



## AUDIT COMMITTEE

FRIDAY, 4 JULY 2025

10.00 AM COUNCIL CHAMBER, COUNTY HALL, LEWES

MEMBERSHIP - Councillor Colin Swansborough (Chair)  
Councillors Gerard Fox (Vice Chair), Sam Adeniji, Matthew Beaver,  
Stephen Holt, Philip Lunn and Georgia Taylor

## A G E N D A

1. Minutes of the previous meeting (*Pages 3 - 6*)
2. Apologies for absence
3. Disclosures of interests  
Disclosures by all members present of personal interests in matters on the agenda, the nature of any interest and whether the member regards the interest as prejudicial under the terms of the Code of Conduct.
4. Urgent items  
Notification of items which the Chair considers to be urgent and proposes to take at the appropriate part of the agenda. Any members who wish to raise urgent items are asked, wherever possible, to notify the Chair before the start of the meeting. In so doing, they must state the special circumstances which they consider justify the matter being considered urgent.
5. Assessment of the Corporate Governance Framework and Annual Governance Statement for 2024/25 (*Pages 7 - 58*)  
Report by the Deputy Chief Executive
6. Internal Audit Annual Report and Opinion 2024/25 (*Pages 59 - 80*)  
Report by the Chief Operating Officer
7. Counter Fraud Annual Report 2024/25 (*Pages 81 - 90*)  
Report by the Chief Operating Officer
8. Audit Committee Oracle Subgroup Update (*Pages 91 - 94*)  
Report by the Chief Operating Officer
9. Strategic Risk Monitoring - Quarter 4 2024/25 (*Pages 95 - 116*)  
Report by the Chief Operating Officer
10. Audit Committee: Annual Report 2024/25 (*Pages 117 - 128*)  
Report by the Chief Finance Officer
11. Work programme (*Pages 129 - 134*)
12. Any other items previously notified under agenda item 4

PHILIP BAKER  
Deputy Chief Executive  
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LEWES BN7 1UE

26 June 2025

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## AUDIT COMMITTEE

MINUTES of a meeting of the Audit Committee held at Council Chamber, County Hall, Lewes on 28 March 2025.

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PRESENT Councillors Colin Swansborough (Chair), Gerard Fox (Vice Chair), Matthew Beaver and Philip Lunn, Wendy Maples and Paul Redstone

LEAD MEMBERS      Councillor Nick Bennett

ALSO PRESENT      Ros Parker, Chief Operating Officer  
Ian Gutsell, Chief Finance Officer  
Russell Banks, Chief Internal Auditor  
Nigel Chilcott, Audit Manager  
  
Andy Conlan, Grant Thornton UK LLP  
Joanne Brown, Grant Thornton UK LLP

### 39.    MINUTES OF THE PREVIOUS MEETING

39.1    The Committee RESOLVED to agree the minutes of the meeting held on 22 November 2024 as a correct record.

### 40.    APOLOGIES FOR ABSENCE

40.1    Apologies for absence were received from Councillors Milligan and Taylor.

40.2    It was noted that Councillor Redstone was in attendance as a substitute for Councillor Milligan and Councillor Maples was in attendance as a substitute for Councillor Taylor.

### 41.    DISCLOSURES OF INTERESTS

41.1    Councillor Redstone declared a personal as the Co-Opted Governor for The Genesis Federation (Beckley and Peasmarsh primary schools). He did not consider this to be prejudicial.

41.2    Councillor Maples declared a personal interest as a Member of Lewes District Council and Lewes Town Council. She did not consider this to be prejudicial.

### 42.    URGENT ITEMS

42.1    There were none.

### 43.    REPORTS

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

#### 44. INTERNAL AUDIT PROGRESS REPORT - QUARTER 3 (01/10/24 - 31/12/24)

44.1 The Committee considered a report by the Chief Operating Officer which set out the internal audit and counter fraud activity completed during quarter 3.

44.2 The Committee discussed the outstanding high-risk action relating to resource planning for the Oracle Implementation Programme and noted that the risk has been mitigated to the fullest extent possible meaning that there is sufficient resource available to go-live.

44.3 The Committee RESOLVED to note the report.

#### 45. 2025/26 INTERNAL AUDIT STRATEGY AND ANNUAL AUDIT PLAN

45.1 The Committee considered a report by the Chief Operating Officer which presented the Council's 2025/26 Internal Audit Strategy and Annual Audit Plan, together with the Internal Audit Charter.

45.2 The Committee discussed partnership working within the Internal Audit team and the resource within the partnership available to deliver audit work in 2025/26 in relation to emerging risks regarding devolution and local government reorganisation.

45.3 The Committee noted that the Chief Internal Auditor continues to meet with heads of audit nationally to discuss best practice and key risks in relation to devolution and local government reorganisation.

45.4 The Committee were given assurance that there is sufficient contingency within the Internal Audit plan to respond to emerging risks while auditing of key financial systems and counter fraud activity will continue in 2025/26 similar to previous years.

45.6 The Committee discussed the Sussex Safer Roads Partnership which is listed in the 'Other Potential Auditable Areas' within the Internal Audit report at Annexe A of the report and highlighted the risk around the effectiveness of the partnership achieving its aims following the departure of Sussex Police from the partnership.

45.7 The Committee RESOLVED to:

1) Review and endorse the Council's 2025/26 Internal Audit Strategy and Annual Audit Plan; and

2) Review and endorse the Internal Audit Charter.

