harvey's Brewery depot roof in Lewes, saving about 26 tonnes of CO2e per year and providing a healthy annual return of 11.7%.

Natural capital

Natural capital is the stock of renewable and non-renewable resources (e.g. plants, animals, air, water, soil) that yield a flow of benefits to people, including food, fuel, clean water, climate regulation, pollination of crops by insects and flood defence. This multitude of services and benefits all have a value, some of which can be quantified, such as the value of timber or food produced from farmland, and others cannot and so are missing from decision-making. Consequently, natural capital is often degraded or lost because it's free, yet it regulates numerous life-supporting processes and is the foundation on which our economy, society and prosperity are built. For example, more than two billion people rely on wood fuel to meet their primary energy needs and about four billion people rely mainly on natural medicines for their health care (Intergovernmental Platform on Biodiversity and Ecosystem Services, 2019).

> **The long term aim of this Strategy is for East Sussex to achieve a growing and resilient stock of natural capital.**

The 2019 Intergovernmental Platform on Biodiversity and Ecosystem Services concluded that:

- The diversity within species, between species and of ecosystems is declining faster than at any time in human history, with the UK estimated to have lost significantly more nature over the long term than the global average. In Sussex we currently have over 470 species that are globally threatened or in rapid decline.

- About 60% of the world's major ecosystem goods and services are being used unsustainably, where the natural assets are being used faster than they can regenerate.

The main causes are the intensification of the use of land and sea resources, pollution, invasive species, and climate change. The consequences include risks to food security, reduced productivity and impacts on quality of life. For example, over-fishing saw the collapse of cod stocks in the North Sea in the 1980s and 1990s, which led to controls on fishing that had a major social and economic impact on fishing communities.

The Sussex Local Nature Partnership has produced a Natural Capital Investment Strategy which identifies where natural capital assets in East Sussex are at risk of degradation and where new natural capital assets would add significant value.

"We are eroding the very foundations of our economies, livelihoods, food security, health and quality of life worldwide."

Robert Watson
Chair of the UN's Intergovernmental Platform on Biodiversity and Ecosystem Services (2019).
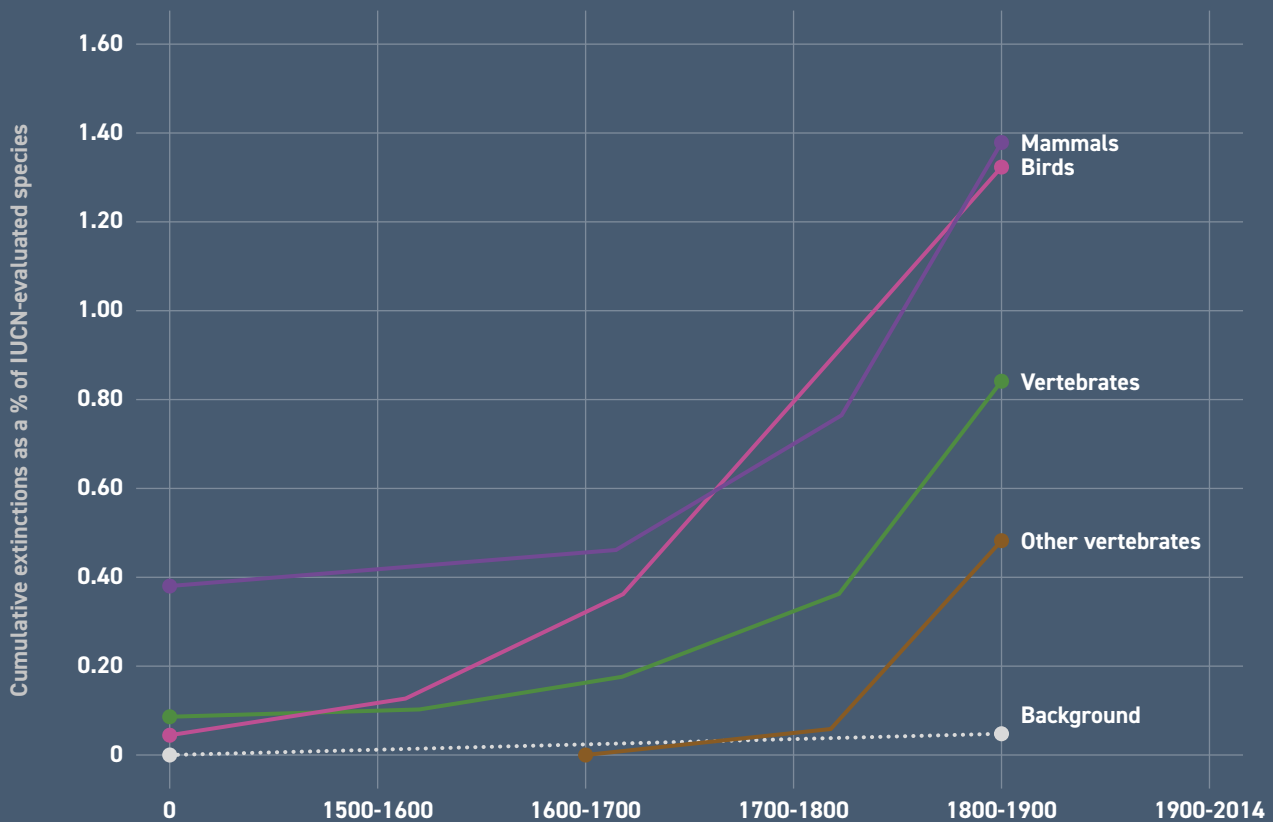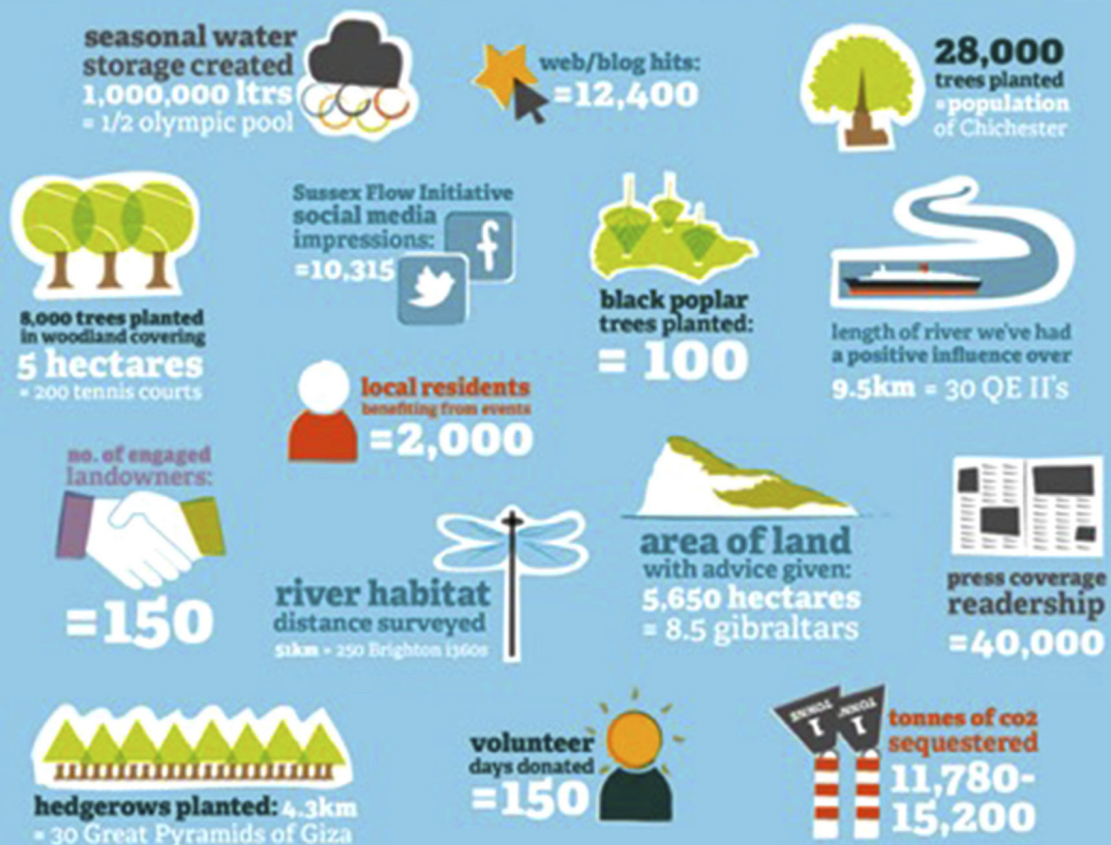
8

Page 30

Figure 2: The cumulative percentage global loss of species since 1500

Cumulative extinctions as a % of IUCN-evaluated species

Mammals
Birds
Vertebrates
Other vertebrates
Background

Case study:

Sussex Flow Initiative Natural Flood Management Project. 5 year summary of achievements 2012-2017.

seasonal water storage created 1,000,000 ltrs = 1/2 olympic pool

web/blog hits: =12,400

28,000 trees planted = population of Chichester

8,000 trees planted in woodland covering 5 hectares = 200 tennis courts

Sussex Flow Initiative social media impressions: =10,315

black poplar trees planted: = 100

length of river we've had a positive influence over 9.5km = 30 QE II's

no. of engaged landowners: =150

local residents benefiting from events =2,000

river habitat distance surveyed 51km = 250 Brighton i360s

area of land with advice given: 5,650 hectares = 8.5 gibraltars

press coverage readership =40,000

hedgerows planted: 4.3km = 30 Great Pyramids of Giza

volunteer days donated =150

tonnes of co2 sequestered 11,780-15,200

Find out more at **www.sussexflowinitiative.org**

Air quality

Air quality in the UK has improved significantly since the first Clean Air Act of 1956, mainly due to the reduction in coal-fired power stations and an increase in cleaner transport. However, about 36,000 deaths per year in the UK are still attributable to outdoor air pollution, which makes it the 4th greatest threat to public health after cancer, heart disease and obesity (National Clean Air Strategy, 2019). The economic cost of air pollution is estimated at up to £20 billion per year, due to the healthcare costs, premature illness and days lost from work. In East Sussex, poor air quality is estimated to contribute to at least 5% of deaths per year.

Being exposed to poor outdoor air quality is not a lifestyle choice, as is smoking or drinking. Those most affected are children, pregnant women, those with existing cardiovascular and/or respiratory disease, the elderly and those who spend more time in polluted locations, for instance people who live and work near busy roads.

Different pollutants have different impacts on health and the environment. The three main pollutants in East Sussex are particulate matter (PM), nitrogen dioxide (NO_2), and ozone (O_3). The main man-made sources are the combustion of fuels by vehicles, industry and, increasingly, from domestic wood burners. The largest local contribution is from vehicles. Some air pollutants have no safe levels of exposure. Consequently, any improvement in air quality generally brings public health benefits to everyone and in all locations where there is exposure, not just identified hotspots of poor air quality.

> *The long term aim of this Strategy is for all of East Sussex to meet the air quality standards recommended by the World Health Organisation.*

PREGNANCY

• Low birth weight

CHILDREN

• Asthma
• Slower development of lung function
• Development problems
• More wheezing and coughs
• Start of artereosclerosis

ADULTS

• Asthma
• Coronary heart disease
• Stroke
• Lung cancer
• Chronic obstructive pulmonary disease (as chronic bronchitis)
• Diabetes

ELDERLY

• Asthma
• Accelerated decline in lung function
• Lung cancer
• Diabetes
• Dementia
• Heart attack, heart failure and strokes

Air pollution affects people throughout their lifetime
(Source: Public Health England, 2019)

Water

Water is essential to life: for drinking, sanitation, farming, industrial and commercial uses, the natural environment and recreation. We assume that it's an infinitely renewable resource, yet freshwater makes up only 2.5% of all Earth's water and much of this is either polluted or abstracted more quickly than it is being replenished.

The UN's latest report on global water resources (2019) highlights that:

- a quarter of humanity already lives where water is severely scarce.

- 340,000 children under five die every year from preventable diarrhoeal diseases caused by water contaminated with faeces.

- water is a growing cause of conflict within and between states.

In the UK, regulation has helped to drive a significant improvement in water quality over the last 30 years, with 99% compliance with statutory drinking water quality standards and 98% compliance with bathing water standards. However, In East Sussex the quality of waterbodies has deteriorated in recent years. For instance, the quality of some ground waters, which provide about 70% of drinking water, has decreased due to rising nitrate levels, mostly due to historic farming practices.

East Sussex is also recognised by government as an area of serious water stress, as demand sometimes exceeds supply. This will be exacerbated by population & housing growth, which will drive greater demand for water, and by climate change, which will increase the frequency and duration of droughts. This may have an impact on all water users. For instance, the National Infrastructure Commission has concluded that, without further action to reduce demand, there is a 25% chance over the next 30 years that large numbers of households in East Sussex will have their water supply cut off for an extended period because of severe drought.

Other key issues include over-abstraction of water, with about a third of groundwater bodies in England seeing abstraction levels that are unsustainable, and leakage rates throughout the treatment and distribution process of about a third of the water taken from the natural environment (Environment Agency, 2018).

The long term aim of this Strategy is for East Sussex to achieve a resilient and sustainable water supply for consumers and the environment.

Case study:

Akro Valve Ltd, an East Sussex business which supplies flow control valves and water distribution systems including for overseas aid, has developed the Quick Stop tap, which can't be left on and so saves water.

Page 33

Resource efficiency

The current scale of resource use in developed countries is not sustainable. If the total global population consumed resources at this same rate then, on the basis of known global reserves of materials, we would need 1.7 Earths to provide the resources we use and absorb the waste we generate (Global Footprinting Network, 2019). For example, over a third of global fish stocks are being fished at a biologically unsustainable rate, which impacts on food security and the long-term prosperity of some coastal communities.

Yet, global demand for resources continues to increase, driven by population growth and improving standards of living. Many resources we depend on are finite, such as fossil fuels, and the way in which we use resources is often inefficient. This reduces productivity and generates more waste, which can cause significant pollution, clean-up costs and health impacts. For instance, in the UK about 10 million tonnes of food and drink, most of which is usable, is wasted every year. This is worth around £20 billion and generates about 20 million tonnes of greenhouse gases (Resources and Waste Strategy, 2018).

There are no data on the flow of materials through the East Sussex economy. However, what we do know is that approximately 1.75 million tonnes of solid waste is generated each year in East Sussex and Brighton and Hove, most of which is recycled, composted or incinerated with energy recovery. For households, this equates to an average of about 1 tonne per year. Over the last few years re-use and recycling rates have remained fairly static, in line with national rates, which means that we are still some way off the statutory re-use and recycling targets for 2020. Consequently, there is a clear need to drive greater waste prevention and increase the re-use and recycling rates of key materials.

The long term aim of this Strategy is to achieve a more circular economy.

TOTAL FOOD WASTE: 10.2m TONNES

EQUIVALENT TO 156KG PER PERSON

BY SECTOR THIS BREAKS DOWN AS:

HOUSEHOLDS
7.1m tonnes
(£15bn)

MANUFACTURING
1.85m tonnes
(£1.4bn)

HOSPITALITY & FOOD SERVICES
1.0m tonnes
(£2.9bn)

RETAIL
0.25m tonnes
(£0.8bn)

Total food waste in the UK in 2015
(Source: UK Resources and Waste Strategy, 2019)

The key opportunities

The environmental challenges outlined in the previous section make it clear that urgent action is needed on a number of fronts. However, these challenges are also opportunities, because investing in a healthier and more productive environment will deliver a number of economic and social benefits. These include:

1. Clean growth:

- The Low Carbon and Environmental Goods and Services sector includes a range of businesses working to decarbonise the energy sector, improve resource efficiency and preserve and enhance the natural environment. This sector is recognized in the East Sussex Growth Strategy (2014) and the South East Local Enterprise Partnership's Economic Strategy Statement (2019) as a key growth sector. The sector has grown consistently at around 5% per year over the last 10 years, compared with annual UK GDP of 1.5-3.1% (Grantham Institute, 2019).

- The extensive environmental designations in East Sussex provide a competitive advantage for the visitor economy, which makes up nearly 1 in 5 businesses and a quarter of all jobs in East Sussex. Enhancing local natural capital will help grow the visitor economy, as well as improve mental and physical health by providing access to quality outdoor spaces.

Case study:

Resource and energy efficient modular housing, designed and built by Boutique Modern who are based in East Sussex, being installed in Peacehaven.

13

Case study:

Java and Jazz pizzeria in Forest Row doubled its oven capacity and cut energy costs with a new energy efficient oven, saving 8 tonnes of CO2 per year.

2. Improved productivity and resilience:

- Adapting to climate change will ensure the economy is more resilient to impacts that are likely to be unavoidable due to past emissions of greenhouse gases that are already locked in.

- Improving resource efficiency contributes to increasing productivity and competitiveness by delivering more with less and deploying new technologies, reduces operating costs and exposure to future risks such as scarcity of materials.

- Measures that reduce local air pollution and carbon emissions, such as walking and cycling, help to alleviate congestion and extend the capacity of our existing transport infrastructure over a longer timeframe.

- New legislation and policy, such as the ban of the sale of petrol and diesel cars and vans from 2035, is helping to drive innovation, for instance the growing use of artificial intelligence and digital. Our two local universities have innovation teams that can help drive productivity growth.

- There is a growing body of evidence that the unique and extensive natural environment of East Sussex helps to attract and retain skilled workers and increase the area's appeal to business start-ups and inward investors.

- It's also clear that making improvements to local natural capital is likely to play an essential role in both mitigating and adapting to climate change. Farmers and landowners are well-placed to employ nature-based solutions to help protect against the impacts of climate change and improve the natural environment.'

3. Improved health outcomes and reduced health costs:

- Reducing the impact of environmental pollution on health, notably air pollution, will reduce mortality and morbidity rates. For instance, reducing PM exposure by 10ug/m3 would potentially extend lifespan in the UK by five times more than eliminating casualties on the roads (Public Health England, 2017).

- Spending time in the natural environment improves mental health and wellbeing, by reducing stress, anxiety and depression, whilst physical activity measurably reduces the risk of type 2 diabetes (by 40%), heart disease (by 35%) and hip fractures (by 68%).

The scale of many environmental challenges requires co-ordinated international, national, regional and local action. Action includes regulation, fiscal incentives, investment and behavioural change. Local interventions are most effective if underpinned by consistent national policies and long-term investment.

Many organisations, businesses, community groups and individuals are already taking action. But the evidence above makes it clear that the pace and scale of change needs to be far greater to manage the challenges and to capitalise on the opportunities.

Our action plan

The table below sets out the priority actions that the Environment Board will look to deliver over the next 1-2 years. These actions have been prioritised because they will address important gaps and will deliver county-wide benefits. The action plan will be updated every year with further actions, to ensure the Board is driving continuous improvements.

For further details about why the actions below have been chosen please see the accompanying Technical Appendix at www.eastsussex.gov.uk/environment/priorities/environmentstrategy

Our aims and actions

Theme	Long term aim	Actions	Indicators	Lead
Climate change	East Sussex to remain within its science-based carbon budget	1. Develop a road map for cutting carbon emissions. 2. Develop a pipeline of projects that deliver a reduction in carbon emissions. 3. Develop and implement an electric vehicle strategy for East Sussex.	CO2e emissions from East Sussex.	District, Borough and County Councils
Natural capital	Achieve a growing and resilient stock of natural capital.	Develop a Natural Capital Investment Plan	Area of new or restored habitat.	Sussex Local Nature Partnership
Air quality	Meet the air quality standards recommended by the World Health Organisation.	Develop a Local Cycling and Walking Infrastructure Plan.	Levels of key air pollution.	East Sussex County Council.
Water	Achieve a resilient and sustainable water supply for consumers and the environment.	Deliver advice and home visits/business audits to assist households and businesses to reduce water usage.	Reduction in water demand.	Southern Water and South East Water.
Resource efficiency	Achieve a more circular economy.	Establish a network to reduce food waste from businesses in East Sussex.	Amount of waste produced.	Environment Board.

Page 37

What can you do?

"The future of life on earth depends on our ability to take action."

Sir David Attenborough
Broadcaster and Natural Historian
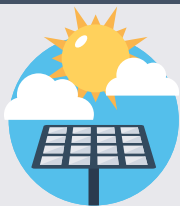
Climate change

Join or support your local community energy group.
Go to **www.communityenergysouth.org/engage**

Natural Capital

Volunteer for an organisation such as the Sussex Wildlife Trust.
Go to: **sussexwildlifetrust.org.uk/get-involved/volunteer**

Air quality

Get support with journey planning for walking, cycling or using public transport.
Go to: **www.eastsussex.gov.uk/roadsandtransport/localtransportplan/funding/active-access-for-growth/active-access-for-growth**

Water

Get free advice and water-saving visits from your water company.
Go to: **www.southernwater.co.uk/help-advice/how-to-save-water** or
www.southeastwater.co.uk/my-water-supply/save-water-save-money

Resource efficiency

Buy a garden compost bin or wormery for your food waste.
Go to: **www.getcomposting.com/profile/login**

What can your organisation do?

Energy: contact LoCASE for free audits and grants at **locase.co.uk/register-here**

Air quality: contact the Energy Savings Trust for free advice and support at:
energysavingtrust.org.uk/transport

Water: contact your water supplier for advice and support on water efficiency.

Resource efficiency: contact WRAP for sector-specific support at:
www.wrap.org.uk/category/what-we-offer/business-support

Feedback on the Environment Stategy

If you have any questions or comments on the Environment Strategy please
email: **eastsussexenvironmentstrategy@eastsussex.gov.uk**

Illustrations from www.flaticon.com

Appendix 2

East Sussex County Council's Climate Emergency Plan

February 2020

1

Contents

Executive summary

In 2018 the UN's Intergovernmental Panel on Climate Change concluded that "rapid, far-reaching, and unprecedented changes in all aspects of society" are required to limit the average global temperature rise to 1.5^{o}C above pre-industrial levels. In June 2019 Parliament legislated for a commitment to net zero greenhouse gas emissions by 2050.

To keep below the 1.5^{o}C increase requires a limit to the total quantity of greenhouse gases released to the atmosphere. This is the global carbon budget, which can be divided into national and sub-national budgets. All emissions above this budget will contribute to exceeding the 1.5^{o}C threshold. Following the methodology used by the UK's Tyndall Centre for Climate Change Research, the total remaining carbon dioxide (CO_2) budget for East Sussex is about 14 million tonnes. At current emission levels this budget will be exceeded in 7 years. To stay within this budget requires cutting emissions from East Sussex by an average of about 13% per year.

There are three separate levels at which the County Council can act to reduce carbon emissions, as illustrated in figure 1 and described below:

1) the County Council has direct control over emissions that are generated as a result of corporate activities, such as the use of gas and electricity in council buildings and business mileage.

2) the County Council has influence over a range of local emissions as a result of its activities and its functions. For example, its role as Highways Authority enables it to influence some emissions from local transport.

3) the County Council has the opportunity to try to influence national policy, for instance by working with partners to lobby for greater ambition at a national level and for more resources to be allocated to a local level to help reduce emissions.
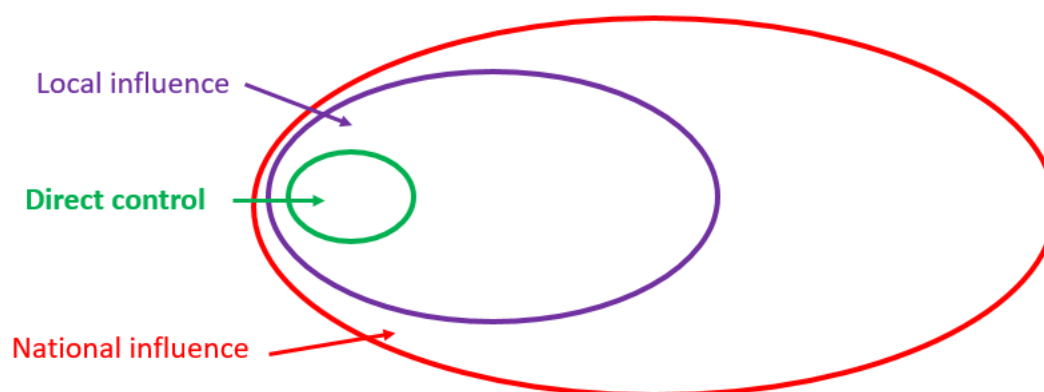

Figure 1. The County Council's spheres of control and influence

In recognition of these different levels of control and influence, the County Council:

1) declared a climate emergency in October 2019 and committed to becoming carbon neutral from its own activities as soon as possible, and by 2050 at the latest.

2) Has been working with partners to develop a county-wide Environment Strategy which includes a commitment to remain within a science-based carbon budget.

This plan covers the County Council's corporate carbon emissions. It sets out the scale of the carbon footprint, describes the carbon budget that the Council will aim to keep within, and proposes an initial 2 year delivery plan for 2020-22.

Using the international Greenhouse Gas Protocol, the Council estimates that it is total emissions in 2018-19 were approximately 73,940 tonnes of CO_2e, which is about 3% of total emissions from East Sussex. Significant reductions have been achieved over the last 10 years from the use of gas and electricity, through the national decarbonisation of the electricity grid, a reduction in the size of the corporate estate, and investment of more than £3m in energy efficiency measures that have generated annual savings of £770,000. However, procurement and schools are by far the largest part of the council's CO_2e emissions, over which the council has only limited control and influence.

The County Council, in order to play its part in keeping within the remaining carbon budget for East Sussex, will aim to cut its corporate emissions by 13% per year. The previous corporate target was 3% per year, however a 15% reduction was achieved in 2017-18 and 19% in 2018-19.

Simple modelling of the actions that the council can take to reduce its emissions highlights that all possible measures need to be implemented, rapidly and at scale. It is likely that the 13% per year target will become increasingly difficult to achieve over time, once the simpler and more cost-effective measures have been implemented. In addition, in order to become carbon neutral, the Council will need to consider investing in off-setting emissions that it is not able to cut, for instance by investing in a mix of large-scale off-site renewables, land use sequestration and/or carbon removal technologies.

An initial five year carbon reduction target is proposed, with annual milestones, which will enable progress towards net zero to be tracked closely. This is supported by an initial two year action and communications plan with clear outputs and lead officers. The action plan will be reviewed after the first year and adjusted in light of changing legislation, technology and levels of resources available. Progress against the plan will be overseen by a cross departmental senior officer board and reported to Cabinet and County Council every year.

Introduction

The 2018 report by the UN's Intergovernmental Panel on Climate Change (IPCC) states that we are already seeing the consequences of a $1^{o}C$ of global warming through more extreme weather, rising sea levels and diminishing Artic sea ice, among other changes. It concluded that "rapid, far-reaching, and unprecedented changes in all aspects of society" will be required in order to limit a global temperature rise to $1.5^{o}C$ above the pre-industrial level. Even half a degree above that will significantly worsen the risks of drought, floods, mass extinctions of animal species, and extreme heat and poverty for hundreds of millions of people.

The predicted impacts of climate change in East Sussex include more frequent and intense flooding, drought and episodes of extreme heat, as well as impacts from the effects of climate change overseas, such as on food supply. This will lead to an increase in heat-related deaths, particularly amongst the elderly, damage to essential infrastructure, increased cost of food, disruption to supply chains and service provision, greater coastal erosion and impact on coastal habitats and wetlands.

In response, many organisations have declared a climate emergency and in June 2019 Parliament legislated for a commitment to net zero greenhouse gas emissions by 2050, with five-yearly carbon budgets to set actions and review progress. Currently, there is no legal requirement for the County Council either to mitigate or adapt to climate change. This is partly because the large scale interventions required to achieve rapid and far-reaching change are mostly driven by international and national financial and regulatory frameworks. Nevertheless, in October 2019 the County Council approved a motion to declare a climate emergency and committed to becoming carbon neutral from its activities as soon as possible and in any event by 2050. This plan sets out an evidence-based road map to identify the key actions and intervention measures required to set the Council on the path to becoming carbon neutral.

Structure of the report

This report follows the steps that are recognised as being needed to deliver a robust and credible carbon management framework. It:

- Explains the terminology used in the report.
- Sets out a science-based rate of carbon reduction that the County Council needs to achieve if it is to contribute to East Sussex remaining within its carbon budget.
- Defines the scope of the County Council's carbon emissions.
- Measures the County Council's current carbon emissions.
- Describes the actions taken to date by the County Council to reduce its emissions.
- Assesses the options to reduce carbon emissions.
- Sets out an action plan for the next 2 years, to work towards the first 5 year carbon reduction target.

5

- Explains what governance structure, and the monitoring, evaluation and reporting processes, that will be put in place to ensure delivery of the action plan.

Terminology

There are six main greenhouse gases (GHGs) that contribute to global warming. Most of these gases arise from combustion of fossil fuels, and some originate from refrigeration, agriculture, chemical production and electrical applications. Each gas has its own global warming potential over a 100 year period (GWP). Carbon dioxide (CO_2) has the lowest GWP of all the gases, but is by far the most abundant GHG gas, hence the focus on CO_2 when discussing climate change. By comparing each gas's GWP to that of CO2 we are able to derive a CO_2 equivalent value (expressed as 'CO_2e'). For example, CO_2 has a GWP of 1, methane has a GWP of 24, therefore we can say that 1 tonne of methane emissions is equal to 24 tonnes of CO_2 (expressed as '24 tCO_2e'). This enables the total global warming potential of a range of greenhouse gases to be presented as a single figure, which simplifies analysis and reporting. In this report 'carbon' is used interchangeably with 'CO_2e'.

A tonne of CO_2e is calculated by multiplying the amount of energy used, for instance in units of kWhs for gas or electricity or litres of fuel used in a vehicle, by the amount of carbon produced per unit, which is a standardised unit set by government to ensure consistency in reporting over time.

The terms 'carbon neutral' and 'net zero carbon' are sometimes used inter-changeably and sometimes defined in different ways. For the purposes of this report they are considered to be inter-changeable.

Setting a science-based carbon budget for ESCC

The UN Paris Agreement on climate change commits the global community to take action to 'hold the increase in global average temperature to well below 2°C above pre-industrial levels and pursue efforts to limit the temperature increase to 1.5^{o}C'. Staying within a given temperature requires that only a certain total quantity of GHGs is released to the atmosphere. This is the global carbon budget, which can be divided into national and sub-national budgets. All emissions above this budget will contribute to exceeding the 1.5^{o}C threshold. Therefore, the objective is for each area to reduce its emissions to net zero before its respective carbon budget is used up.

The global budget can be divided down to national and sub-national levels in a number of different ways, each of which has different strengths and weaknesses. The UK's Tyndall Centre for Climate Change Research has developed a recognised methodology for calculating the carbon budget by local authority area, which helps to ensure that carbon budgets at different administrative levels (e.g. district/borough and county) are comparable and that all areas are contributing to a common UK carbon budget. The methodology makes a number of simplifying assumptions and only covers CO_2 rather than all GHGs.

The Tyndall model indicates the following key points for East Sussex:

1) The total remaining CO_2 budget (i.e. the total amount of CO_2 emissions that can be emitted from East Sussex) is about 14 million tonnes;
2) To stay within this budget requires cutting emissions by an average of about 13% per year.

These figures, based on current scientific understanding, help to specify by how much and how quickly an area needs to reduce CO_2 emissions. The earlier and greater the reduction in emissions the more likely we are to contribute to remaining within the global carbon budget and, conversely, the later and slower the reduction in GHGs the more likely we are to contribute to exceeding the global carbon budget.

The approach adopted by the County Council is that, in order to make its fair contribution to reducing county-wide emissions, it will aim to cut its own emissions by 13% per year. This science-based approach to setting a carbon reduction target has been widely adopted, for instance by companies with a collective market valuation of over $13 trillion.

The scope of greenhouse gas emissions covered

A climate change strategy requires a detailed understanding of an organisation's GHG emissions, as it provides both the evidence to develop targeted interventions and the evidence of progress towards becoming carbon neutral.

The Greenhouse Gas Protocol is the most widely used and accepted global standard for measuring and reporting on an organisation's GHG emissions, and is used by more than 9 out of 10 Fortune 500 companies. The Protocol divides GHG emissions into three categories, referred to as Scope 1, 2 and 3. Together, these represent the total GHG emissions related to an organisation and its activities. Each scope covers the following emissions:

Scope 1 – emissions from the combustion of gas, oil, petrol, diesel, coal, or wood. For the Council this covers buildings and vehicles where the Council is responsible for paying for the fuel.

Scope 2 – emissions from the electricity purchased by the Council.

Scope 3 – emissions that result from all other activities of the Council. There are 15 different scope 3 categories defined in the Protocol, some of which do not apply to a local authority (e.g. emissions from manufactured goods). The categories that do apply include emissions from business travel, water usage, waste, procurement and staff commuting. In other words, the County Council's scope 3 emissions mostly comprise the scope 1 and 2 emissions of other organisations (e.g. contractors).

The corporate standard of the Protocol allows organisations flexibility in choosing which, if any, scope 3 activities to include in the GHG inventory, as long as exclusions are disclosed and justified. This is because it is recognised that organisations only have influence but not control over scope 3 emissions, and emissions from suppliers can be complex to apportion to a particular contract. In addition, the time and cost to collate data that may be of unknown quality would not be warranted.

Measures taken by the Council so far

In 2009-10 ESCC set a target to reduce its carbon emissions by 3% per year, which was in line with the previous national target of an 80% reduction between 1990 and 2050. The Council developed a carbon management plan in 2009, which was updated in 2016. This plan is the next update of the carbon management plan.

ESCC's CO_2e emissions have been reduced by 56% between 2008-9 and 2018-19, as shown in figure 1. This is due to a combination of factors, including national decarbonisation of the electricity grid as coal has been largely replaced by gas and renewables, by investment in a number of measures that have reduced emissions, and by a reduction in the size of the corporate estate (e.g. through the conversion of a number of schools to Academy status).
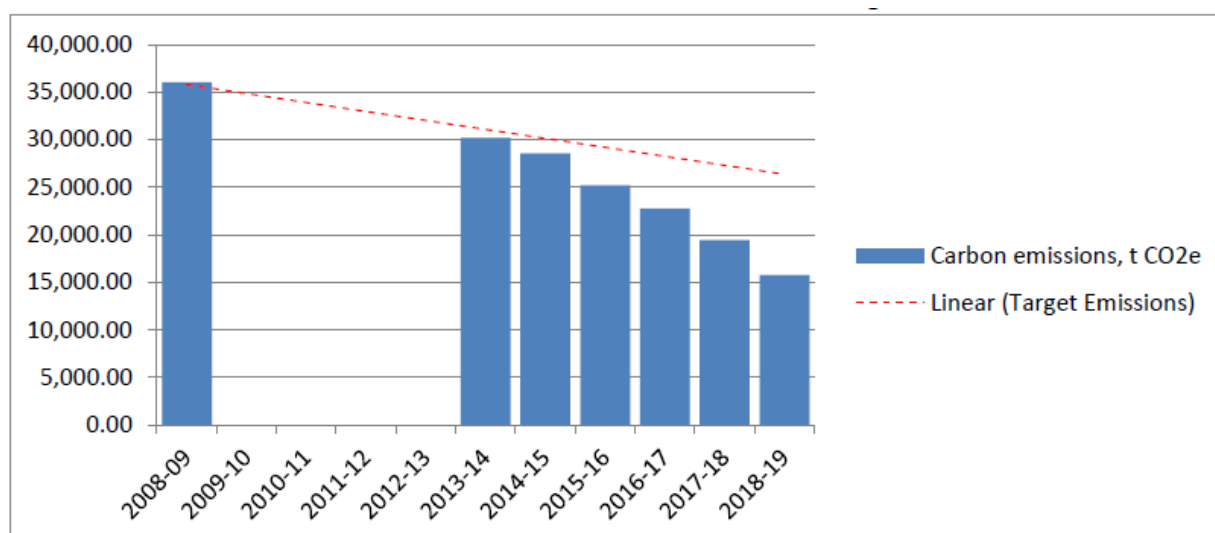

Figure 1. ESCC's CO_2e emissions from 2008-9 to 2018-19.

The main measures that the Council has invested in that have reduced emission are:

1. Changes to the way we work, for example through the Agile and SPACES programmes, which enable a reduction in travel through staff being able to be connected whilst working remotely and enable a more efficient use of the organisation's buildings.