#### 46. AUDIT COMMITTEE ORACLE SUBGROUP UPDATE

46.1 The Committee considered a report by the Chief Operating Officer which provided an update to the Audit Committee of the Oracle Subgroup's most recent activity.

46.2 The Committee discussed the programme's progress to go-live with Phase 2 on 17 April 2025, the increased frequency of the subgroup's oversight as the proposed go-live date approaches and the risks associated with go-live.

46.3 The Committee discussed Oracle in the context of local government reorganisation and its ability to perform as an effective financial system for a larger unitary authority.

46.4 The Committee RESOLVED to note that the Committee's Oracle Subgroup has regularly reviewed the Council's Oracle Implementation programme.

47. EXTERNAL AUDIT PLAN 2024/25

47.1 The Committee considered a report by the Chief Finance Officer which presented the plan proposed by the external auditors (Grant Thornton) in connection with the County Council's 2024/25 accounts together with supplementary information informing the audit risk assessment for East Sussex County Council 2024/25.

47.2 The Committee discussed external audit resource and were reassured by Grant Thornton that there is sufficient resource to complete the audits by the expected timeframes set out in the plan.

47.3 The Committee noted the risks that require audit consideration as they could potentially cause a material error in the financial statements as listed in the report. The plan shows that the main audit will take place between October and December 2024, this is later than previous years, although helpful given the resource requirements of Oracle implementation. The 2024/25 Statement of Accounts will be published for public inspection by 30 June 2025, in line with national reporting guidelines.

47.4 The Committee RESOLVED to:

- 1) Note the content of the External Audit Plan for 2024/25; and
- 2) Note the Informing the Risk Assessment Questionnaire.

48. EXTERNAL AUDIT PLAN FOR THE EAST SUSSEX PENSION FUND 2024/25

48.1 The Committee considered a report by the Chief Finance Officer which presented the plan proposed by the external auditors (Grant Thornton) in connection with the 2024/25 accounts of the East Sussex Pension Fund (ESPF).

48.2 The Committee discussed the ongoing risk regarding valuations of level 2 and level 3 investments and noted that these risks are seen across the sector and the difference between the estimates considered as part of the audit and actual figures is nearly always not material.

48.3 The Committee noted the earlier timeframe for completion of the ESPF audit and that this aligns better with the Pension Committee's annual report.

48.4 The Committee RESOLVED to:

- 1) Note the content of the external audit plan for the East Sussex Pension Fund for 2024/25; and
- 2) Note the Informing the Risk Assessment Questionnaire.

49. EAST SUSSEX COUNTY COUNCIL AND EAST SUSSEX PENSION FUND: IT SYSTEMS AUDIT FINDINGS REPORT

49.1 The Committee considered a report by the Chief Finance Officer which provided information regarding the content of the Grant Thornton IT Audit Findings Report for East Sussex County Council (ESCC) and East Sussex Pension Fund (ESPF).

49.2 The Committee noted the IT team's responses and that Grant Thornton consider the responses appropriate for mitigation of the identified risks.

49.3 The Committee RESOLVED to note the content of the ESCC and ESPF: IT Systems Audit Findings Report.

#### 50. STRATEGIC RISK MONITORING - QUARTER 3 2024/25

50.1 The Committee considered a report by the Chief Operating Officer which presented the current strategic risks faced by the Council, their status and risk controls and responses together with the current Risk Management process.

50.2 The Committee discussed the strategic risks regarding workforce in the context of local government reorganisation and cyberattack in regard to being one of the highest rated strategic risks.

50.3 The Committee RESOLVED to:

- 1) Note the process of strategic risk management; and
- 2) Note the current strategic risks and the risk controls / responses being proposed and implemented by Chief Officers.

#### 51. WORK PROGRAMME

51.1 The Committee considered its current work programme of forthcoming items.

51.2 The Committee noted that a report setting out how the East Sussex Internal Audit Service complies with the new Global Internal Audit Standards based on a completed self-assessment and a proposed updated Internal Audit Charter in compliance with the new standards will be presented to the Audit Committee in 2025.

51.3 The Committee RESOLVED to note the programme and agree that a report as detailed in 51.2 above is included on the Committee's Work Programme.

The meeting ended at 11.25 am.

Chair

<b>Report to:</b>	<b>Audit Committee</b>
<b>Date:</b>	<b>4 July 2025</b>
<b>By:</b>	<b>Deputy Chief Executive</b>
<b>Title of report:</b>	<b>Assessment of the Corporate Governance Framework and Annual Governance Statement for 2024/25</b>
<b>Purpose of report:</b>	<b>To consider the draft report to the Governance Committee on the Annual Assessment of the Corporate Governance Framework and draft Annual Governance Statement.</b>

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## **RECOMMENDATIONS:**

**The Committee is recommended to:**

- 1) Consider the draft report to the Governance Committee and its appendix (set out in Appendix A); and**
  - 2) Confirm whether there are any changes to the draft Annual Governance Statement that the Committee wishes to recommend to the Governance Committee.**
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## **1. Supporting Information**

1.1 Under its terms of reference, it is the role of this Committee: “To review the Council’s assurance statements, including the Annual Governance Statement, ensuring that they properly reflect the risk environment, and any actions required to improve it.”

1.2 The Council publishes its Annual Governance Statement (AGS) in compliance with the requirements of the Accounts and Audit Regulations 2015. It is also reported separately to the Governance Committee as part of the Annual Assessment of the Corporate Governance Framework.