2. Improved and more energy efficient connectivity, for instance through server virtualisation.

3. Encouraging behaviour change, for example by providing the ICT equipment, tools and support to enable Members and staff to work digitally and providing discounted bus travel and season-ticket loans to encourage the use of public transport.

4. Installing a number of energy efficiency measures in ESCC buildings and street lighting through the £1.025m Salix invest-to-save fund. To date, Salix has funded nearly 200 projects worth £3m, generating annual savings of £770,000. Figure 2 summaries the schemes that have been delivered.

5. Installing 1.5MW of renewable energy generation on buildings. This is an underestimate because a number of schools have entered agreements with 3rd parties and so the Council does not have access to the data.

6. Requiring energy efficiency improvements in key contracts, for example including performance indicators for street lighting and business mileage within the current highways contract.

7. Changing our approach to procurement to enable more goods and services to be delivered by local businesses, which reduces the transport impact of our supply chain.

The total **expenditure** by project type is:
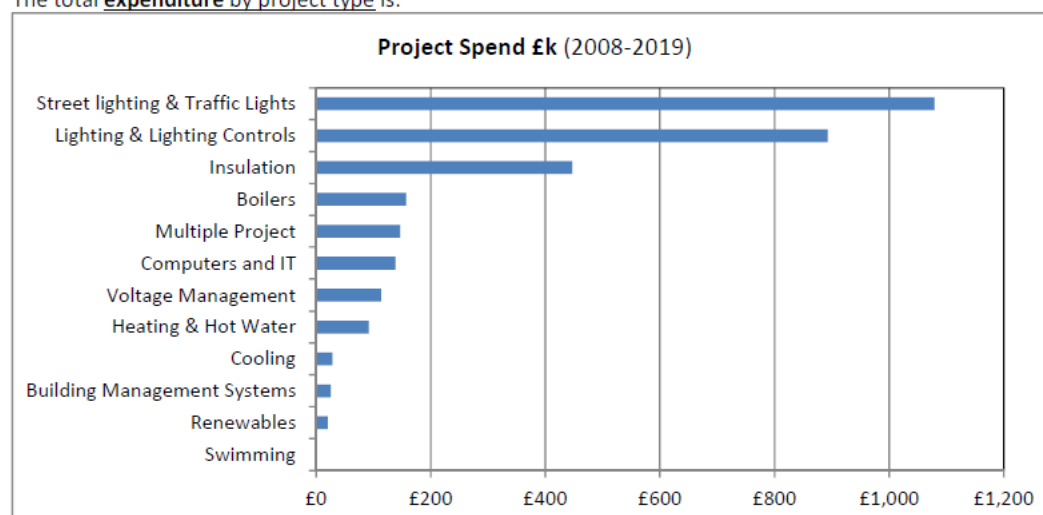
The breakdown in terms of **numbers** of projects carried out is:
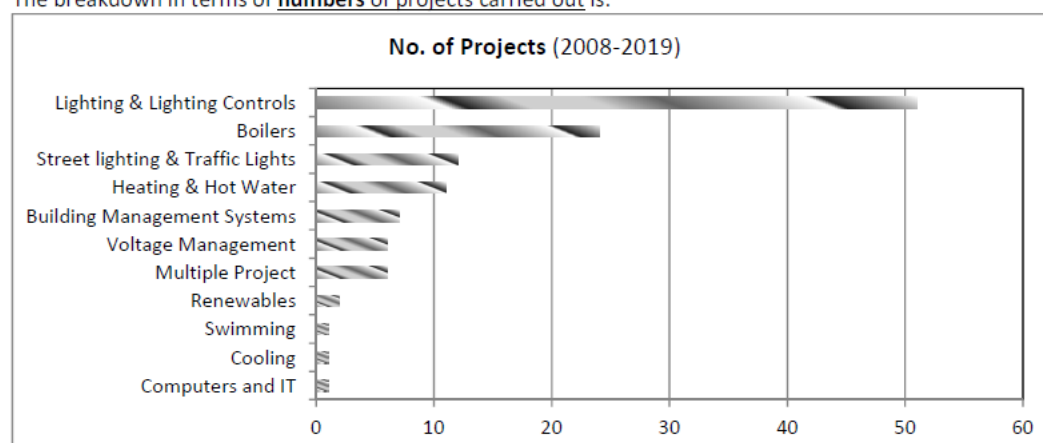

Figure 2. Salix projects, by type and spend, between 2008-19.

The Council has recently procured a new framework for the provision of electricity for corporate buildings, schools and street lighting. This allows electricity to be supplied from renewable sources, independently certified through the Renewable Energy

9

Guarantees of Origin scheme (REGOs). This will start from 1 April 2020 for an initial period of at least 12 months and is likely to continue indefinitely, subject to availability and price.

Government guidance offers two different ways for public sector bodies to report the emissions from the electricity they procure, using either a 'location based' or 'market based' approach.

The location-based approach uses the average carbon emission intensity of the national grid. Using this method means that buying green electricity is not 'counted' towards meeting a carbon reduction target.

The market-based approach involves using an emissions factor that is specific to the electricity supply that is purchased. Using this approach means that, when green electricity is procured in line with the REGO scheme, it can be counted towards meeting a carbon reduction target. If this approach is used then, to avoid double counting, it reduces the amount of green electricity that is available to others through the national grid. In other words, the council's electricity supply may be green but the supply to all other customers will be a little less green.

The Council has decided to adopt a location-based approach, on the basis that it is good practice to work to reduce energy usage first, followed by improving energy efficiency, then investing in renewable energy, and finally to procure green electricity.

The County Council's current GHG emissions

The objective is to achieve sufficiently accurate data to enable decision-makers to be confident in the integrity of the information. The County Council has measured scope 1, 2 and some scope 3 emissions since 2008-9, initially to comply with the requirement to report against government indicator NI 185, then to comply with the statutory Carbon Reduction Commitment, and more recently in order to be able to report on progress against the previous corporate commitment to reduce GHG emissions by 3% per year. Annual progress reports have been published on the County Council's website here:
(https://www.eastsussex.gov.uk/environment/priorities/whatawearedoing)

The Council's GHG footprint set out in this report represents a thorough but practical effort to obtain as complete a picture as possible. It is compiled from a number of data sources, which are summarised in table 1. Some of the data are of high quality, notably for scope 1 and 2 emissions, as over 90% of sites have automatic meter readers installed which provide accurate data on gas and electricity usage in buildings. Other data, notably some of the scope 3 categories, are of varying detail and quality. A more detailed explanation of the scope 3 figures shown in table 1 that the Council has not reported on previously is provided in appendix A.

Emissions vary over time due to a variety of factors, such as changes in the weather (which can affect the amount of heating used), changes to the County Council's buildings portfolio (e.g. Academy conversions have seen our school portfolio reduce), the number of staff travelling for business and user behaviour. Therefore, the GHG footprint should be understood as being a reasonable estimate rather than a precise picture, and some parts of the footprint, notably the supply chain, may increase or decrease significantly as data quality improves over time. There are also emissions related to the Council's operations that are not possible to estimate with any reasonable degree of accuracy and so have not been included, for instance domestic heating and lighting used by staff and Members when working from home.

In order to allow meaningful year-on-year comparisons, our policy is to recalculate base year emissions and previous year emissions where structural changes lead to an increase or decrease in corporate emissions of 5% or more, for instance due to Academy conversions. The last time the baseline was re-calculated was in 2014-15.

Figure 3, below, illustrates the split in Council emissions by scope. This highlights, in particular, the importance of needing to address emissions from the supply chain, which is estimated to be about three quarters of the Council's total emissions.
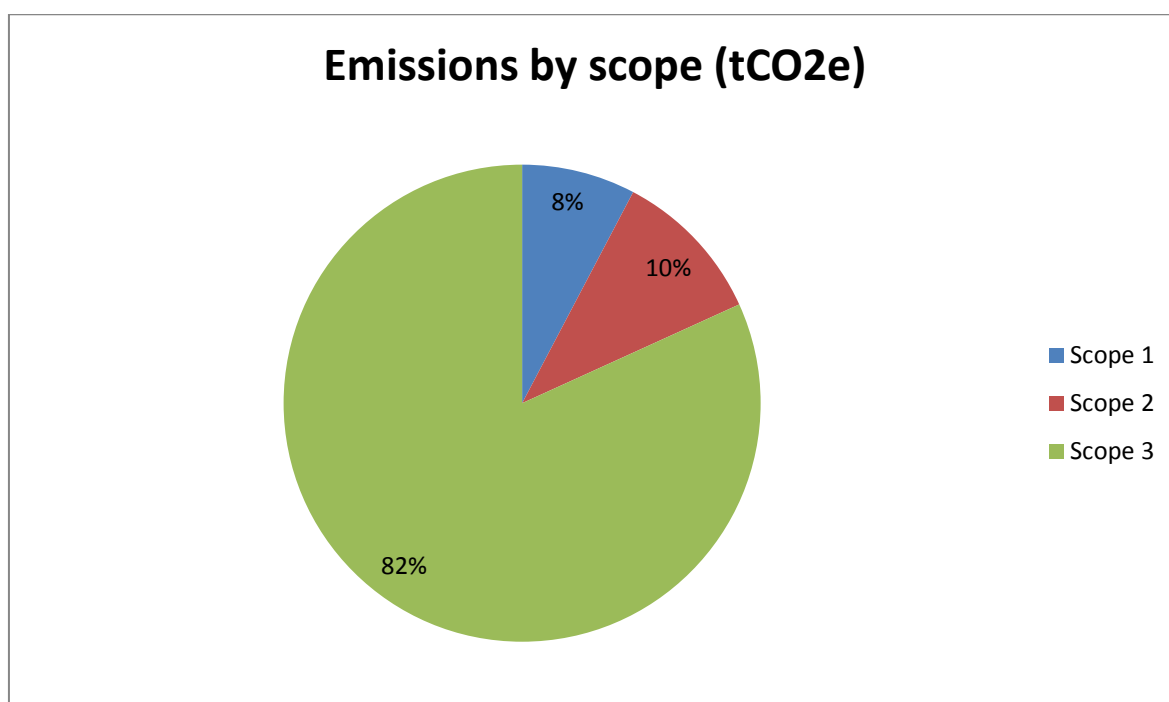

Emissions by scope (tCO2e)

Figure 4, below, illustrates the split in the total scope 1 and 2 emissions by service area. Scope 3 emissions are not included because it is too complex to split all emissions by service area. This figure highlights the importance of engaging with schools, which have devolved budgets for most measures that can reduce emissions.
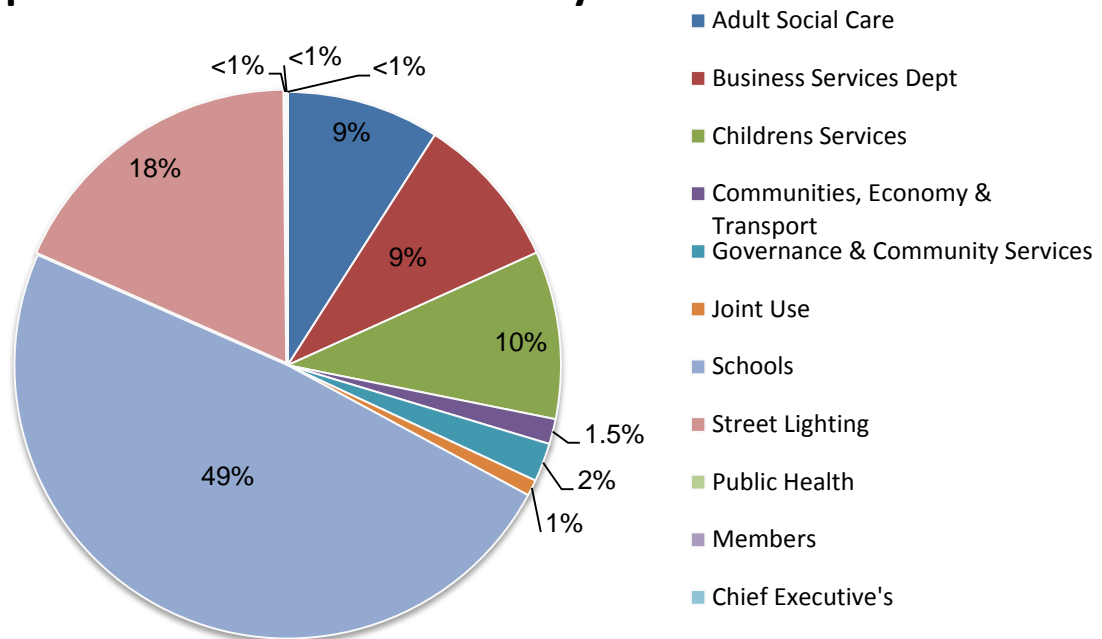
11

Scope 1 and 2: GHG emissions by service

Figure 5, below, illustrates the split between emissions from gas, electricity and transport in scope 1 and 2, which highlights that the Council's own buildings should be the priority area to focus on. However, table 1 indicates that, when scope 3 emissions are included, business mileage and staff commuting generate a similar scale of emissions as gas used in buildings, so transport also needs to be an area of focus.
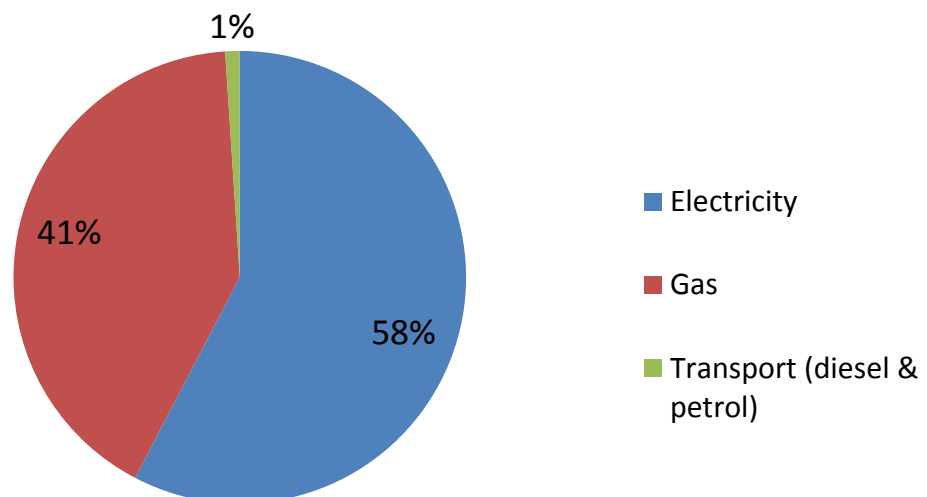
Scope 1 & 2: emissions by type of fossil fuel (CO2e)

12

Table 1. Summary of Council emissions

Scope	What's covered	Emissions (tCO2e)	Source of the data	Key exclusions & uncertainty
Scope 1	Gas consumption for heating and hot water in buildings	4,664	Based on metered gas bills that ESCC pays, including schools	Excludes schools that does not buy in to the energy supply service.
	Oil & propane for heating & hot water in buildings	897	Based on oil and propane that ESCC pays, including schools	Excludes schools that does not buy in to the energy supply service.
	ESCC owned transport	139	Based on fuel usage and vehicle type	
Scope 2	Electricity usage in buildings	5,115	Based on metered electricity bills that ESCC pays, including schools	Excludes schools that does not buy in to the energy supply service.
	Electricity usage in street lighting	2,645	Unmetered supply so usage is estimated by inventory and usage pattern	
Scope 3	Transmission & distribution	661	Losses associated with electricity purchased under scope 2	Excludes schools that does not buy in to the energy supply service.
	Business travel	1,628	Based on the fuel type, distance travelled and engine size of private cars used for business travel	Excludes public transport, flights, cycling, taxis, rental cars and overnight accommodation.
	Employee commuting	3,120	Based on distance from home to work, days worked per year, and ONS data on commuting by car in East Sussex	Excludes the use of public transport and school staff, simplifies days worked & uses average emission factor.
	Waste disposal	115	Based on waste, recycling and composting tonnage figures	Excludes emissions from waste transport and sites that have not joined the contract
	Water usage	68	Based on metered water usage	Excludes unmetered sites (12.5% of the 136 corporate sites)
	Supply chain	54,888	List of current contracts and use of spend as a proxy value for carbon ($tCO_2/m£$)	Financial value is a weak proxy for emissions. Excludes procurement by schools & from framework contracts.
	Total emissions:	**73,940**		