1.3 The draft Governance Committee report is attached as Appendix A, and the draft Annual Governance Statement is included as Appendix 1 to the draft report at Appendix A. Any comments the Committee wishes to make will be reported to the Governance Committee at its meeting on 15 July 2025. In reviewing the AGS report, Audit Committee Members should consider whether it properly reflects the Council’s risk and internal control environment.

## **PHILIP BAKER**

**Deputy Chief Executive**

Contact officers:

Russell Banks, Orbis Chief Internal Auditor, 07842 362739

Summer Kelly, Governance and Democracy Officer, 01273 336654

## **BACKGROUND DOCUMENTS**

Proformas returned by document “owners” setting out whether the various codes, policies and strategies are being complied with.

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<b>Committee:</b>	<b>Governance Committee</b>
<b>Date:</b>	<b>15 July 2025</b>
<b>Title of report:</b>	<b>Assessment of the Corporate Governance Framework for 2024-25</b>
<b>By:</b>	<b>Deputy Chief Executive</b>
<b>Purpose of report:</b>	<b>To (i) provide information on compliance with the Council's code of corporate governance and any changes to it that may be necessary to maintain it and ensure its effectiveness in practice; and (ii) gain approval of the Council's Annual Governance Statement in compliance with the requirements of the Accounts and Audit Regulations 2015.</b>

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## RECOMMENDATIONS

The Governance Committee is recommended to:

- 1) approve the action plan for 2025/26 as set out in Annex E of Appendix 1;
  - 2) note that actions identified to enhance governance arrangements are reflected in Business Plans and that implementation will be monitored throughout the year;
  - 3) confirm that Members are satisfied with the level of assurance provided to them through this report and the Council's governance framework and processes;
  - 4) consider any comments from the Audit Committee;
  - 5) identify any significant governance issues that should be included in the Council's Annual Governance Statement;
  - 6) approve the draft Annual Governance Statement for signature by the Leader and the Chief Executive and publication within the Statement of Accounts; and
  - 7) approve the Local Code of Corporate Governance for 2025/26.
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### 1. Supporting Information

1.1 The corporate governance framework reflects both legislative and regulatory change and is based on revised guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Chief Executives and Senior Managers (SOLACE).

1.2 The Accounts and Audit Regulations 2015 require the Council to ensure that it has in place a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for risk management. The Council is required to conduct an annual review of the effectiveness of its system of internal control and to prepare an Annual Governance Statement (AGS) in accordance with proper practices in relation to internal control to accompany its Statement of Accounts.

1.3 The production of an AGS is the final stage of an ongoing process of review of our governance arrangements including risk management and internal control. In summary the process must involve an organisation reviewing the adequacy of its governance arrangements, developing an action plan for improving those arrangements and communicating the framework to users and stakeholders.

### 2. Assessment of the Corporate Governance Framework for 2024-25

2.1 The main policies and strategies that make up the Council's corporate governance framework are set out in the Local Code of Corporate Governance attached as Annex C to Appendix 1. The Local Code of Corporate Governance was updated to reflect the revised CIPFA/SOLACE Framework that was published during 2016 and was agreed by the Governance Committee in March 2017. The Council's Local Code of Corporate Governance sets out the main principles of good governance for the Council. The Code is based on existing good practice and the core principles of the CIPFA/SOLACE framework.

2.2 The CIPFA/SOLACE framework defines the principles that should underpin the governance of local councils. To achieve good governance the Council should be able to demonstrate that its governance structures comply with the core principles contained in the framework. It has therefore developed and maintained a Local Code of Governance including the core principles set out in the framework.

2.3 The seven principles included in the framework are:

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;
- Ensuring openness and comprehensive stakeholder engagement;
- Defining outcomes in terms of sustainable economic, social and environmental benefits;
- Determining the interventions necessary to optimise the achievement of the intended outcomes;
- Developing the entity's capacity, including the capability of its leadership and the individuals within it;
- Managing risks and performance through robust internal control and strong public financial management; and
- Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

2.4 The Council's corporate governance framework is underpinned by a number of key documents and processes and the Local Code of Corporate Governance reflects the CIPFA/SOLACE Framework with the seven (7) core principles of the Framework being included as the Council's principles of good governance. The main policies and processes that underpin the Council's corporate governance framework have been reviewed against the seven core principles as set out in Annex A of Appendix 1.

2.5 Annually, the Chief Internal Auditor is required to provide an overall opinion on the Council's internal control environment, risk management arrangements and governance framework to support the Annual Governance Statement and this is provided in the Internal Audit Annual Report and Opinion. Based on the internal audit work completed, the Orbis Chief Internal Auditor has provided substantial assurance that the Council had in place an adequate and effective framework of governance, risk management and internal control for the period 1 April 2024 to 31 March 2025.

2.6 A review of the Council's governance arrangements for 2024/25 has been undertaken. Each document or process in the framework has been assessed and named officers have been required to provide an assurance as to whether the document is being complied with, the level of awareness of the document amongst staff and stakeholders, whether it reflects Council policy and best practice, and arrangements for reviewing it. Where further improvements are identified these are set out within Annex E to Appendix 1 and form part of departmental business plans for the year ahead.

2.7 In addition, all Chief Officers have signed their own Directorate Assurance Statement confirming that proper governance arrangements, effective risk management and a sound system of internal control are in place within their department. They are also asked to identify any exceptions and any actions being taken to address them. These actions will also be monitored through the relevant business plans. The Chief Finance Officer has signed an Assurance Statement regarding the Council's governance arrangements.

2.8 The overall corporate governance assessment and review of effectiveness has also been informed by the sources of assurance set out in Annex A to Appendix 1. As part of the assurance gathering process, the CIPFA/SOLACE guidance on corporate governance was taken into account and is reflected in the Local Code.

2.9 The 'Best value standards and intervention: a statutory guide for best value authorities' has been considered as part of producing the Annual Governance Statement. The guidance notes that Annual Governance Statements should include lessons learned and steps taken to address mistakes and poor performance; how recommendations on improvement from external parties are being implemented; and how specific references to work on ongoing continuous improvement across all of the best value themes, which should be delivered at pace. Decisions taken on interventions are

based on the priorities agreed in the Council Plan and are regularly reviewed through the quarterly Council Monitoring report. Improvements being implemented based on recommendations from external parties are set out within the AGS where the relevant inspection is referenced, such as the Ofsted Inspection and the LGA Peer Review. The targets set out at Annex E as part of the Directors Assurance Statements demonstrate the ongoing continuous improvement across all the best value themes and that they will be delivered at pace.

### 3. Annual Governance Statement

3.1 A draft AGS from the Leader of the Council and the Chief Executive is attached at Appendix 1. It includes the mandatory disclosure of any significant governance issues identified through the Council's governance and internal control arrangements.

3.2 Sound corporate governance is crucial if the Council is to continue to provide leadership, direction and control. It is important that Members are aware of the documents and activities that work together to provide assurances about the Council's governance measures in place. The AGS provides an opportunity for the Council to assess and report transparently to the public how it ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

3.3 The Governance Committee is therefore recommended to:

- approve the action plan for 2025/26 as set out in Annex E of Appendix 1;
- note that actions identified to enhance governance arrangements are reflected in Business Plans and that implementation will be monitored throughout the year;
- confirm that Members are satisfied with the level of assurance provided to them through this report and the Council's governance framework and processes;
- consider any comments from the Audit Committee;
- identify any significant governance issues that should be included in the Council's Annual Governance Statement;
- approve the draft Annual Governance Statement for signature by the Leader and the Chief Executive and publication within the Statement of Accounts; and
- approve the Local Code of Corporate Governance for 2025/26.

**PHILIP BAKER**  
**Deputy Chief Executive**

Contact officers:

Russell Banks, Orbis Chief Internal Auditor, 07842 362739

Summer Kelly, Governance and Democracy Officer, 01273 336654

**BACKGROUND DOCUMENTS:** Proformas returned by document "owners" setting out whether the various codes, policies and strategies are being complied with.

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### Executive Summary

The Annual Governance Statement (AGS) explains the processes and systems which give assurance for the effectiveness of the County Council's discharge of its responsibilities. It covers the period 1 April 2024 to 31 March 2025.

A summary of assurance is given for each of the seven principles on which the Statement is based.

### The Purpose of the Governance Assurance Framework

1. East Sussex County Council (the 'Council') is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised.
2. In discharging this overall responsibility, County Councillors ('Members') and senior officers are responsible for putting in place proper arrangements for the governance of the Council's affairs, the effective exercise of its functions, the management of risk and the stewardship of the resources at its disposal. To this end, the Council has approved and adopted a Local Code of Corporate Governance (the 'Local Code'), which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA)/ Society of Local Authority Chief Executives and Senior Managers (SOLACE) Framework Delivering Good Governance in Local Government. A copy of the Local Code is on our website and is set out in Annex C. This Statement also sets out how the Council has complied with its Local Code and also meets the requirements of the Accounts and Audit (England) Regulations 2015, regulation 4(3), which requires all relevant bodies to prepare an annual governance statement.
3. Good governance is about how the Council ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. Our governance framework comprises the systems, processes, culture and values by which the Council is directed and controlled. Through effective governance the Council is accountable to, engages with and, where appropriate, leads the community.
4. The Local Code can provide only reasonable and not absolute assurance that the Council achieves its aim of good governance. Equally, the Council's system of internal control is designed to identify and prioritise the risks to the achievement of our policies, aims and objectives, to evaluate the likelihood and impact of those risks being realised and to manage those risks efficiently, effectively and economically. It cannot eliminate all risk of failure; it can therefore only provide reasonable and not absolute assurance that our policies, aims and objectives are achieved.
5. The Local Code and the system of internal control have been in place at the Council for the year ended 31 March 2025 and up to the date of the approval of the statement of accounts.
6. The 'Best value standards and intervention: a statutory guide for best value authorities' has been considered as part of producing the Annual Governance Statement. The Council's arrangements for monitoring performance ensures that recommendations for improvements are implemented. The targets set out at Annex E demonstrate the ongoing continuous improvement across all of the best value themes, which will be delivered at pace.

7. The East Sussex County Council Framework for the Annual Governance Statement is set out at Annex D.

#### **Review of effectiveness**

8. The Council reviews the effectiveness of its governance arrangements, including its system of internal control, on an ongoing basis. This review of effectiveness is informed by:
- the work of Members through the Cabinet, Committees (including Governance Committee, Standards Committee, Audit Committee, Scrutiny Committees) generally and the full Council;
  - the work of Chief Officers and managers within the Council, who have primary responsibility for the development and maintenance of the internal control environment;
  - the work of the Chief Executive, Monitoring Officer, Chief Finance Officer and the Statutory Officers Group (SOG);
  - the risk management arrangements, including the maintenance and regular review of strategic risks by Chief Officers and departmental risks by management teams;
  - the work of the internal audit service including their quarterly progress reports, ongoing action tracking arrangements and overall annual report and opinion;
  - the external auditors in their audit annual letter and annual governance report; the judgements of a range of external inspection and other statutory bodies including the Local Government and Social Care Ombudsman, the Care Quality Commission and the Office for Standards in Education.