Figure 6, below, provides a breakdown of the building-specific emissions shown in figure 5, by service area. This again highlights the importance of needing to engage with, and persuade, schools to invest in energy reduction and efficiency measures, and renewables.
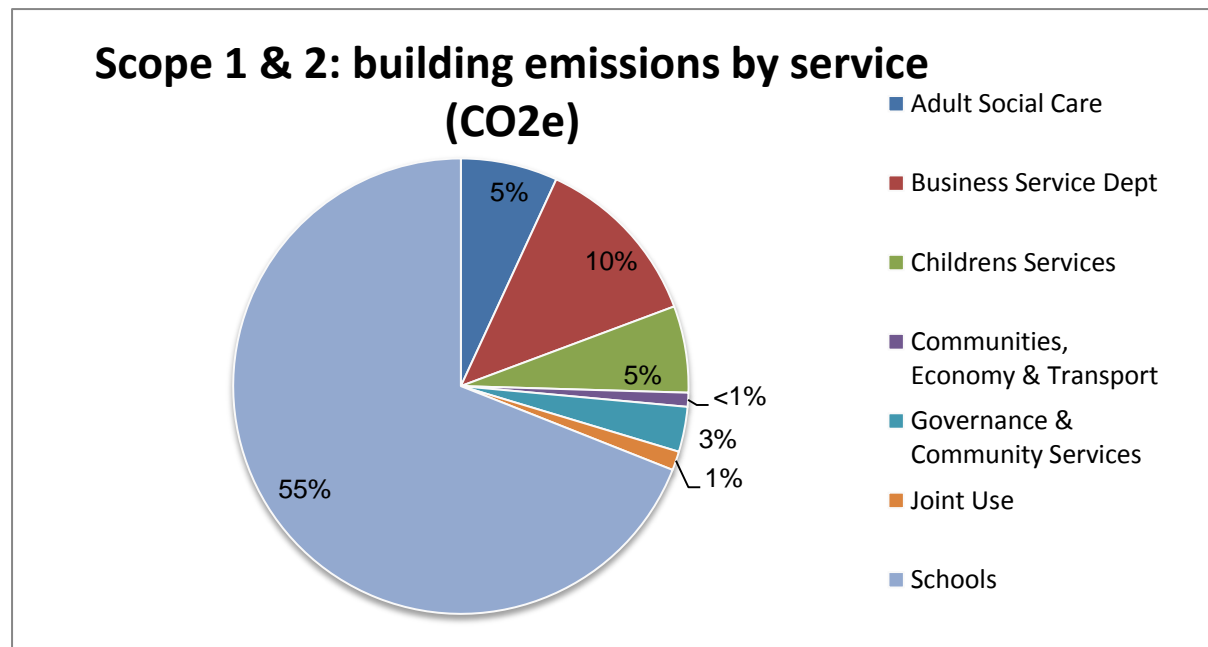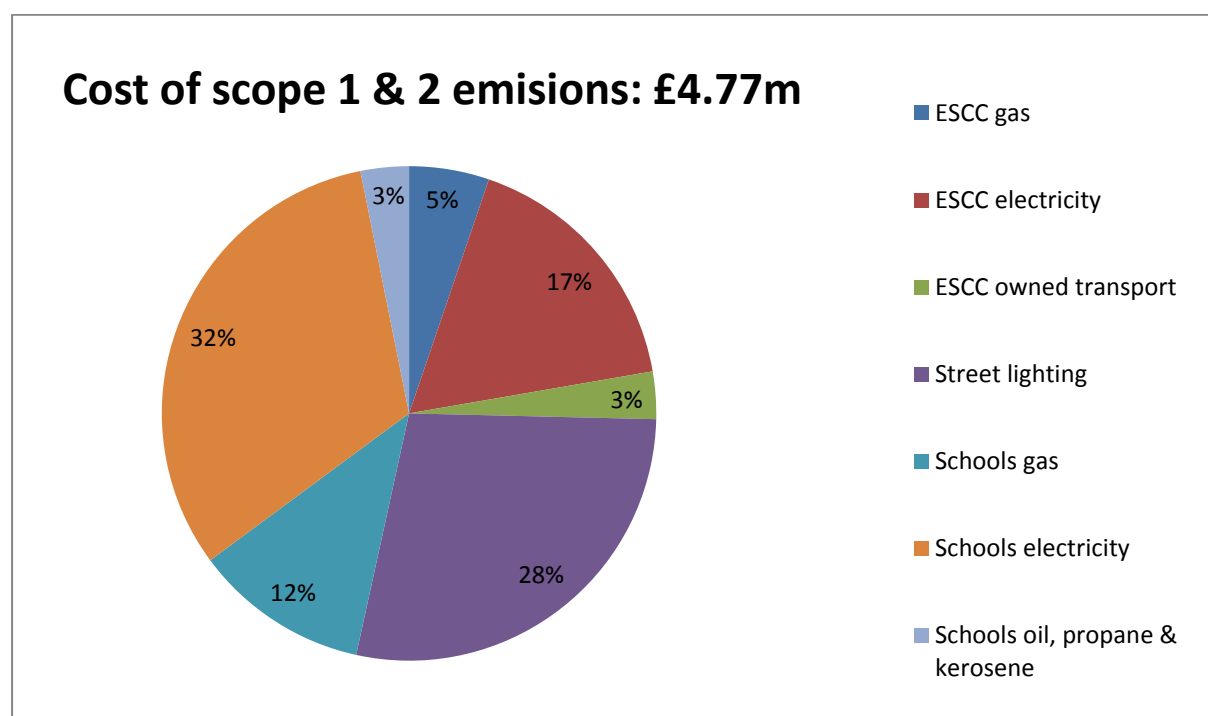

Figure 7, below, provides a summary of the financial costs associated with all scope 1 and 2 emissions in 2018-19. This indicates that electricity is about three quarters of the total cost.

The key points to draw from table 1 and figures 3-7 are that:
1) The total estimated emissions from the Council's scope 1-3 are about 3% of the total GHG emissions from East Sussex.
2) Scope 3 emissions are by far the largest part of the Council's carbon footprint, notably through the supply chain, but the Council only has influence rather than direct control over these emissions.
3) The largest part of scope 1 and 2 emissions is from schools, again over which the Council has influence, but limited direct control.
4) Further work is required to quantify some key scope 3 emissions before they can be integrated reliably into the Council's carbon footprint and modelled for future emission reductions, notably from procurement.

Decarbonisation pathways

The carbon budget set out above indicates that the County Council needs to cut its emissions by about 13% per year. The following section sets out how this might begin to be achieved. It assumes that in the 'business as usual (BAU)' scenario there are no further change in emissions from the baseline. In practice this is unlikely, for instance due to changes in service provision or building assets. It also uses the same simplifying assumptions about the effect of government policy and wider technological trends that have been made in other local authority climate emergency plans, for example on the rate of decarbonisation of the electricity grid, to ensure consistency between plans. These assumptions may prove to be very inaccurate over time, for instance as new technologies are developed at scale, which may fundamentally alter the scenarios outlined below. Finally, it is assumed that the measures are all delivered gradually over the next 30 years, whereas in practice some measures could be delivered in a shorter time frame, for instance improving the energy efficiency of street lighting.

This section focuses on the following areas:
1) Decarbonisation of the national electricity grid.
2) Emissions from buildings.
3) Emissions from street lighting.
4) Emissions from transport.
5) Scope 3 emissions.
6) Renewables.
7) The use of off-setting.

Figure 8 (on page 18) provides a visual summary of the combined effect of the measures outlined below on total scope 1 and 2 emissions. Ways to reduce scope 3 emissions are discussed below but are not included in figure 8 due to the current high degree of uncertainty associated with the data and, consequently, the lack of accuracy when modelling future reductions.

A useful means to consider which emission measures to prioritise is the energy hierarchy, with the most effective option being to use less energy in the first place, and working down the hierarchy shown in figure 9.
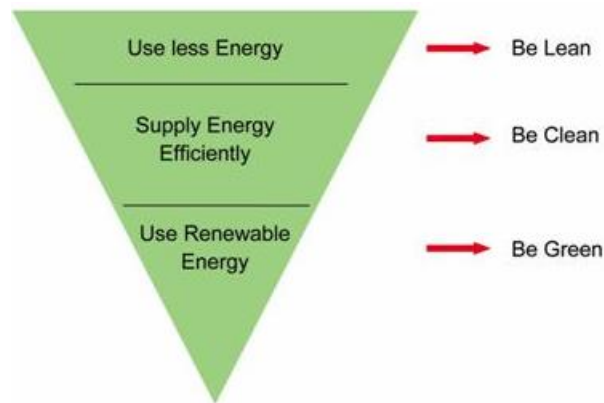
Figure 9. The energy hierarchy.

Decarbonisation of the grid

The greenhouse gas intensity of grid electricity has decreased significantly over the last decade or so as coal has increasingly been replaced by gas and renewables. Government predicts that its policies will continue to drive this down. The practical consequence is that much of the reduction in GHG emissions achieved by the County Council over the last 10 years has been due to the decarbonisation of the grid, and further grid decarbonisation may deliver another 38% reduction in the Council's total scope 1 and 2 carbon footprint between 2020-50 without any further action by the Council. However, if the rate of decarbonisation predicted by government does not occur then the Council will have to find a way to fill this shortfall by other means. This adds to the uncertainty in trying to forecast the Council's likely future GHG emissions.

The rate of decarbonisation of the grid also has significant and complex knock-on effects on other types of measures to reduce emissions, notably changing from gas to electric heating and moving to electric vehicles.

Emissions from buildings

For the sake of simplicity it is been assumed that the 'business as usual' scenario would mean that there will be no change in the Council's building portfolio and emissions from buildings would remain constant. In practice, this is likely to vary considerably, for instance as sites are either disposed of, acquired or modified. The emerging Property Strategy will be used to inform future updates to this action plan.

The main measures that can be implemented to reduce emissions from buildings are reducing energy demand, for instance through behavioural change programmes such as switch off campaigns, improving the fabric of buildings (e.g. insulation), improving the energy efficiency of equipment such as lighting and ICT, and reducing energy intensity by switching from gas to electricity (or hydrogen) as the grid decarbonises. A rough estimate as to the potential energy improvements that each option could bring as an average across the building stock are as follows:

1) Behaviour change and energy efficiency measures – a total 20% reduction in electricity usage and 10% reduction in gas usage, based on data from the non-domestic National Energy Efficiency Data Framework.

16

2) Switching from gas to electricity – a total 15% reduction compared with current gas usage, based on typical estimates of the efficiencies of gas boilers (80%) compared with switching, for instance, to heat pumps (250%). This assumes that some conversions will not be possible, for instance due to the type of building.

3) Carbon neutral new build – this will be necessary in order to avoid increasing the Council's carbon footprint. Ideally, new build would be carbon negative (i.e.. by generating more renewable energy than they consume).

These measures are shown in figure 8 as cumulative changes that take place in a consistent linear manner between now and 2050, as the latest date by which the Council will aim to become carbon neutral. In practice, there is a complex interaction between these measures, which means that there is considerable uncertainty as to what savings might be delivered and when. For instance, improving building fabric is an essential prerequisite to being able to switch from gas to heat pumps in some properties, and demand reduction helps to improve the business case for investing in low carbon heating systems, the effectiveness of which depends on the decarbonisation of the grid.

Emissions from street lighting

Emissions can be reduced by cutting the amount of lighting used, for instance by switching off or dimming more street lighting assets in the middle of the night, and by installing more energy efficient lighting. It is assumed that these measures could deliver a 40% reduction in electricity usage, based on being able to achieve about a 30% reduction from installing LEDs alone. The effect of this is illustrated in figure 8.

Emissions from transport

A reduction in emissions can be achieved by further roll-out of flexible work patterns such as the existing Agile programme, encouraging changes in travel modes to more walking, cycling and use of public transport, by driver training programmes, and by changing non-HGV vehicles from petrol and diesel to electric. It is assumed that these measures, in combination, could deliver a 75% reduction in emissions from current mileage, based mostly on replacing the majority of the fleet with electric vehicles (there are no HGVs), without impacting on service delivery.

The cumulative reduction in emissions that might be achieved by all the measures outlined above is shown in figure 8. This highlights that the measures appear to fall far short of meeting the 13% per year reduction target, which is designed to help keep within the county's carbon budget recommended by the Tyndall Centre. In addition, it is worth noting that figure 8 does not include the emissions from scope 3 emissions, which are significantly greater than the combined scope 1 and 2 emissions. However, in practice it is likely that greater carbon reductions can be achieved more quickly and more deeply in the next few years than shown by the modelling, as indicated by the actual reductions that have been achieved in recent years (10% in 2016-17, 15% in 2017-18 and 19% in 2018-19).
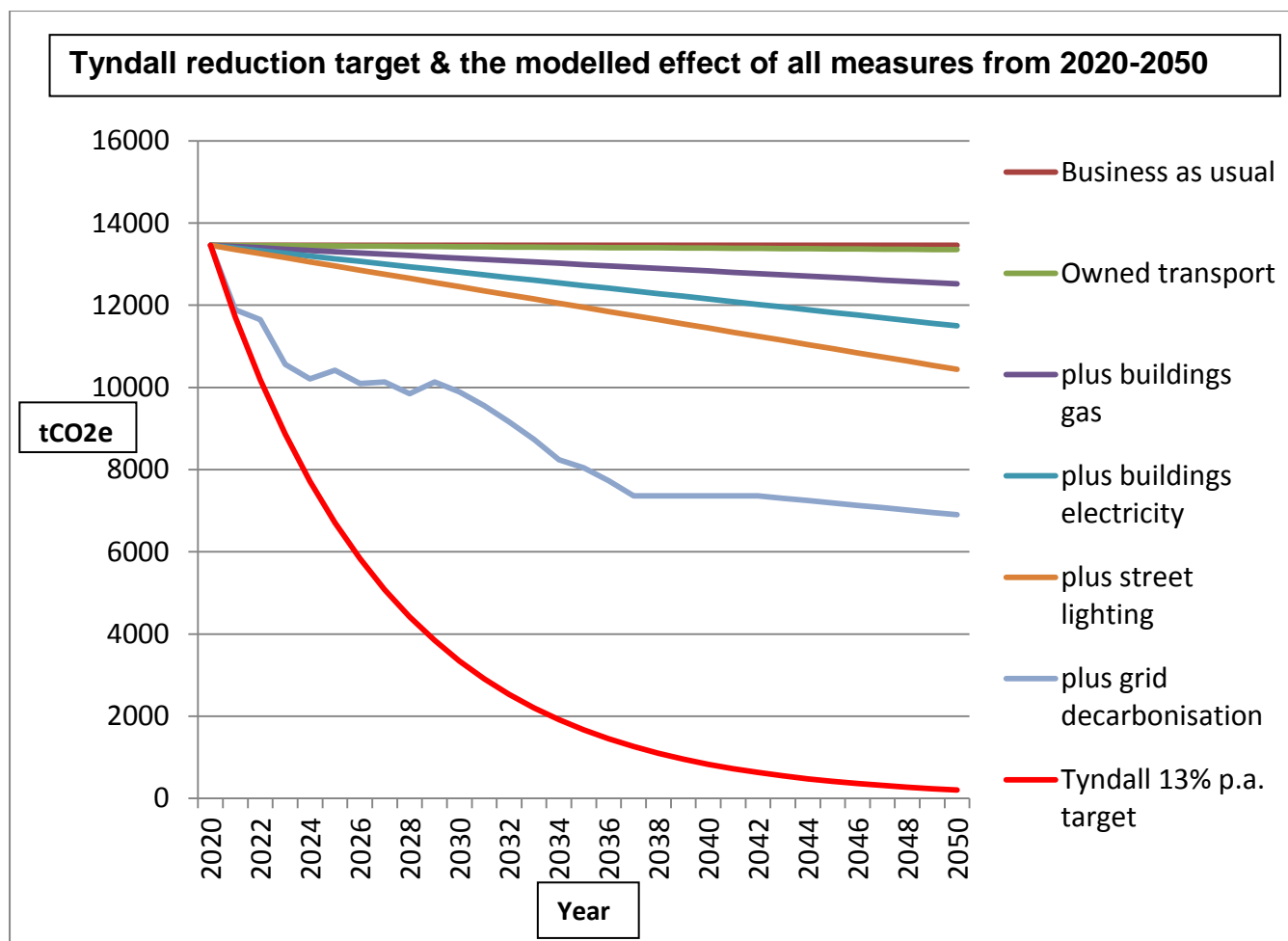
Tyndall reduction target & the modelled effect of all measures from 2020-2050

Legend:
- Business as usual
- Owned transport
- plus buildings gas
- plus buildings electricity
- plus street lighting
- plus grid decarbonisation
- Tyndall 13% p.a. target

Axis labels: tCO2e (y-axis), Year (x-axis)

Figure 8. The potential cumulative effect of all measures.

Scope 3 emissions

The measures outlined for scope 3 emissions in the following section are not illustrated in figure 8 due to the high degree of uncertainty with the estimates used to calculate these emissions and how far they can be reduced, and the much lower level of control and influence that the Council has over these emissions. However, the measures below will be taken up in the climate emergency action plan (see pages 21-22).

Water: case study evidence suggests that installing a range of water efficiency measures, such as low flush toilets and flow restrictors in taps, can potentially reduce water use by about 20% (AECOM, 2019).

Waste: evidence from the national Waste and Resources Action Programme suggests that emission reductions of about 10% are possible as a result of interventions to reduce the amount of waste produced and to compost food waste.

Supply chain: table 1 clearly shows that the largest part of scope 3 emissions is likely to be as a result of what ESCC procures. This is typical for a local authority, as most of the Council's revenue and capital budgets are used to procure goods, services and works from 3rd parties. The council can influence contractual emissions by

18

requiring GHG reduction targets when renewing relevant contracts, where appropriate. This approach has been adopted, for instance, in the current highways contract. However, there will be a number of contractors and suppliers who will not have data on their emissions or will have relatively small-scale emissions. Consequently, the Council will focus on contractors and suppliers where the likely scale of their emissions and the ability of the Council to influence these emissions are greatest, for instance where the Council is a major client.

Renewables

Installing renewable energy supports the decarbonisation of the grid, which in turn supports the switch in buildings and vehicles away from fossil fuels to electricity, and contributes to ensuring security of supply and protecting consumers from rising electricity prices. The scale of possible generation opportunities on Council buildings and land is currently unknown, and so quantifying this is an important task set out in the action plan.

Off-setting

It is widely recognised that emissions should be reduced as much as possible before any residual emissions are compensated for by using off-setting. Due to the significant level of uncertainty as to the cumulative effect of the measures outlined above it is difficult to predict at this stage what scale of offsetting might be required. Nevertheless, it is clear from figure 8 that, even if all the measures to reduce emissions are implemented and are successful, it is highly likely that there will be a need to offset remaining emissions in order to reach carbon neutrality. This could be by investing in a mix of large-scale off-site renewables, land use sequestration and/or carbon removal technologies. Off-site renewables are the most straightforward and measurable method. Land use sequestration is being explored with the Sussex Local Nature Partnership, as there is the opportunity to invest in local natural capital which might bring economic benefits, whilst carbon removal technologies are at a very early stage of development and there is insufficient evidence to provide a realistic estimate of their potential contribution at this stage.

Action plan for 2020-22

Figure 8 shows that decarbonisation relies on adopting all possible CO_2e reduction measures, doing so rapidly and doing so at scale, and investing in carbon off-setting.

A CO_2e budget for the next 5 years is set out in table 2 below, with annual milestones, as the first step towards becoming carbon neutral. The table shows:

1. the annual reduction in CO_2e required to achieve a 13% reduction per year;

2. the annual change in the scope 1 and 2 footprint that this rate of reduction would deliver.

19

Table 2. ESCC carbon budget for 2020-25.

Year	13% p.a. reduction target (CO$_2$e)	Scope 1 & 2 footprint (CO$_2$e)
2020-21	1,750	11,710
2021-22	1,522	10,188
2022-23	1,324	8,863
2023-24	1,152	7,711
2024-25	1,002	6,709
Totals:	**6,750**	**n/a**

In recognition of the scale of the challenge, the County Council has created a new post of Climate Change Senior Technical Officer, which is currently being recruiting to. If it becomes clear that moving from the current annual carbon reduction target of 3% to 13% per year requires further new resources, then this will be addressed through the annual Reconciling Policy and Performance process.

Table 3, below, sets out an action plan for 2020-22, which will aim to meet the annual carbon budget targets set out in table 2 for the next 2 years by means of a structured programme with clear roles and responsibilities. The oversight of this programme is set out in the following sections on governance and monitoring, and the risks are assessed on page 24.

Governance

The Council is setting up a robust structure of roles, responsibilities and accountability for delivering the climate emergency plan. This includes:

1) Recruiting to a new post of Climate Change Senior Technical Officer.
2) Setting up a senior Officer climate emergency Board to oversee the delivery of the action plan.
3) Carrying out a Scrutiny review of the Council's programme of work to address the climate emergency.
4) Reporting annually to Cabinet and County Council on progress against the carbon budget and commitment to becoming carbon neutral.

Table 3. Action plan for 2020-22

Action	Description of action	GHG reduction	Lead & resources
Framework (governance, leadership, communications, data, policy & partnership working):			
Set up robust governance	Establish a senior Officer board to oversee delivery of this plan.	n/a	CET Director. £0.
Develop a communications plan	Set out clear messages and comms routes, Member and staff engagement, & integrate public engagement via the Environment Strategy	n/a	Corporate Comms team. £tbc.
Improve GHG baseline data	1) Update ESCC's GHG data management plan and improve transparency by explaining the methods, data, processes, assumptions, estimates, changes and quality checks used. 2) Obtain more accurate GHG data for staff commuting, priority suppliers and renewables already installed at schools (see below).	n/a	New Climate Officer. £0.
Review ESCC's policies, strategies, programmes, projects and practice to align with the climate emergency	Policy should provide clear and stable direction and a simple set of rules that supports corporate climate change mitigation and adaptation	Tbc	New Climate Officer. £0.
Work in partnership with other organisations to share resources & good practice	1) Continue to work with all Sussex local authorities on developing organisational and area-wide carbon plans. 2) Work with SE7 partners on the same.	n/a n/a	New Climate Officer. £0. New Climate Officer. £0.
Produce an annual progress report	Report to County Council on progress and identify additional resources that may be required	n/a	New Climate Officer. £0.
Emissions from buildings:			
Behaviour change programme – corporate	Develop an engagement plan to create an energy-aware culture amongst staff and Members & develop a network of climate emergency champions to accelerate change	Low	Energy Manager. £tbc.
Behaviour change programme - schools	Update & disseminate the energy saving guide for schools.	Low	Energy Manager. £tbc.
Planned Maintenance & Capital programmes	1) Establish a robust process for identifying, prioritising and delivering projects. 2) Prepare an annual programme of energy efficiency projects linked to the maintenance and capital programmes. 3) deliver a pipeline of whole-building energy efficiency projects.	High	1) Energy Manager. £0. 2) Energy Manager. £0. 3)Energy Manager. Salix invest to save fund.
Install low carbon heating in buildings to replace gas boilers	Review boiler replacement programme and assess options for replacing with heat pumps	Tbc	Energy Manager. £tbc.
New build	Ensure the 2008 ESCC sustainable buildings policy is being implemented and report on its effectiveness	Tbc	Lead? Funded within project budgets.

Action	Description of action	GHG reduction	Lead & resources
Emissions from street lighting:			
Improve energy efficiency –street lighting	1) Install energy efficient LED lights. 2) review dimming and switch-off policy.	High	Highways Service Delivery Manager. £5m from Salix SEELS.
Emissions from transport, including commuting:			
Grey fleet review	Commission review by the Energy Savings Trust.	Tbc	New Climate Officer. £0.
Develop and implement a staff travel plan	To cover both business mileage and commuting.	tbc	Corporate Property. £tbc.
Install EV charge points	Identify where to locate which types & number of chargers, and delivery mechanism, for staff & visitor use	Low	New Climate Officer. £tbc.
Emissions from water & waste:			
Reduce waste	1) Consider requiring all sites to sign up to the same waste contract. 2) Set up food waste collections from all kitchen areas.	Low	Senior Officer group.£0. Contract Manager. £tbc.
Reduce water usage	Install water efficient fittings in all appropriate toilets, urinals, taps & showers	Low	Energy Manager. £tbc.
Emissions from procurement:			
Engage priority suppliers	1) obtain scope 1 & 2 GHG footprints of transport & construction contracts above >£1m p.a. 2) embed low carbon outcomes into new contracts.	n/a Tbc	New Climate Officer. £0. New Climate Officer.
Offer practical support to all other suppliers	Provide energy audits and grants to local SMEs in the supply chain (e.g. via LoCASE) and eco-driver training for transport providers	Medium	Environment Manager. £0.
Renewables:			
Improve data on school installs	Obtain data on renewables installed at schools	n/a	Energy Manager. £tbc.
Identify opportunities to install PV and other renewables on buildings & land	Commission viability assessment of renewables on buildings & land	Tbc	Energy Manager. £tbc.
Off-setting:			
Explore carbon off-setting	Work with the Sussex Local Nature Partnership to explore options and costs for off-setting with natural capital benefits	tbc	Environment Manager. £0
Grid flexibility:			
Assist integration of low carbon technologies into the national grid	Review ESCC estate for opportunities to provide Grid Flexibility services such as Demand Side Response and Battery Storage	n/a	Energy Manager. £tbc.

Monitoring & reporting

The Council already has a system in place to collate and analyse data for scope 1 and 2 emissions and some scope 3 emissions. The action plan above includes an objective to ensure more robust data, notably for key scope 3 emissions, and to capture a more complete figure for generation from renewables. The key metric to measure progress will continue to be tonnes of CO2e by scope, though this data will be disaggregated to help identify key areas to focus on and to capture the anticipated reduction in emissions from individual projects. Monitoring and reporting will continue to be led by the Orbis Energy team.

23

Risk table

Area of Risk	Definition	Probability of occurrence Score	Degree of Impact Score	Risk Result Total Score (probability x impact)	Mitigation measures
Add to GHG footprint through business as usual	Fail to change key policy and practices	3	3	9	Begin policy & practice review asap
Off-setting opportunities aren't available at scale	Residual GHG emissions remain	3	3	9	Work collaboratively with partners (e.g. the Local Nature Partnership) to develop off-setting
Statutory change	Legal requirement to cut GHG emissions	2	3	6	Develop an action plan
Technology change	Invest in incorrect or costly technology	3	2	6	Carry out research & test scenarios prior to investment
Reduction in resources / increase in costs	Unable to deliver the action plan	2	3	6	Stress test the action plan
Grid decarbonisation does not occur	Higher rate of local decarbonisation needed	2	3	6	Track actual decarbonisation & national policy changes
Lack of skilled providers to deliver mitigation measures	Competition for skilled labour	2	2	4	Test the market & work with Skills East Sussex
Decarbonisation impacts on service delivery	Service users not supported	1	3	3	Senior officer board to review all actions for service impacts
A % of staff and schools are unwilling to play their part	Fail to win hearts & minds	1	2	2	Design engagement & behavioural work with a staff & school peer group
Adaptation measures become more urgent	Focus needs to change	1	2	2	Address adaptation in parallel with climate change mitigation measures

Glossary

Acronym	
ASC	Adult Social Care
BAU	Business-as-usual
BSD	Business Services Department
CS	Children's Services
CET	Communities, Economy & Transport
GHG	Greenhouse gas
G&CS	Community Services
GWP	Greenhouse warming potential
CO2	Carbon dioxide
CO2e	Carbon dioxide equivalent
REGOs	Renewable Energy Guarantees Origin

Appendix A - How scope 3 emissions have been calculated

Supply chain

The Council currently has over 500 active contracts in place, which are listed here: https://www.eastsussex.gov.uk/search/search.aspx?q=active+contracts+list.

It is impractical to try to capture the carbon emissions from this number of contractors, therefore emissions from procurement have been calculated in 2 ways:

1) step 1: annual emission data is already required from our waste and highways contractors, which are the 2 largest Council contracts by financial value. Therefore, actual emission data has been used from these contracts (608 tonnes in 2018-19 from the highways contract and (tbc) tonnes from the waste contract). These contracts have then been removed from step 2.

2) Step 2: the total annual cost of all the remaining contracts of £50,000 or above has been estimated by dividing the total value of each contract by the contract duration, and this has been multiplied by a GHG intensity figure of 230 tonnes of $CO_2e/£$ million spent, which has been obtained from the Office for National Statistics.
   (see:
   https://www.ons.gov.uk/economy/environmentalaccounts/bulletins/greenhousegasintensityprovisionalestimatesuk/2018provisionalestimates).
   GHG intensity for the UK has reduced by two-thirds between 1990 and 2018, largely due to grid decarbonisation and improved energy efficiency.

   Using this approach is simple and quick but has the disadvantage of making crude assumptions about the correlation between cost and carbon emissions. The consequence is that it can be difficult to then demonstrate the results of actions to reduce emissions.

Waste contract	=	tbc tCO_2e
Highways contract	=	608 tCO_2e
All remaining contracts above £50K = £236m x 230	=	54,280 tCO_2e
Total	**=**	**54,888 tCO_2e**

Waste

ESCC entered a new waste contract, which started in April 2019. Monthly data from the new contractor has been used to estimate the likely annual total tonnage, by disposal method, as summarised in table 4 below. The tonnage figures are multiplied by the appropriate emission factor, obtained from BEIS
(see:https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2019).

This is an incomplete picture due to:
- not all Council properties are within the contract;
- the figures include waste from 3rd parties (e.g. some private schools);

26

- some waste streams are not included because they are managed by other contractors (e.g. confidential and sanitary waste).

Table 4

Waste treatment	Tonnes p.a.	Proportion (%)	Emission factor (kg CO_2e/tonne)	CO_2e
Landfill	33	1	99.7729	3
Incineration with energy recovery	4107	78	21.3842	88
Recycled	1116	21	21.3842	24
composted	0	0	10.2586	0
			Total:	**115 tCO_2e**

Commuting

A database has been compiled of the straight-line distance that 2,332 of 4,479 staff live from their main work base and the number of hours they work. Emissions from commuting by this cohort have been estimated by:
- grouping 'hours worked' by staff into those that need to travel 1, 2, 3, 4 or 5 days per week, and applying a pro rata of 221 working days per year to each group;
- applying an average uplift of 1.2 to the miles from home to work to account for the increase in distance above a straight line journey, based on measuring a sample of actual journeys;
- reducing the total distance travelled by 10% to try to account for the average effect of agile working and sickness.
- An average figure for distance travelled per member of staff for whom we have data has been applied to those staff for whom the data are not yet available (i.e. 2,147 of the total 4,479), to provide a more complete picture of the likely distance travelled by staff.
- The ONS figure for the average commuting patterns in East Sussex has then been used to calculate the percentage of commuting that is likely to be completed by car or van (76%).
- an emission factor for an 'average car' (0.28502 kg CO2e/mile) has been applied to the total mileage figure, obtained from BEIS
- (see:https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2019).

Water

The Orbis property team manage water bills and collate data for all metered sites. A BEIS emission factor is then applied to water supply and wastewater, as show **in table 5** below. Of the 136 corporate water supplies that are billed, 17 are unmetered (12.5%) and are excluded from the figures below.

Input/output	Volume (m3)	Average emission factor (kg CO2e/m3)	tCO2e
Water supply	66,210	0.344	23
Water treatment (95% of supply)	62,900	0.708	45
		Total:	**68**

This page is intentionally left blank

Appendix 3. East Sussex Environment Strategy – communication and engagement

Everyone 'owns' the county's environment and we should position the environment strategy as public property, not something which belongs to any one organisation or group. This will recognise the passion and effort that many citizens already bring to environmental improvement, but also welcome involvement from newcomers with a range of different motivations.

This approach also recognises the lack of trust that many people place in official bodies: government is not best-placed to visibly inspire public action and there is often public scepticism about the commitment or methods of large organisations in this sphere.

A more productive approach for large organisations is an enabling one: offering tools, prompts, information, introductions and resources to help people take positive action together on the environment. This approach would also involve creating a collaborative process for establishing the precise goals against which the people of East Sussex can measure our collective progress on the environment.

The East Sussex environment strategy is well-configured for this approach. The five pillars of activity frame the issues clearly and the focus on practical improvement will help define some of the pragmatic actions which individuals and businesses could take and which would support the strategy's aims.

We know our audiences will be very diverse. There are many citizens committed to environmental action and their passion and energy are essential assets: however, we must also be sure to involve people who are uncommitted or even initially hostile as ultimate success depends on everyone taking action, even if they have different motivations.

We also recognise that partners will have their own strategies and approaches for environmental success which they will continue to pursue. A collective approach need not be a monolithic approach.

Four main components are recommended for our communications and engagement strategy:

1. Agree an approach to branding

This is a cause with multiple owners and requires an identity that can work for the entire population and not any one group or interest. It is important to position the issue as flexibly as possible, therefore using a brand (or brands) which is local, recognisable and simple and which local partners can draw on when they want to.

There are two possible approaches: using existing brands or creating a new 'umbrella' brand.

(a) *Use existing brands*

This approach would recognise the many streams of environmental work already under way and position the activity from the environment strategy within them. Each partner organisation has its own branding and, in some cases such as water companies, these are consumer-focused. In addition, there already exists collective organisation/branding around particular areas of environmental activity: Sussex Air for air quality; Sussex Local Nature Partnership for natural capital; Your Energy Sussex which relates to climate change.

Using these existing brands would be simple and low-cost. Potential disadvantages could be that they feel too 'official' for citizen activism and are on a Sussex-wide, rather than East Sussex, footprint.

(b) Develop a new 'umbrella' brand

A fresh and effective brand could help bring impetus and recognition to the new order of environmental work being undertaken across East Sussex. This common brand would aim to reflect the strategy's themes of 'pace and scale' and the fact that both individuals and organisations have a role in environmental action. It would express a common and non-technical language in which to talk about the issues and find a simple common logo and strapline as badges for the brand. It could provide the environment board with an identity for broad public engagement and communication.

Each partner organisation could then position its own activities beneath this 'umbrella' brand. As examples, a local authority could position its drive towards carbon zero as an action which supports the East Sussex strategy: a water company could do the same with a local initiative to reduce water consumption, a wildlife group could frame its annual volunteer month as part of the county-wide effort. In every case, each partner could continue to use its existing brand, but could put the stamp of the umbrella brand on relevant projects or activity.

Potential disadvantages of this approach might be that greater resources would be needed and that it may hard to reach collective agreement on a fresh brand.

Deciding which of these two approaches is preferred may depend on the ultimate vision behind the environment strategy: Is the primary intention to manage and interlock the environmental work different public bodies are doing to better support behaviour change or is it to visibly motivate that behaviour change and bring people together in East Sussex?

If resources allow, it may be useful to commission advice from a branding consultant.

2. Devise a programme of public engagement

There is no transformation without public support. A public conversation about the environmental imperatives for East Sussex would help understand residents' feelings and priorities about their environment and inform some of the actions and activities to come. It would also gauge the types of personal commitment they see themselves ready to make and discover what practical tools or information they would find most useful. It could start to help build networks among people who would like to do more.

One way of conducting this engagement would be with structured, automated conversations on social media. This uses software which invites people to respond to a few questions on their preferred platform (such as Facebook, Twitter and Instagram) in an exchange which feels more like a conversation than conducting a survey and which removes the need to go to a dedicated consultation website. Other local authorities have begun successfully trialling this method and it would suit a lighter-touch and less institutional approach. These conversations yield information about how engaged residents feel with these issues and what they see as priorities. Residents are

also asked if they would like to get more involved and if they do they can be re-contacted with specific invitations and introductions to groups, so helping to expand networks of environmental action.

Another engagement method is citizen assemblies which are increasingly being used on climate change to understand the range of people's views and to build consensus on possible action. (For example, Camden conducted an assembly with a cross-section of 50 residents which recommended 19 actions the council has now adopted. A national citizens' assembly is also being convened on climate change).

Both these methods demand resources, but may widen the conversation to people not closely engaged in environmental issues.

Engagement would also make use of the established customer networks that partners already have in East Sussex (for example, through water supply or refuse collection).

Engagement would be a continuous process that runs through specific projects as well as through the environment strategy as a whole.

3. Build communications around a series of milestones

Narrative about environmental risk inevitably tends to deal with medium and longer-term horizons – to 2030, 2040 and 2050. These target dates are a source of disagreement in themselves and they may also seem hopelessly distant to an individual actor who wants to have an effect now.

The environment strategy has the clear ambition of setting local environmental targets which can be measured each year and it will also develop immediate actions for the next two years.

All communications activity should be pinned to these short-term goals so that people will be motivated to act and can quickly see the results of their efforts.

This would allow a series of timed projects or campaigns under the five different strands of the strategy, or even an annual theme which rotates between them. A year of action, or regular sprints to a specific goal, are more likely to be compelling than a vaguer pledge to long-term action. They will however also supply a series of milestones along the way to the strategy's long-term aims.

4. Always be local not global

Environmental challenges are both global and local, but there is already a profusion of international advocacy and action which attracts the already-motivated.

Our communication should always focus on local action and not simply re-broadcast national or international messages. We should focus on events and programmes in the county, whether it is local beach clean-ups, car-free days, action meetings, local business and professional networks. In some cases this will help concentrate energies and resources at local level, but it could also be a way to reach people who have not yet been motivated to act or who are not sure how to.

Local offers and advice on how to save money always have a chance of resonating with people, no matter their stance on environmental issues. Some people may change their behaviour through conviction and persuasion. Others may respond better to incentives, or tips for embedding a habit in

their daily routine or through the pressure of visible social norms. Behavioural insight suggests people are more likely to change their actions as a result of being shown how many of their peers or neighbours have already done so, than they are by official calls to action, which may cause resentment or simple be ignored.

And environmental improvement means not just greater global sustainability, but also an improved quality of life which is experienced locally and can be celebrated locally.

Next steps and action plan

We should not hard-launch public communication at this stage. First we need to settle on the branding approach for this initiative, await fuller details of the priority actions for the next two years which the environment board and its partners are identifying, and scope our ambitions for public engagement.