#### **Key elements of the governance and internal control environments**

9. The key elements that comprise the Council's governance arrangements are set out in the Local Code and they include:
- a Council Plan that sets out our vision for the community and the outcomes we intend to achieve;
  - an established medium term planning process including the process for reconciling policy priorities with financial resources, which takes account of performance and the need to improve both customer focus and efficiency;
  - a business planning and performance management framework which includes setting clear objectives and targets, both financial and otherwise;
  - regular reporting of performance against the Council's key objectives, as set out in the Council Plan, to officers and Members;
  - established budgeting systems, clear budget management guidance and regular reporting of financial performance against budget forecasts to officers and Members;
  - financial management structures which promote ownership of financial issues within service departments;
  - compliance with CIPFA's Statement on the Role of the Chief Finance Officer;
  - the Council's constitution which sets out clear arrangements for decision-making, scrutiny, communication and the delegation of powers to officers and Members;
  - codes of conduct for Members and employees which set out clear expectations for standards of behaviour;
  - a clear framework for financial governance based on Procurement and Contract Standing Orders, Financial Regulations and Standard Financial Procedures;
  - a risk management framework, which takes account of both strategic and operational risks and ensures that they are appropriately managed and controlled;
  - Member committees with clear responsibilities for governance, audit and standards;

- established arrangements for dealing with complaints and whistleblowing, and combating fraud and corruption;
- schemes for identifying the development needs of Members and officers, supported by appropriate training;
- strategies for communication and consultation with the people of East Sussex and our key stakeholders;
- clear guidance that promotes good governance in our partnership working;
- a range of policies and processes designed to ensure best practice and legal compliance for personnel matters, ICT security, access to information, data protection and project management.

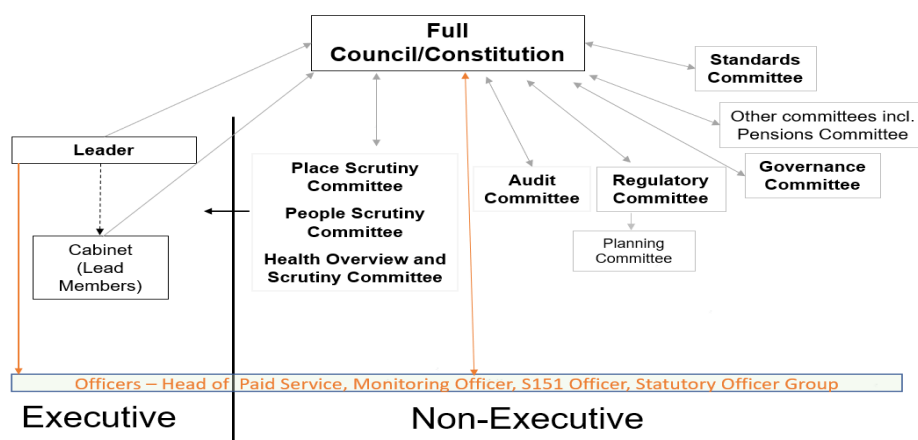
### **The Governance Assurance Framework Principles**

10. There are seven principles and sub-principles of Corporate Governance adopted by the Council, as set out below. Assurance for how they are met is provided in the text below each principle in this Statement. Whilst descriptions of how the principles are met are included in each section, this Statement should be viewed in its entirety as there is overlap between the principles and how they are met. Further work to be done is highlighted and set out at Annex E.

<b>Principle</b>	<b>Description of Principle</b>
A	Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.
B	Ensuring openness and comprehensive stakeholder engagement.
C	Defining outcomes in terms of sustainable economic, social and environmental benefits.
D	Determining the interventions necessary to optimize the achievement of the intended outcomes.
E	Developing the entity's capacity including the capability of its leadership and the individuals within it.
F	Managing risks and performance through robust internal control and strong public financial management.
G	Implementing good practices in transparency, reporting and audit to deliver effective accountability.

### **The County Council's Governance Framework**

11. The governance framework covers the allocation of functions, the rules for how they are carried out and the mechanisms for tracking that this happens correctly. The relationship of responsibilities is shown here:



### Section A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

#### Assured

The Council has high standards for sound governance as set out in law and government guidance. It promotes a culture of compliance.

The Council's codes of conduct set out expectations and requirements for behaving with integrity for both Members and officers. Action was taken to promote these and provide assurance that they continue to be implemented fully and correctly.

12. The Governance Committee oversees the democratic arrangements of the Council and reviews and advises Full Council on the Constitution. The Responsibility for Functions (including the Scheme of Delegation) and Standing Orders require Members and officers to ensure that all decisions are compliant with internal policies and procedures, as well as with the law. These help ensure transparent decision-making, giving authority and certainty to the allocation of responsibilities as set out in the Constitution.
13. Part 5 of the Constitution contains the Code of Conduct for Members. A parallel Code of Conduct for officers sits in the suite of employee policies. The Council has also adopted policies relating to responsibilities for ethical behaviour including equality and sustainability, such as the Equality of Opportunity and Diversity Policy Statement. Decision-making is supported by advice from officers and internal guidance that should ensure compliance with these policies.
14. The statutory roles of the Chief Finance Officer (s.151 officer) and the Monitoring Officer are set out in the Constitution and in the scheme of delegation. They provide oversight of propriety and lawfulness. They have a direct reporting line to the Chief Executive and are involved in all major decision-making as part of the Corporate Management Team, as well as being signatories to all key and other significant decisions.