This suggests the launch of an East Sussex environment initiative in late 2020 or early 2021. It is the start of citizen involvement, rather than completion of the strategy, which should trigger public communication and engagement.

Until then, it would be more productive to focus on communication among partners so a plan for public communication and engagement (and how to resource it: the work is considerable) is agreed.

An outline timetable for communications and engagement work

April-May	Agree how communications work will be divided and resourced
April-June	Agree an East Sussex environmental brand *(commissioning consultant advice if possible)*
April-August	Scope and develop public engagement programme
May onward	Programme of partner communication to mark adoption of strategy and share next steps.
Late 2020	Public launch of East Sussex environmental initiative
2020/2021	Campaigning and reporting initial success of the strategy's individual projects

Report to: **Cabinet**

Date of meeting: **2 June 2020**

By: **Chief Operating Officer**

Title: **External Audit Plan 2019/20**

Purpose: **To inform the Cabinet of the content of the Council's External Audit Plan for 2019/20**

RECOMMENDATION:

Cabinet is recommended to approve the External Audit Plan for 2019/20.

---

1. Background

1.1 The External Audit Plan provides an overview of the planned scope and timing of the statutory audit of the Council's accounts and identifies any significant risks. Grant Thornton (GT), as the Council's external auditors, must form and express an opinion on the Council's financial statements.

2. Supporting Information

2019/20 Financial Statements

2.1 The draft External Audit Plan for 2019/20 (Appendix 1) identifies six significant risks that require audit consideration as they could potentially cause a material error in the financial statements. These are:
- Revenue recognition of fees, charges and other service income (accounting policies and systems);
- Management override of controls (journals, estimates and transactions);
- Valuation of land and buildings;
- Accuracy and accounting for Public Finance Initiative (PFI) liabilities;
- Valuation of the Pension Fund net liability;
- Covid-19

2.2 The Value For Money (VFM) significant risk identified will only focus on financial sustainability; there have been wider areas of scrutiny in previous years but not for 2019/20.

2.3 As a consequence of COVID-19, the timescales for the production of the accounts has moved back such that the unaudited draft financial statements will be produced by the first part of June 2020 (in previous years the deadline was 31 May). The audit will be conducted from 22 June 2020. The statement of accounts will be presented to the Audit Committee on 18 September 2020 and Governance Committee on 2 October 2020. This is well within the national deadline for the sign off of accounts, which has been moved to 30 November 2020.

2.4 The proposed audit fee for 2019/20 is £80,350, which is a significant increase from the 2018/19 original fee of £64,350. During the 2018/19 audit, at a national level, there

developed a requirement for increased assurance from external auditors in areas where valuations and estimates are used. This had an impact on GT's assurance work around Property, Plant and Equipment; plus, the McCloud pensions judgement triggered additional valuation work on the Council's Pension Liability. GT levied additional fees for 2018/19 of £16,000, which were challenged with the Public Sector Audit Appointments (PSAA), who reduced them to £11,000. The total fees for 2018/19 were £75,350.

2.5 The External Audit Plan on page 14 sets out the rationale for the proposed increase in fees. These will be assessed by the PSAA for reasonableness.

3. Conclusion and Recommendation

3.1 The External Audit Plan provides an overview of the planned scope and timing of the statutory audit of the Council's 2019/20 accounts and identifies any significant risks. The Plan was considered by the Audit Committee at a briefing on 13 May 2020.
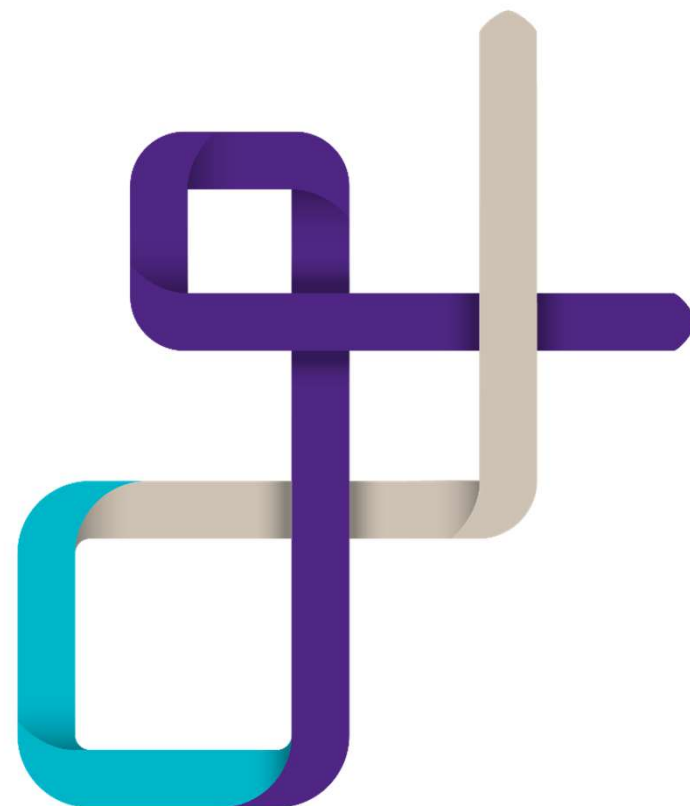
KEVIN FOSTER
Chief Operating Officer

Contact Officer: Ian Gutsell, Chief Finance Officer
Tel. No: 01273 481399
Email: ian.gutsell@eastsussex.gov.uk

Local Member(s): All
Background Documents
None

Grant Thornton

External Audit Plan

Year ending 31 March 2020

East Sussex County Council
27 April 2020

Contents

Your key Grant Thornton team members are:

Darren Well
Engagement Lead
T: 01293 554120
E: Darren.J.Wells@uk.gt.com

Marcus Ward
Engagement Manager
T: 020 7728 3350
E: Marcus.Ward@uk.gt.com

Mary Adeson
In-charge
T: 020 7865 2990
E: mary.t.adeson@uk.gt.com

1. Introduction & headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audit of East Sussex County Council ('the Authority') for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of East Sussex County Council. We draw your attention to both of these documents on the PSAA website.

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on:

- your financial statements that have been prepared by management with the oversight of those charged with governance (the Audit committee); and

- The value for money arrangements in place for securing economy, efficiency and effectiveness in your use of resources.

The audit of the financial statements does not relieve management or the Audit Committee of your responsibilities. It is your responsibility to ensure that proper arrangements are in place for the conduct of your business, and that public money is safeguarded and accounted for properly.

Our audit approach is based on a thorough understanding of your business and is risk based.

Significant risks	Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as: • Revenue recognition of fees, charges and other service income; • Management override of controls; • Valuation of your land and buildings; • Accuracy and accounting for your Private Finance Initiative (PFI) liability; • Valuation of your net pension fund liability; • Covid-19 We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.
Materiality	We have determined planning materiality to be £13m (PY £15m) for the Authority, which equates to approximately 1.5% of your prior year gross expenditure. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £0.7m (PY £0.75m).
Value for Money arrangements	Our risk assessment regarding your arrangements to secure value for money have identified the following VFM significant risk: • Financial Sustainability
Audit logistics	Our interim visit will take place in March and our final visit will take place in June and July. Our key deliverables are this Audit Plan and our Audit Findings Report. Our audit approach is detailed in Appendix A. Our fee for the audit will be £80,350 (PY: £75,350) for the Authority, subject to meeting our requirements set out on page 13. This includes a known fee variance which is subject to PSAA approval.
Independence	We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements..

Page 75

2. Key matters impacting our audit

Factors

The wider economy and political uncertainty

Local Government funding continues to be stretched with increasing cost pressures and demand from residents, particularly the more vulnerable. You have responded by consulting with residents and working towards your core offer, which aims to balance provision of services with financial sustainability. You are working with others with the aim of delivering better services more efficiently, for example with the NHS on social services and various back office functions with the Orbis partnership.

Your forecast revenue budget outturn for 2019/20 is breakeven. You have agreed a balanced budget for 2020/21 which requires savings of £3.5m

At the national level future funding arrangements remain uncertain. Your income streams are being impacted by Covid-19 and at the time of writing the final quantum of support from central government is unclear. Other unknowns include the timing and results of the Fair Funding Review and whether Business Rates Retention schemes will continue in their current form.

In January 2020 the UK government and the EU ratified the Withdrawal Agreement and the UK's membership of the EU formally ceased on 31 January. The existence of a 'transition period' to 31 December 2020 means that there will be little practical change until at least 2021. However, the nature of the future relationship between the UK and the EU is still to be determined and considerable uncertainty persists. There may be an impact on contracts, service delivery and businesses in the area.

Financial reporting and audit – raising the bar

The Financial Reporting Council (FRC) has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge, and to undertake more robust testing as detailed in Appendix 1.

Our work across the country in 2018/19 has highlighted areas where local government financial reporting needs to be improved (in particular, Property, Plant & Equipment and Pensions), with a corresponding increase in audit procedures. We have also identified an increase in the complexity of local government financial transactions which require greater audit scrutiny.

Covid-19 pandemic

The significance of the situation cannot be underestimated and the implications for individuals, organisations and communities remains highly uncertain.

We appreciate the significant responsibility and burden you have to ensure the provision of vital public services. Our aim is to progress the audit work without disturbing your efforts to deal with the Covid-19 pandemic. We will communicate effectively and introduce flexibility where possible in our audit procedures.

Our response

- We will consider your arrangements for managing and reporting your financial resources as part of our work in reaching our Value for Money conclusion.
- We will assess the reasonableness of the assumptions made in your Medium Term Financial Plan and cashflow forecasts.
- We will consider the disclosures in your financial statements in regards to your financial position.

- As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and local government financial reporting. Our proposed work and fee, as disclosed on page 13 of this Audit Plan, is subject to PSAA agreement. The fee has not been agreed by the Chief Financial Officer.

- We have included a financial statement level significant risk in our audit approach. Our response is set out on page 8.

4. Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Revenue recognition	Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. For East Sussex County Council, we have concluded that the greatest risk of material misstatement relates to fees, charges & other service income. We have therefore identified the occurrence and accuracy of fees, charges & other service income as a significant risk. We have rebutted this presumed risk for your other revenue streams because other income streams are primarily derived from grants or formula based income which limits the opportunity to manipulate revenue recognition.	We will: • evaluate your accounting policy for recognition of income from fees, charges & other service for appropriateness and compliance with LG Code of Practice; • update our understanding of your system for accounting for income from fees, charges & other service and evaluate the design of your associated controls; • agree, on a sample basis, amounts recognised as income from fees, charges & other service in the financial statements to supporting evidence.
Management over-ride of controls	Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. You face external scrutiny of your spending and this could potentially place management under undue pressure in terms of how they report performance. We identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk.	We will: • evaluate the design effectiveness of management controls over journals; • analyse the journals listing and determine the criteria for determining which are unusual journals; • test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration; • update our understanding of the accounting estimates and critical judgements applied by management and consider their reasonableness with regard to available evidence; • evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.

Page 77

Significant risks

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of land and buildings	You revalue your operational land and buildings on a rolling three-yearly basis and your investment properties every year. For assets which are not revalued by your valuation expert (Montagu Evans), you carry out work with the aim of ensuring the carrying value is not materially different from the current value of your assets at the balance sheet date (or the fair value for surplus assets). The valuation of these assets represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions. We therefore identified valuation of land and buildings as a significant risk.	We will: • evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuation expert and the scope of their work; • evaluate the competence, capabilities and objectivity of the valuation expert; • discuss with the valuer the basis on which the valuation was carried out to assess whether they have met the requirements of the Code; • engage our own valuer to assess the instructions to the your valuer, your valuer's report and the assumptions that underpin your valuation; • test revaluations made during the year to see if they have been input correctly into your asset register and recognised appropriately in your financial statements; • challenge management to prove that the carrying value of PPE assets is not materially different to current value as at the balance sheet date.
Accuracy and accounting for Private Finance Initiative (PFI) liability	You have builds financed through PFI schemes (Peacehaven Schools and waste management services). PFI schemes are complex and involve a degree of subjectivity in the measurement of financial information. We therefore identified the accuracy and presentation of your PFI schemes as a significant risk.	We will: • review your PFI models and assumptions contained therein; • obtain an understanding of any changes to PFI contracts made since the prior year; • compare the your PFI models to the prior year to identify any changes; • review and test the output produced by your PFI models to generate the financial balances within the financial statements; • review the disclosures relating to your PFI schemes for compliance with the Code and the International Accountancy Standard IFRIC 12.

Significant risks

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of the pension fund net liability	Your pension fund net liability, as reflected in your balance sheet as the net defined benefit liability, represents a significant estimate in your financial statements. The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£521.4 million in the Authority's balance sheet) and the sensitivity of the estimate to changes in key assumptions. We therefore identified valuation of your pension fund net liability as a significant risk.	We will: • update our understanding of the processes and controls put in place by management to ensure that your pension fund net liability is not materially misstated and evaluate the design of your associated controls; • evaluate the instructions issued by management to their management expert (Hyman's Robertson) for this estimate and the scope of the actuary's work; • assess the competence, capabilities and objectivity of the actuary; • assess the accuracy and completeness of the information provided by management to the actuary to estimate the liability; • test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of our consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and • obtain assurances from our audit work of East Sussex Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund team and the fund assets valuation in the pension fund financial statements.

Significant risks

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Covid-19	The global outbreak of the Covid-19 virus pandemic has led to unprecedented uncertainty for all organisations, requiring urgent business continuity arrangements to be implemented. We expect current circumstances will have an impact on the production and audit of the financial statements for the year ended 31 March 2020, including and not limited to; - Remote working arrangements and redeployment of staff to critical front line duties may impact on the quality and timing of the production of the financial statements, and the evidence we can obtain through physical observation - Volatility of financial and property markets will increase the uncertainty of assumptions applied by management to asset valuation and receivable recovery estimates, and the reliability of evidence we can obtain to corroborate management estimates - Financial uncertainty will require management to reconsider financial forecasts supporting their going concern assessment and whether material uncertainties for a period of at least 12 months from the anticipated date of approval of the audited financial statements have arisen; and - Disclosures within the financial statements will require significant revision to reflect the unprecedented situation and its impact on the preparation of the financial statements as at 31 March 2020 in accordance with IAS1, particularly in relation to material uncertainties. We therefore identified the global outbreak of the Covid-19 virus as a significant risk.	We will: • Work with management to understand the implications the response to the Covid-19 pandemic has on the organisation's ability to prepare the financial statements and update financial forecasts and assess the implications on our audit approach; • Liaise with other audit suppliers, regulators and government departments to co-ordinate practical cross sector responses to issues as and when they arise ; • Evaluate the adequacy of the disclosures in the financial statements in light of the Covid-19 pandemic; • Evaluate whether sufficient audit evidence using alternative approaches can be obtained for the purposes of our audit whilst working remotely; • Evaluate whether sufficient audit evidence can be obtained to corroborate significant management estimates such as asset valuations and recovery of receivable balances; • Evaluate management's assumptions that underpin the revised financial forecasts and the impact on management's going concern assessment; • Discuss with management any potential implications for our audit report if we have been unable to obtain sufficient audit evidence.

6. Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement to check that they are consistent with the financial statements on which we give an opinion and consistent with our knowledge of the Authority

- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with the guidance issued by CIPFA

- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions

- We consider our other duties under the Local Audit and Accountability Act 2014 (the Act) and the Code, as and when required, including:

    - Giving electors the opportunity to raise questions about your 2019/20 financial statements, consider and decide upon any objections received in relation to the 2019/20 financial statements

    - Issue of a report in the public interest or written recommendations to the Authority under section 24 of the Act, copied to the Secretary of State

    - Application to the court for a declaration that an item of account is contrary to law under Section 28 or for a judicial review under Section 31 of the Act or

    - Issuing an advisory notice under Section 29 of the Act.

- We certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Going concern

As auditors, we are required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the Authority's ability to continue as a going concern" (ISA (UK) 570). We will review management's assessment of the going concern assumption and material uncertainties, and evaluate the disclosures in the financial statements.

7. Materiality

The concept of materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.
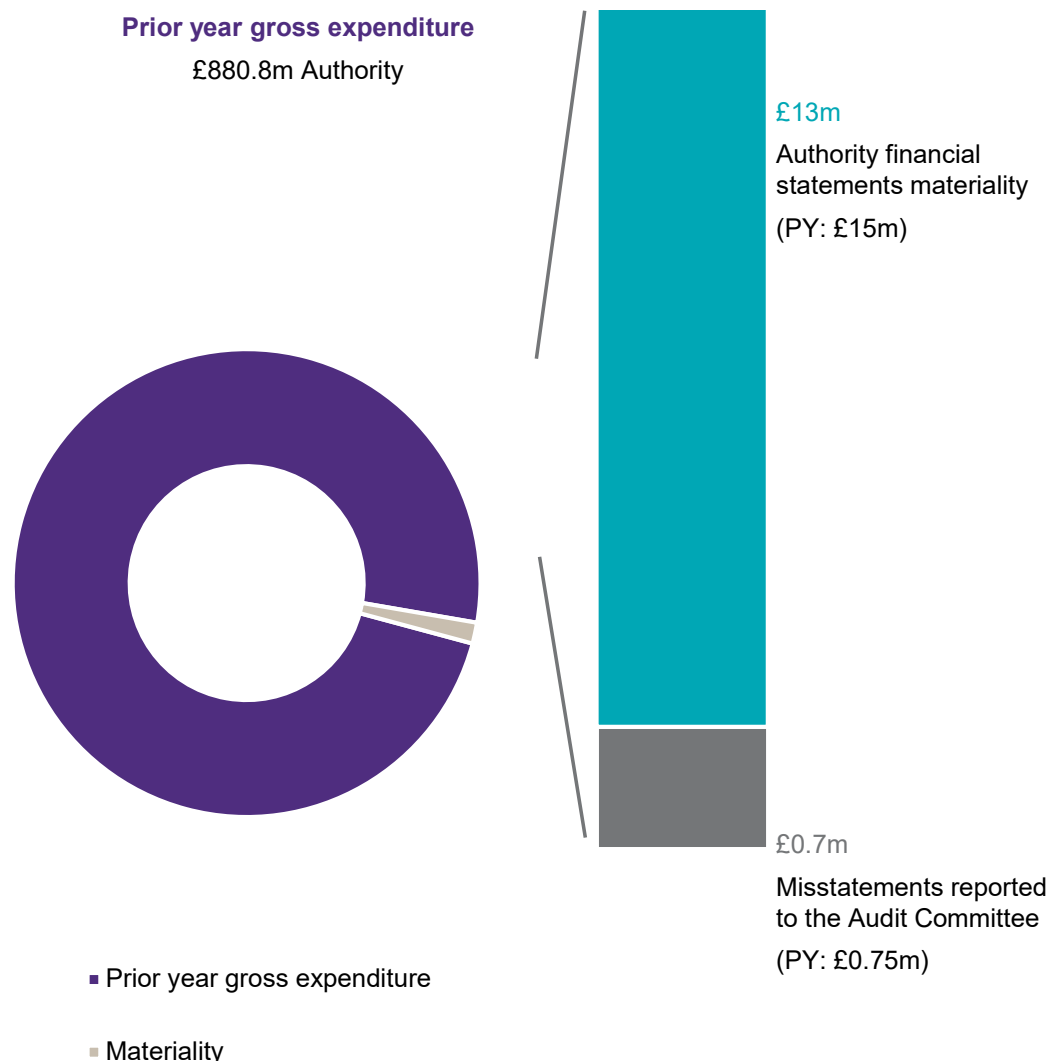
Materiality for planning purposes

We have determined financial statement materiality based on a proportion of the gross expenditure of the Authority for the financial year. In the prior year we used the same benchmark. Materiality at the planning stage of our audit is £13m (PY £15m) for the Authority, which equates to approximately 1.5% of your prior year gross expenditure for the year. The reduction in materiality compared to the previous year reflects the higher profile of local audit following external reviews such as those led by Sir John Kingman and Sir Tony Redman.

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

Matters we will report to the Audit Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the Authority, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £0.7m (PY £0.75m).

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

Prior year gross expenditure
£880.8m Authority

£13m
Authority financial statements materiality
(PY: £15m)

£0.7m
Misstatements reported to the Audit Committee
(PY: £0.75m)

■ Prior year gross expenditure

■ Materiality

Page 82

8. Value for Money arrangements

Background to our VFM approach

The NAO issued its guidance for auditors on Value for Money work in November 2017. The guidance states that for Local Government bodies, auditors are required to give a conclusion on whether the Authority has proper arrangements in place to secure value for money.

The guidance identifies one single criterion for auditors to evaluate:

"In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people."

This is supported by three sub-criteria, as set out below:
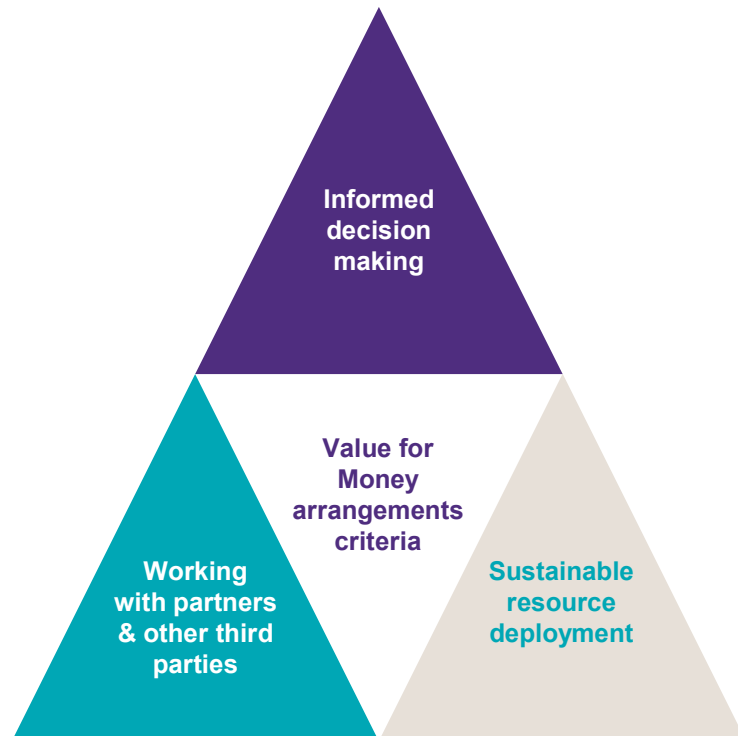
Significant VFM risks

Those risks requiring audit consideration and procedures to address the likelihood that proper arrangements are not in place at the Authority to deliver value for money.

The significant risk we have identified in 2019/20 is financial sustainability.

Financial Sustainability

You continue to face significant financial pressures associated with reductions in Central Government funding and rising demand for services. Future government funding is uncertain, making it difficult to plan ahead. Your Medium Term Financial Plan (MTFP) shows a deficit position of £9.3m by 2022/23. This is before the impact of Covid 19 costs and reductions in forecast income.

To gain assurance over this risk we are planning to build on the work we carried out in 2018/19. in particular we will undertake work in the following areas:

• review your 2019-20 outturn, including details of performance against both your revenue and capital budgets;
• review progress against your 2020-21 financial plan up to the completion of our audit;
• assess the reasonableness of assumptions made in your MTFP;
• assess your reserve levels;
• review documentation and discuss your progress and plans to address the budget gap in coming years.

Informed decision making

Value for Money arrangements criteria

Working with partners & other third parties

Sustainable resource deployment

9. Audit logistics & team

Planning and risk assessment

Interim audit
March 2020

Audit Committee Committee
27 March 2020

Audit Plan

Year end audit
June - July 2020

Audit Committee
18 Sept 20

Audit Findings Report

Governance Committee
2 October 20

Sign accounts and audit opinion

Audit Committee
20 November 20

Annual Audit Letter

Darren Wells, Key Audit Partner

Darren will be the main point of contact for the Chief Executive and Members. Darren will share his wealth of knowledge and experience across the sector providing challenge, sharing good practice and acting as a sounding board with Members and the Audit Committee. Darren will review all reports and the team's work, focussing his time on the key risk areas of the audit.

Marcus Ward, Audit Manager

Marcus will work with senior members of the finance team ensuring testing is delivered and any accounting issues are addressed on a timely basis. Marcus will ensure our audit is tailored specially to you and a high quality audit is delivered efficiently. Marcus will undertake reviews of the team's work and draft reports for Audit Committee, ensuring they remain concise and understandable.

Mary Adeson, Audit Incharge

Mary will lead the onsite team and will be the day to day contact for the audit. Mary will monitor the deliverables, including managing the query log with your finance team and highlighting any significant issues and adjustments to senior management. Mary will undertake the more technical aspects of the audit, coach the junior members of the team and review the teams' work

Client responsibilities

Where clients do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other clients. Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit, we ask that you:

* produce draft financial statements of good quality by the deadline you have agreed with us, including all notes, the narrative report and the Annual Governance Statement

* ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you

* ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples

* ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit

* respond promptly and adequately to audit queries.

10. Audit fees

Planned audit fees 2019/20

Across all sectors and firms, the FRC has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing. Within the public sector, where the FRC has recently assumed responsibility for the inspection of local government audit, the regulator requires that all audits achieve a 2A (few improvements needed) rating.

Our work across the sector in 2018/19 has highlighted areas where local government financial reporting, in particular, property, plant and equipment and pensions, needs to be improved. We have also identified an increase in the complexity of local government financial transactions. Combined with the FRC requirement that 100% of audits achieve a 2A rating this means that additional audit work is required. We have set out below the expected impact on our audit fee. The table overleaf provides more details about the areas where we will be undertaking further testing.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and local government financial reporting. Our proposed fee for 2019/20 is set out below, with further analysis overleaf. The fee is subject to PSAA agreement.

	Actual Fee 2018/19	Proposed fee 2019/20
Council Audit	£75,350	£80,350
Total audit fees (excluding VAT)	**£75,350**	**£80,350**

Assumptions:

In setting the above fees, we have assumed that you will:
- prepare a good quality set of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements.

Relevant professional standards:

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's Ethical Standard which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with staff of appropriate skills, time and abilities to deliver an audit to the required professional standard.

Audit fee variations – Further analysis

Planned audit fees

The table below shows the planned variations to the original scale fee for 2019/20 based on our best estimate at the audit planning stage. Further issues identified during the course of the audit may incur additional fees. In agreement with PSAA (where applicable) we will be seeking approval to secure these additional fees for the remainder of the contract via a formal rebasing of your scale fee to reflect the increased level of audit work required to enable us to discharge our responsibilities. Should any further issues arise during the course of the audit that necessitate further audit work additional fees will be incurred, subject to PSAA approval.

Audit area	£	Rationale for fee variation
Scale fee	64,350	
Increased challenge and scope of work. Lower materiality and new standards.	3,000	The Financial Reporting Council (FRC) has highlighted that the quality of work by all audit firms needs to improve across local audit. This will require additional supervision and leadership, as well as additional challenge and scepticism in areas such as journals, estimates, financial resilience and information provided by the entity. As outlined earlier in the Plan, we have also reduced the materiality level, reflecting the higher profile of local audit. This will entail increased scoping and sampling.
Pensions – valuation of net pension liabilities under International Auditing Standard (IAS) 19	3,000	We have increased the granularity, depth and scope of coverage, with increased levels of sampling, additional levels of challenge and explanation sought, and heightened levels of documentation and reporting.
Property, Plant and Equipment (PPE) Valuation – work of experts	10,000	We have engaged our own audit expert to ensure an adequate level of audit scrutiny and challenge over the assumptions that underpin your PPE valuations. The increase includes an estimate for the fee payable to the auditor's expert.
Revised scale fee (to be approved by PSAA)	**80,350**	

11. Independence & non-audit services

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in December 2017 and PSAA's Terms of Appointment which set out supplementary guidance on ethical requirements for auditors of local public bodies.

Other services provided by Grant Thornton

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Authority. The following other services were identified.

Service	£	Threats	Safeguards
Audit related:			
Agreed upon procedures in respect of the Teachers' Pension Scheme	5,000	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £5,000 in comparison to the total fee for the audit of £80,350 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.

The amounts detailed are fees agreed to-date for audit related and non-audit services to be undertaken by Grant Thornton UK LLP in the current financial year. These services are consistent with the Authority's policy on the allotment of non-audit work to your auditors. All services have been approved by the Audit Committee. Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.

None of the services provided are subject to contingent fees.

The firm is committed to improving our audit quality – please see our transparency report - https://www.grantthornton.co.uk/globalassets/1.-member-firms/united-kingdom/pdf/annual-reports/interim-transparency-report-2019.pdf

Appendices

A. **Audit Quality – national context**

Appendix A: Audit Quality – national context

What has the FRC said about Audit Quality?

The Financial Reporting Council (FRC) publishes an annual Quality Inspection of our firm, alongside our competitors. The Annual Quality Review (AQR) monitors the quality of UK Public Interest Entity audits to promote continuous improvement in audit quality.

All of the major audit firms are subject to an annual review process in which the FRC inspects a small sample of audits performed from each of the firms to see if they fully conform to required standards.

The most recent report, published in July 2019, shows that the results of commercial audits taken across all the firms have worsened this year. The FRC has identified the need for auditors to:

- improve the extent and rigour of challenge of management in areas of judgement
- improve the consistency of audit teams' application of professional scepticism
- strengthen the effectiveness of the audit of revenue
- improve the audit of going concern
- improve the audit of the completeness and evaluation of prior year adjustments.

The FRC has also set all firms the target of achieving a grading of '2a' (limited improvements required) or better on all FTSE 350 audits. We have set ourselves the same target for public sector audits from 2019/20.

Other sector wide reviews

Alongside the FRC, other key stakeholders including the Department for Business, energy and Industrial Strategy (BEIS) have expressed concern about the quality of audit work and the need for improvement. A number of key reviews into the profession have been undertaken or are in progress. These include the review by Sir John Kingman of the Financial Reporting Council (Dec 2018), the review by the Competition and Markets authority of competition within the audit market, the ongoing review by Sir Donald Brydon of external audit, and specifically for public services, the Review by Sir Tony Redmond of local authority financial reporting and external audit. As a firm, we are contributing to all these reviews and keen to be at the forefront of developments and improvements in public audit.

What are we doing to address FRC findings?

In response to the FRC's findings, the firm is responding vigorously and with purpose. As part of our Audit Investment Programme (AIP), we are establishing a new Quality Board, commissioning an independent review of our audit function, and strengthening our senior leadership at the highest levels of the firm, for example through the appointment of Fiona Baldwin as Head of Audit. We are confident these investments will make a real difference.

We have also undertaken a root cause analysis and put in place processes to address the issues raised by the FRC. We have already implemented new training material that will reinforce the need for our engagement teams to challenge management and demonstrate how they have applied professional scepticism as part of the audit. Further guidance on auditing areas such as revenue has also been disseminated to all audit teams and we will continue to evolve our training and review processes on an ongoing basis.

What will be different in this audit?

We will continue working collaboratively with you to deliver the audit to the agreed timetable whilst improving our audit quality. In achieving this you may see, for example, an increased expectation for management to develop properly articulated papers for any new accounting standard, or unusual or complex transactions. In addition, you should expect engagement teams to exercise even greater challenge management in areas that are complex, significant or highly judgmental which may be the case for accounting estimates, going concern, related parties and similar areas. As a result you may find the audit process even more challenging than previous audits. These changes will give the audit committee – which has overall responsibility for governance - and senior management greater confidence that we have delivered a high quality audit and that the financial statements are not materially misstated. Even greater challenge of management will also enable us to provide greater insights into the quality of your finance function and internal control environment and provide those charged with governance confidence that a material misstatement due to fraud will have been detected.

We will still plan for a smooth audit and ensure this is completed to the timetable agreed. However, there may be instances where we may require additional time for both the audit work to be completed to the standard required and to ensure management have appropriate time to consider any matters raised. This may require us to agree with you a delay in signing the announcement and financial statements. To minimise this risk, we will keep you informed of progress and risks to the timetable as the audit progresses.

We are absolutely committed to delivering audit of the highest quality and we should be happy to provide further detail about our improvement plans should you require it.

Grant Thornton

Report to: **Cabinet**

Date: **2 June 2020**

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

Title of report: **Internal Audit Strategy and Annual Plan 2020/21**

Purpose of report: **To present the Council's Internal Audit Strategy and Annual Plan 2020/21**

RECOMMENDATIONS

Cabinet is recommended to review and agree the Council's Internal Audit Strategy and Plan 2020/21

1.   Background

1.1   The Council's Internal Audit Strategy and Annual Plan 2020/21 (Annex A) sets out how the Council will meet its statutory requirements for internal audit, as defined within the Accounts and Audit Regulations 2015. The Strategy proposes an approach based on focussing audit resources in those areas where the highest risk to the achievement of the Council's objectives lies. These areas have been identified and prioritised based on the Council's own risk assessment processes (including the Strategic Risk Register) and following extensive consultation with officers, Members and other stakeholders.

1.2   A workshop was held with Members of the Audit Committee in February 2020 and comments made have been fed into the planning process.

Supporting Information

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

2.2   The Internal Audit Charter sets out the scope and responsibility of internal audit.

3.   Conclusions and Reasons for Recommendations

3.1   Cabinet is asked to review and agree the Internal Audit Strategy and Plan 2020/21 which was previously endorsed by the Audit Committee at its informal meeting on 13 May 2020.

3.2   It should be noted, however, that the strategy and plan were drafted prior to the current Coronavirus pandemic and are therefore likely to change substantially during the year in response to any new risk exposures arising from the crisis. Any changes will continue to be made in full consultation with, and the agreement of, management and the Council's Audit Committee.

Kevin Foster, Chief Operating Officer
Contact Officers: Russell Banks   Tel No. 01273 481447

BACKGROUND DOCUMENTS
Internal Audit Strategy and Annual Audit Plan 2020/21

This page is intentionally left blank

Internal Audit Strategy and Annual Audit Plan 2020-2021

East Sussex County Council

1.   Role of Internal Audit

1.1   The full role and scope of the Council's Internal Audit Service is set out within the Internal Audit Charter and Terms of Reference.

1.2   The mission of Internal Audit, as defined by the Chartered Institute of Internal Auditors (CIIA), is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight. Internal Audit is defined as "*an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes*."

1.3   The organisation's response to internal audit activity should lead to a strengthening of the control environment, thus contributing to the overall achievement of organisational objectives.

2.   Risk Assessment and Audit Planning

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

2.2   The update of the annual plan for 2020/21 has involved consultation with a range of stakeholders, to ensure that their views on risks and current issues, within individual directorates and corporately, are identified and considered.   In order to ensure that the most effective use is made of available resources, to avoid duplication and to minimise service disruption, efforts continue to be made to identify, and where possible, rely upon, other sources of assurance available. The following diagram sets out the various sources of information used to inform our 2020/21 audit planning process:

East Sussex County Council

2.3   In order to ensure audit and assurance activity is properly focussed on supporting the delivery of the Council's priorities, the audit plan has taken into account the key corporate priority outcomes of the Council as set out within the Council Plan. These are:

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

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

- All key financial systems are subject to a cyclical programme of audits covering, as a minimum, compliance against key controls;
- Previous reviews which resulted in 'minimal assurance' audit opinions will be subject to a specific follow-up review to assess the effective implementation by management of agreed actions. This will also include a number of previous reviews with a 'partial assurance' opinion where deemed necessary or where the area under review is considered to be of a higher risk nature.

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

2.6   During the last three years, East Sussex County Council, Surrey County Council and Brighton and Hove City Council have been working together to develop and form the Orbis Partnership, covering a range of business services, including internal audit. This work has resulted in the formation of a single, integrated internal audit service from April 2018, involving three locality based teams supported by two specialist teams in the areas of ICT audit and counter fraud. It is our ambition that this will provide greater resilience and capacity for our partner councils whilst also building on existing high quality services.

3.   Key Issues

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

3.2   Internal Audit must therefore be in a position to give an opinion and assurance that covers the control environment in relation to both existing systems and these new developments. It is also essential that this work is undertaken in a flexible and supportive manner, in conjunction with management, to ensure that both risks and opportunities are properly considered.   During 2020/21, a number of major organisational initiatives are featured within the audit plan, with the intention that Internal Audit is able to provide proactive advice, support and assurance as these programmes progress. These include:

East Sussex County Council

- Modernising Back Office Systems (MBOS) Programme;
- Adoption South East;
- Highways Maintenance Contract Re-procurement;
- Making Tax Digital;
- New Property System;
- GCSX Replacement.