15. The codes of conduct define the standards of behaviour for Members and officers. All Members undertake training on the Member Code of Conduct. Member conduct is monitored by the Standards Committee, which has a remit to deal with complaints of breaches of the Member Code of Conduct. All Members complete the register of interests and receive quarterly reminders on the subject of personal interest declarations, and it is a standing item on all formal meeting agendas for both officers and Members. In relation to the appointment of Members to outside bodies, the Council will avoid structural conflict of interests where possible.
16. In light of proposals for devolution and local government reorganisation announced by the Government, in March 2025 the Monitoring Officer granted (pursuant to power set out in the Council's Scheme of Delegations and the Code of Conduct for Members) dispensations to enable County Councillors to participate fully, speak and vote on any business of the Council relating to these matters, notwithstanding the existence of a relevant Disclosable Pecuniary Interest and/or other prejudicial interest.
17. The Council has a whistleblowing policy to offer a route for challenges to processes or actions within the Council where complainants need confidentiality. The use and effectiveness of the policy is overseen by the SOG made up of the Chief Executive, Monitoring Officer, Chief Finance Officer, Chief Internal Auditor, Assistant Director for HR, and the Chief Operating Officer.
18. A system for recording officer interests, including gifts and hospitality, is in place and kept under review. All employees are required to complete a declaration of interests (DOI) on an annual basis, or more frequently where their circumstances change, whether there is a potential conflict present or not. A project was undertaken to redevelop the DOI system on a new SharePoint platform to allow for current functionality to remain, whilst providing a new look and feel to aid usability. Independent audit advice was provided through working groups in respect of the new system and limited testing to assess the extent to which the system operated effectively was conducted. The Internal Audit team found that the new system worked as expected and that there were no significant control issues. The system was subsequently implemented in October 2024.
19. The Council's Procurement and Contract Standing Orders (PCSOs) and the Financial Regulations and Procedures provide rules for lawful and sound processes for contract and spending decisions. These are managed by the Chief Operating Officer, Monitoring Officer, and Chief Finance Officer in consultation with the Governance Committee. These Standing Orders help ensure transparency and a Governance framework in relation to how decisions are made.
20. From 24 February 2025 the Procurement Act 2023 replaced the Public Contracts Regulations 2015, with a transition period for the management, extension or modification of any contracts that were awarded under the previous legislation.
21. Key changes within the Procurement Act 2023 include greater focus on small and medium enterprises and the voluntary, community and social enterprise sector; increased importance placed on contract management; embedding transparency throughout the contract lifecycle; changes in procurement procedures; a requirement to publish a procurement pipeline of opportunities over £2M with a minimum of 18 months forward look; and a requirement for public bodies to have regard for the National Procurement Policy Statement. To ensure that the Council's PCSOs remain up to date and fit for purpose Full Council agreed revised PCSOs on 20 March 2025.
22. The Officer Scheme of Delegation is held under regular review by the Chief Executive and the Monitoring Officer, with any new delegations needing the agreement of the Leader of the Council (for executive functions) or the Governance Committee (for non-executive functions).

## Section B: Ensuring openness and comprehensive stakeholder engagement

### Assured

The Council exists to serve its residents and is dependent on a wide range of stakeholders for working effectively in partnership.

Consultation and engagement mechanisms are in place and are used effectively.

The Council has clear decision-making processes and rules and procedures to enforce them which emphasise openness and transparency.

### Decision-making and Scrutiny

23. The Council is the principal decision-making body and forum for political debate. All Council meetings take place in public and are webcast. The Council sets the strategic aims that form the Policy Framework and determines the Council's budget following a well-developed process of Member engagement and scrutiny.
24. The Executive (Cabinet) takes decisions on most matters of Council policy and service delivery. The non-executive responsibilities of the Council are discharged through its non-executive committees as described in the Constitution. The Council appoints Members to Scrutiny Committees, by which Cabinet is held to account through Member overview and scrutiny. Scrutiny Committees are politically proportionate. Chairs and Vice-Chairs are appointed by Full Council. Influential scrutiny is achieved by ensuring the Scrutiny Committee's involvement in the Reconciling Policy, Performance and Resources (RPPR) process and having significant decisions or proposals previewed. Proposals may also be called in for scrutiny after a decision has been proposed in final form. The Council has determined that all Scrutiny Committee meetings take place in public and be webcast. An overview and summary of the work of the Scrutiny Committees is reported to the Governance Committee on a 6 monthly basis.
25. The Forward Plan describes all significant (key) decisions planned to be taken in the following four months and is published and updated at least monthly. The Forward Plan is used by Scrutiny Committees to help plan business. As decisions become more significant in terms of service changes and savings proposals there is a greater need to ensure early awareness by, and engagement with, all Members.
26. Decision-making operates with a presumption of openness. Cabinet, Lead Member and committee meetings are held in public. Members of the public can subscribe to email updates on Council committee meetings in which they have expressed an interest. Agendas and reports for Cabinet and committee meetings, unless considered exempt from publication, are published at least five clear working days in advance - exceptions are explained in public documents.
27. Decisions and agendas are held on the Council's website. The content management system, Modern.Gov, is the principal method of publishing the Forward Plan, decisions, agendas, and minutes. Members and staff have portable devices which can easily access Modern.gov information. The Constitution also prescribes the rules and constraints around urgent decisions (including those not notified in the Forward Plan). Key decisions taken under special urgency provisions (as set out in the Constitution) are reported to the Council. The report to the Council includes a summary of the decisions taken under these provisions.
28. To retain the benefits identified through remote meetings, the Council has agreed the following measures, which are permitted under existing legislation:

**Full Council** - All Council Members must attend in person.

**Cabinet** - all Members of the Cabinet must attend in person. Officers and other Members (including opposition spokespersons and local Members), as well as petitioners are permitted (with the agreement of the Chair) to attend and speak remotely.