3.3   In recognition that in some cases, sufficient information regarding the full extent of future changes and associated risks may not yet be known, the 2020/21 audit plan includes a proportion of time classified as 'Emerging Risks'. This approach has been adopted to enable Internal Audit to react appropriately throughout the year as new risks materialise and to ensure that expertise in governance, risk and internal control can be utilised early in the change process.

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

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

- Delayed Transfers of Care;
- Home Care Commissioning;
- Public Health Budget;
- Pensions;
- Contract Management;
- Project Management;
- Health and Safety;
- Budget Management;
- Compliance with IR35; and
- Data Sharing Arrangements with other authorities and health partners.

3.6   The results of all audit work undertaken will be summarised within quarterly update reports to the Corporate Management Team (CMT) and Audit Committee, along with any common themes and findings arising from our work.

4.   Counter Fraud

4.1   Managing the risk of fraud and corruption is the responsibility of management. Internal Audit will, however, be alert in all its work to risks and exposures that could allow fraud or corruption and will investigate allegations of fraud and corruption in line with the Council's Anti-Fraud and Corruption Strategy.

4.2   The Chief Internal Auditor should be informed of all suspected or detected fraud, corruption or irregularity in order to consider the adequacy of the relevant controls and evaluate the implication for their opinion on the control environment.

East Sussex County Council

4.3   In addition, Internal Audit will promote an anti-fraud and corruption culture within the Council to aid the prevention and detection of fraud. Through the work of the Counter Fraud Team, Internal Audit will maintain a fraud risk assessment and deliver a programme of proactive and reactive counter fraud services to help ensure that the Council continues to protect its services from fraud loss. This will include leading on the National Fraud Initiative data matching exercise on behalf of the Council.

5.   Matching Audit Needs to Resources

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

5.2   In addition to this, resources have been allocated to the external bodies for whom Orbis Internal Audit also provide internal audit services, at an appropriate charge. These include Horsham District Council, Elmbridge District Council, East Sussex Fire Authority and South Downs National Park.

5.3   Internal audit activities will be delivered by a range of staff from across the Orbis Internal Audit Service, maximising the value from a wide range of skills and experience available.   In the small number of instances where sufficient expertise is not available from within the team, mainly in highly technical areas, externally provided specialist resources will continue to be utilised.

5.4   The following table summarises the level of audit resources expected to be available for the Council in 2020/21 (expressed in days), compared to the equivalent number of planned days in previous years. The overall level of resource has increased slightly compared to the previous year as a result of additional planned work in relation to the East Sussex Pension Fund. The total level of resource is considered to be sufficient to allow Internal Audit to deliver its risk-based plan in accordance with professional standards[1] and to enable the Chief Internal Auditor to provide his annual audit opinion.

Table 1: Annual Internal Audit Plan – Plan Days

	2016/17	2017/18	2018/19	2019/20	2020/21
Plan Days	1,532	1,583	1,417	1,400	1,450

---

[1] Public Sector Internal Audit Standards (PSIAS)

East Sussex County Council

6.   Audit Approach

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

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

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

- Contingency – an allowance of days to provide capacity for unplanned work, including special audits and management investigations. This contingency also allows for the completion of work in progress from the 2019/20 plan;

- Advice, Management, Liaison and Planning - an allowance to cover provision of ad hoc advice on risk, audit and control issues, audit planning and annual reporting, ongoing liaison with service management and Members, and audit management time in support of the delivery of all audit work, planned and unplanned.

6.3   In delivering this strategy and plan, we will ensure that liaison has taken place with the Council's external auditors, Grant Thornton, to ensure that the use of audit resources is maximised, duplication of work is avoided, and statutory requirements are met.

7.   Training and Development

7.1   The effectiveness of the Internal Audit Service depends significantly on the quality, training and experience of its staff. Training needs of individual staff members are identified through a formal performance and development process and are delivered and monitored through on-going management supervision.

7.2   The team is also committed to coaching and mentoring its staff, and to providing opportunities for appropriate professional development. This is reflected in the high proportion of staff holding a professional internal audit or accountancy qualification as well as several members of the team continuing new apprenticeship training during 2020/21.

8.   Quality and Performance

East Sussex County Council

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

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

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

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

8.4   In addition, the performance of Orbis Internal Audit continues to be measured against key service targets focussing on service quality, productivity and efficiency, compliance with professional standards, influence and our staff. These are all underpinned by appropriate key performance indicators as set out in Table 2 below.

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

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

8.7   Whilst Orbis Internal Audit liaises closely with other internal audit services through the Sussex and Surrey audit and counter fraud groups, the Home Counties Chief Internal Auditors' Group and the Local Authority Chief Auditors' Network, we are continuing to develop joint working arrangements with other local authority audit teams to help improve resilience and make better use of our collective resources.

East Sussex County Council

Table 2: Performance Indicators

Aspect of Service	Orbis IA Performance Indicators	Target
Quality	• Annual Audit Plan agreed by Audit Committee • Annual Audit Report and Opinion • Satisfaction levels	By end April To inform AGS 90% satisfied
Productivity and Process Efficiency	• Audit Plan – completion to draft report stage by 31 March 2021	90%
Compliance with Professional Standards	• Public Sector Internal Audit Standards • Relevant legislation such as the Police and Criminal Evidence Act, Criminal Procedures and Investigations Act	Conforms Conforms
Outcomes and degree of influence	• Implementation of management actions agreed in response to audit findings	95% for high priority
Our Staff	• Professionally Qualified/Accredited	80%

Russell Banks
Orbis Chief Internal Auditor

East Sussex County Council

INTERNAL AUDIT PLAN **2020/21**	East Sussex County Council

Planned Audit Reviews

Review Name	Outline Objective
Delayed Transfers of Care (DTOC)	A 'Delayed Transfer of Care' occurs when a patient is ready to leave a hospital or similar care provider but is still occupying a bed. Delays can occur when patients are being discharged home or to a supported care facility, such as a residential or nursing home, or are awaiting transfer to a community hospital or hospice. We will assess the controls in place around the system and processes for identifying, measuring and recording acute and non-acute DTOC, where these can affect waiting times for NHS care and result in fines of £130 per day for each DTOC.
Home Care Commissioning	To review the arrangements in place over the re-commissioning of home care provision which is a significant area of spend (circa £20million per annum) and where there is a risk that adequate provision to meet the needs of the population is not obtained.
Public Health Budget	To review the new processes and structures set-up for financial management and monitoring of the Public Health grant and spending, to ensure transparency and accountability in accordance with the terms of the grant.
Adult Social Care Liquidlogic (LAS) and Controcc	A review to assess the adequacy of controls within the LAS (client information and management system for Adults) and Controcc (the social care payments and billing system).
Schools	We will continue our audit coverage in schools which will involve a range of assurance work, including key controls testing in individual schools, follow-ups of previous audit work and themed reviews. We will also work with our Orbis partners to provide information bulletins and guidance for schools on risk, governance and internal control matters.
Adoption South East	The government wish to regionalise adoption services in an effort to improve performance. Adoption South East will include East and West Sussex, Surrey and Brighton and Hove adoption services. ESCC will host this service and a pooled budget will be in place. We will therefore review the governance arrangements and financial management of the regionalised service where, as the host authority, there will be reputational and financial risks to ESCC.
Children's Safeguarding	Social workers/safeguarding teams often use video to

INTERNAL AUDIT PLAN
2020/21

East Sussex County Council

Review Name	Outline Objective
Data Handling	record interviews and other interactions with children. This audit will seek to ensure there is an appropriate Data Protection Impact Assessment (DPIA) in place and being complied with, appropriate permissions are sought, and data is encrypted in transit and deleted as appropriate.
Looked After Children – Financial Modelling	Looked After Children is a major area of spend for the Council and it is essential that future budgetary forecasts are accurate to enable effective forward planning. Financial modelling in this area has recently been subject to revision and we will therefore assess the arrangements in place to ensure they are fit for purpose.
Children's Centres	A review of the financial management arrangements at a sample of East Sussex Children's Centres, covering budget monitoring and reporting, recruitment and induction, payments to staff, expenditure, income, and the security of assets.
Children's Social Care Liquidlogic (LCS) and Controcc	A review to assess the adequacy of controls within the LCS (client information and case management system for Children) and Controcc (the social care payments and billing system).
Contract Management	We will review the contract management arrangements in place for a sample of contracts within the Council, concentrating on critical, high risk contracts where inadequate contract management would impact on the Council's ability to deliver key services in accordance with its core offer.
Project Management	To review the adequacy and effectiveness of project management arrangements for a sample of critical Council projects, where inadequate arrangements could impact on the Council's ability to deliver key services in accordance with its core offer.
Highways Maintenance Contract Re-Procurement	To provide a watching brief over the arrangements for the re-procurement of a new highways maintenance contract, advising on risk, governance and internal control matters as they arise.
Health and Safety	This review, potentially utilising specialist external expertise, will cover the adequacy of arrangements for

INTERNAL AUDIT PLAN

2020/21

Review Name	Outline Objective
	ensuring that the Council provides a safe working environment for all staff, contractors and others affected by the services it provides. This will include reviewing the Council's health and safety policies and procedures, communication and awareness arrangements and compliance with health and safety legislation.
Section 106 Agreements	S106 of the Town and Country Planning Act 1990 allows a local planning authority to enter into a legally-binding planning obligation with a developer in association with the granting of planning permission. The obligation is termed a S106 Agreement and these are normally required to mitigate impacts arising from large scale developments. We will review the arrangements in place to manage and monitor S106 Agreements to ensure opportunities are appropriately identified and agreed, amounts are collected in full and developer obligations are met.
Making Tax Digital	A review of the robustness of the preparations made by the Council for phase 2 of HMRC's compulsory requirement to maintain digital tax records – Making Tax Digital (MTD).
Atrium Replacement	To provide advice and support over the implementation of a new property management system, particularly in relation to governance, risk management and internal control.
Business Operations Performance	To review the arrangements in place, following restructuring of the service, to manage and monitor the performance of the Business Operations Team who provide back-office services for the Council, including payroll, accounts payable, accounts receivable and pension fund administration. This will include seeking assurance that agreed actions from the 31/10 review have been implemented.
East Sussex Pension Fund (ESPF)	Internal audit work in relation to the ESPF in accordance with the recently updated Internal Audit Strategy for the Fund, which includes a significant increase in audit days focussing on pension fund activities. The work in 2020/21 will also include the follow-up of all agreed actions arising from audit reviews undertaken in 2019/20 that resulted in partial and minimal audit opinions.
Budget Management	The continued savings agenda means that the setting of realistic and properly informed budgets is ever more important. Where budgets are developed without using all

INTERNAL AUDIT PLAN
2020/21

East Sussex
County Council

Review Name	Outline Objective
	relevant information, they are more likely to over/underspend, resulting in increased pressure on Council services. This review will appraise the process for the development of a select set of high-risk budgets, particularly in terms of how they are calculated and the evidence-base available to support this, and the programme in place to monitor progress and, where appropriate, take corrective action, throughout the year.
Procure to Pay	To review the processes and key controls relating to the procure to pay system, including those in place for ordering, the creation of vendor details, the payment of invoices, goods receipting and promptness of payments.
Accounts Receivable	To review the processes and key controls relating to the accounts receivable system, including those in place for ensuring the accuracy of customer details, completeness, accuracy and timeliness of invoicing, recording and matching payments to invoices, and debt recovery.
Treasury Management	A review to assess the adequacy of key controls and procedures across the Council's Treasury Management arrangements, including cash flow forecasting, segregation of duties, financial investments and use of treasury advisers.
General Ledger	To review controls in relation to the Council's general ledger, including year-end procedures, journal transfers and bank reconciliation.
HR/Payroll	To review controls in relation to the staff payment system, including those relating to starters, leavers, temporary and permanent payments, variations of pay, overpayments and pre-employment checks.
Compliance with IR35 (off-payroll workers)	Special tax rules (IR35) apply where a worker provides his/her services through their own intermediary, for example a Personal Service Company (PSC). Prior to April 2017, the intermediary was liable for income tax and national insurance contributions (NICs) for that person. However, amended legislation affecting public authorities was implemented in April 2017. As a result, when a public authority engages with a worker provided via an intermediary (either directly or via a third party such as an agency) the public authority is required to assess employment status and potentially account for income tax and NICs when making payment to these types of workers. Our review will therefore assess compliance with IR35

INTERNAL AUDIT PLAN

2020/21

East Sussex
County Council

Review Name	Outline Objective
	legislation across the organisation.
Troubled Families Grant Certification	Certification of periodic grant claims returns in-year on behalf of Children's Services to enable the release of funds from the Ministry of Housing, Communities and Local Government (MHCLG).
Local Transport Capital Block Funding and Specific Grant Determination (Pot Hole Action Fund) – Annual Certification	To provide to the Department for Transport (DfT), the annual certification for the funding of various highways schemes received in 2019/20, including extra money obtained for winter repairs.
Local Transport Revenue Block Funding (Blue Badge) – Annual Certification	To provide to the DfT, a certification for the funding of the Blue Badge (New Criteria Implementation) grant received in 2019/20.
Bus Subsidy Grant Certification	To provide to the DfT, the annual certification for the funding of bus subsidy grant monies received in 2019/20.
Dedicated Schools Grant Certification	To contribute to the annual certification to the Education and Skills Funding Agency (ESFA) of the Dedicated Schools Grant.
Departmental ICT Systems	A review of one of the critical systems supported by IT&D operating at the Council, including an assessment of how support is provided, basic security, information assurance and risk management controls, change management and governance/visibility over decision making relating to the use of new or extended technologies.
End User and Senior Stakeholder Behaviour	To explore end-user and senior stakeholder behaviour in key areas of ICT governance e.g. perception of cyber risk, adherence to ICT guidance and policies provided and evidence of either good or bad practices, and to highlight areas where improvement actions are required.
Data Sharing Arrangements (with other Authorities and Health Partners)	The audit will review adequacy of the control environment in place to ensure resident and patient information shared between councils and health partners is done so securely and in accordance with the Data Protection Act. This audit will consider the adequacy of the control environment to support the formal, system to system integration and informal practitioner to practitioner ways of working.
IT&D Major Projects	This audit will review the effectiveness of the control environment to ensure the overall delivery of a major IT&D project meets the expectations and specification. The audit will consider specifically the controls in place to engage

INTERNAL AUDIT PLAN
INTERNAL AUDIT PLAN
2020/21

Review Name	Outline Objective
	with IT&D to ensure the system meets digital architecture design principles and to ensure cyber and information governance considerations are effectively understood and managed.
GCSX Replacement	The audit will seek to provide assurance over the effectiveness of the arrangements for replacing the Government Connect Secure Extranet (GCSX) to ensure that where personal and sensitive data is shared, it is done so securely.
Orbis ICT Cross Authority Working Arrangements	This audit will evaluate the effectiveness of the ICT arrangements in place for supporting the Orbis partnership, specifically concentrating on the arrangements to allow and remove access to partners and client networks and will seek to identify any local workarounds, and the risks associated with these.
Modernising Back Office Systems (MBOS) Programme	Orbis IA will attend programme board and working group meetings to provide independent advice, support and challenge on risk, control, probity and governance issues. In addition to attendance at programme board and working group meetings, we will identify a number of key focus areas to support the programme. At this early stage this is likely to include providing assurance over the following key areas: • Programme governance/risk management • Business processes (both on and off system) • System security • User access, authentication and authorisations • Testing arrangements • Data cleansing and migration • Interfaces and reconciliation • Disaster recovery and business continuity • Training
Contract Management – Home Care Contract Management Follow-Up	A follow-up of the audit completed in 2019/20 which received an audit opinion of partial assurance.
Building Condition (Asset Management) Follow-Up	A follow-up of the audit completed in 2019/20 which received an audit opinion of partial assurance.
Social Value in Procurement Follow-Up	A follow-up of the audit completed in 2019/20 which received an audit opinion of partial assurance.
Buzz Active Follow-Up	A follow-up of the audit completed in 2019/20 which received an audit opinion of partial assurance.
Atrium Follow-Up	A follow-up of the audit completed in 2019/20 which received an audit opinion of partial assurance.

INTERNAL AUDIT PLAN
2020/21

East Sussex
County Council

Review Name	Outline Objective
Libraries Antiquarian Asset Management Follow-Up	A follow-up of the audit completed in 2019/20 which received an audit opinion of partial assurance.

Service Management and Delivery

Review Name	Outline Objective
Action Tracking	Ongoing action tracking and reporting of agreed, high risk

INTERNAL AUDIT PLAN
2020/21

Review Name	Outline Objective
	actions.
Annual Internal Audit Report and Opinion	Creation of Annual Report and Opinion.
Audit and Fraud Management	Overall management of all audit and counter fraud activity, including work allocation, work scheduling and Orbis Audit Manager meetings.
Audit and Fraud Reporting	Production of periodic reports to management and Audit Committee covering results of all audit and anti-fraud activity.
Audit Committee and other Member Support	Ongoing liaison with Members on internal audit matters and attending Audit Committee meetings and associated pre-meetings.
Client Service Liaison	Liaison with clients and departmental management teams throughout the year.
Client Support and Advice	Ad hoc advice, guidance and support on risk, internal control and governance matters provided to clients and services throughout the year.
Orbis IA Developments	Audit and corporate fraud service developments, including quality improvement and ensuring compliance with Public Sector Internal Audit Standards.
Organisational Management Support	Attendance and ongoing support to organisational management meetings, e.g. Financial Management Team (FMT), Statutory Officers Group (SOG).
Strategy and Annual Audit Planning	Development and production of the Internal Audit Strategy and Annual Audit Plan, including consultation with management and Members.
System Development and Administration	Development and administration of Audit and Fraud Management systems.
Contingencies	
Anti-Fraud and Corruption	To cover the investigation of potential fraud and irregularity allegations as well as proactive counter fraud activities, including the National Fraud Initiative (NFI) data matching exercise.
Emerging Risks	A contingency budget to allow work to be undertaken on new risks and issues identified by Orbis IA and/or referred by management during the year.
Contingency	A contingency budget to allow for effective management of the annual programme of work as the year progresses.