**Planning Committee** - All Members of the Committee must attend in person. Officers and members of the public or local Members making representations are permitted to attend remotely.

At the Council's **Panels and Committees** (including Governance Committee, Pension Committee, Scrutiny Committees, Audit Committee and Health and Wellbeing Board) - Committee and Panel Members must be present in person (unless legally permitted to attend remotely). Other participants, including officers and advisors, may attend remotely.

**Pension Board** - may be wholly remote or a hybrid meeting with some Members present physically and others remotely at the Chair's discretion.

29. Lead Member decisions are not subject to the same legislation that applies to the majority of Council and committee meetings (i.e., that requires the Members of those committees to meet in person). The Council agreed that Lead Member decisions can continue to be made remotely on an ongoing basis, subject to the discretion of the Lead Member to hold a physical meeting if preferred. Other Members, with the agreement of the Lead Member, are able to attend and speak virtually at Lead Member meetings, whether the meeting itself is a remote or a physical meeting. All Lead Member meetings held remotely are webcast to facilitate public access and provision is made at County Hall for those members of the public who may not have access to the webcast to be able to watch it.
30. In October 2024, the Ministry of Housing Communities and Local Government launched a consultation on introducing powers for local authority members to apply for a dispensation to attend formal meetings remotely. The consultation also sought views on potential implementation of proxy voting provisions; this would allow councillors to designate another member of the Council to vote on their behalf when they are unable to attend a meeting either in person or remotely.
31. On 13 November 2024, the Governance Committee agreed to submit a response to the Government's consultation on remote meetings and proxy voting. The Committee supported the proposed introduction of remote meetings but did not support proxy voting. The consultation ended on 19 December and government are in the process of analysing feedback.
32. Communication to the public is via the Council's website, in public meetings, and through social media. The Council's corporate website meets legal requirements to ensure content is accessible to as many people as possible.

### **Stakeholders and Partnership**

33. The Council works with a range of stakeholders. This includes a range of public bodies, local authorities, the NHS, and Sussex Police. Other tiers of local government are important partners in many areas of service delivery, strategic planning, and community development. There are both formal and informal forums in place for regular liaison with elected Members and senior officers in the district and borough councils. Following the Council's successful application onto the Devolution Priority Programme, the Council is working closely with Brighton and Hove City Council, West Sussex County Council and the

local District and Borough Councils on the Government's proposals relating to Local Government Reorganisation and Devolution.

34. There are also regular meetings of all the leaders of the Councils (East Sussex Joint Leaders Meetings), to discuss issues of common interest and regular meetings of all chief executives, including the Chief Fire Officer, Chief Superintendent and the Chief Executive of East Sussex College Group (East Sussex Chief Executives Group). The Leader and Chief Executive of the Council are members of the East Sussex Strategic Partnership, which brings together public services, local businesses, community groups, and Voluntary, Community and Social Enterprise (VCSE) sector organisations to work together in a co-ordinated way to plan local services, tackle issues that matter to residents, and improve quality of life in East Sussex.
35. Regular meetings with other partners are held at various levels between officers to oversee operational, commissioning and service planning. For several years the Council has operated a joint service commissioning and pooled budget agreement with the NHS to cover a range of social care and NHS services, principally through the Better Care Fund.
36. The Sussex Integrated Care System (ICS) is made up of two statutory bodies; the Sussex Health and Care Assembly (the Integrated Care Partnership) and the NHS Sussex Integrated care Board (ICB). The Sussex Assembly is a joint committee formed by the NHS Sussex ICB with East Sussex County Council (ESCC), West Sussex County Council (WSCC), and Brighton & Hove City Council (BHCC). The Leader of the Council is a member of the Sussex Assembly (the ICP) in his role as Chair of the East Sussex Health and Wellbeing Board (HWB), the principal forum for health and social care liaison and partnership in East Sussex. In September 2024, a new Independent Assembly Chair was formally appointed and is hosted by ESCC. The Chair has worked closely with the NHS Sussex ICB Chair and all three Local Authority members to plan meetings and agendas in advance of meetings. NHS Sussex has continued to publish the agendas, papers and meeting recordings on the Sussex Health and Care website. By agreement of the Chief Executives of each of the Councils, the three upper tier Councils in Sussex (namely East Sussex County Council, West Sussex County Council and Brighton and Hove City Council) are represented on the NHS Sussex Integrated Care Board (the ICB) by the ESCC Director of Adult Social Care and Health, the WSCC Director of Children's Services and the BHCC Director of Public Health. Each Officer provides a collective view from their professional peers drawn from across all three councils, and this alternates on a timely basis.
37. The 5-year Sussex Integrated Care Strategy 'Improving Lives Together' was approved by the Sussex Assembly in December 2022 which sets out our shared ambition for a healthier future for everyone in Sussex over the next five years. In line with the NHS England Joint Forward Plan guidance, the supporting 5-year Sussex Shared Delivery Plan (SDP) was developed and agreed by all system partners in July 2023, and covers areas for immediate, continuous and long-term improvement, as well as shared priorities specific to each of the three statutory Health and Wellbeing Boards and their populations in Sussex. Joint work takes place with the NHS on a pan-Sussex and Place (East Sussex) level which contributes to a range of service improvement objectives for the benefit of the East Sussex population. The SDP was refreshed for year 2 (24/25) and this was endorsed by the East Sussex HWB in July 2024.
38. Both the Strategy and the SDP build on our understanding of population health needs in East Sussex, and the refreshed East Sussex Health and Wellbeing Strategy 'Healthy Lives, Healthy People (2022 - 2027)'. Delivery plans reflect the HWB priorities for our population covering children and young people, mental health, community (and integrated community teams) and improving health outcomes, housing health and care and improving hospital discharge. A core principle for this joint work is that the three 'Places' (East Sussex, West Sussex and Brighton and Hove) are primary building blocks in Sussex ICS and are key to strategic leadership, commissioning, and delivery in order to achieve the best outcomes for our population. This is supported by the East Sussex Health and Care Partnership which brings

together local NHS partners with the County Council, and representation from Borough and District Councils, the VCSE Alliance and Healthwatch. The Partnership is accountable to the HWB and is the forum for local strategic management of integration and delivery of the SDP. It also has a key role in overseeing system pressures, specific transformation programmes and the Better Care Fund (BCF) plans on behalf of the HWB.

39. To support this, the Council's HWB have agreed a programme of informal development sessions aimed at strengthening the HWB's role leading and stewarding our system working at Place through exploring a theme from our East Sussex Joint Strategic Needs Assessment. Running until February 2026, each session is designed to improve the consistency of shared knowledge and understanding about our population; generate innovation and ideas; and inform our in-year plans and co-creation of the future HWB Strategy refresh. The outputs from each session are reported and agreed at the subsequent formal HWB meeting held in public.
40. The Council has set out its commitment to working in partnership with residents, businesses, communities, the VCSE sector, and local authority partners through a number of initiatives. It has a set of partnership principles with the VCSE sector for the commitment to more effective ways of working together, building stronger alliances, and empowering joint action.
41. Local Enterprise Partnerships (LEPs) were introduced across England in 2011 as partnerships between councils, businesses and other stakeholders, focussed on driving productivity and job creation. East Sussex formed part of the South East Local Enterprise Partnership (SELEP), which also included Essex, Kent, Medway, Southend and Thurrock.
42. Following the Government's decision to discontinue funding LEPs from April 2024, SELEP took the decision to close operations, with LEP functions and responsibilities transitioning to Upper Tier Local Authorities (UTLAs).
43. Cabinet agreed the SELEP Transition Plan in March 2024 and approved that the Council enter into a Transition Agreement with Essex County Council (as the accountable body for SELEP) and the other SELEP upper tier local authorities to formally transfer arrangements. This Agreement was completed in May 2025.

#### **Devolution and Local Government Reorganisation**

44. The Government's English Devolution White Paper was published on 16 December 2024 and represents a wide ranging and ambitious reform and reorganisation of local government structure in all two tier areas and public services more widely. It also strengthens the previous Government's direction of travel to Mayoral Combined Authority based local devolution. In February 2025, following a combined submission from the Council, West Sussex County Council and Brighton and Hove City Council on 9 January 2025, the Government announced that Sussex would be one of six areas included in the Devolution Priority Programme (DPP), working towards establishing a Mayoral County Combined Authority on an accelerated timescale ahead of a mayoral election in May 2026. It was also confirmed that the Council's elections due to take place in May 2025 would be postponed for one year.
45. During 2025/26 the County Council will establish arrangements with Brighton and Hove City Council and West Sussex County Council to oversee and make decisions in relation to the establishment of the County Combined Authority ahead of the mayoral election.
46. In February the Minister of State for Local Government invited all two tier local authority areas to prepare plans to establish a single tier of local government in East Sussex, with an interim plan setting out progress to be submitted in March 2025 and final proposals in September 2025. The Government's invitation set out guidance to which the Council must

have regard. The Council is working with its District and Borough Council partners to develop a proposal for a single unitary authority of the footprint of the current County Council.

47. This work will include communications and public engagement, finance and governance, and identifying service transformation opportunities. Following submission to Government in September the Government will consult on the proposals with a final decision expected in early 2026. Following the Government's decision, a programme of work will be established to manage the transition to any new structure, with shadow unitary elections expected in May 2027 and any new unitary authority being vested in April 2028.
48. Active Member engagement, insight and oversight, including through robust scrutiny arrangements, is critical to both the above programmes of work. In March 2025, Full Council agreed to extend the terms of reference of Place Scrutiny Committee to incorporate devolution and Local Government Reorganisation, given the weighting of potential implications towards services within the remit of Place. Place Scrutiny Committee, as the lead Scrutiny Committee, has established a joint Member Reference Group including members of both Place and People Scrutiny Committees, recognising the potential impacts on services across the Council and the need to draw on expertise from both committees. This Reference Group will meet regularly to provide oversight and scrutiny of ongoing work. The Audit Committee will have ongoing oversight, particularly in relation to risks arising from the reforms.

#### **Consultation and engagement in East Sussex**

49. The Council is committed to working with residents, businesses, communities, service users, and partners to help prioritise what it does, to give them a say over the approach and to have the chance to get involved in delivery and change. This requires sound arrangements for engagement and consultation.
50. The Council uses a variety of ways to inform and engage residents and other stakeholders - publications (printed and digital), press releases and social media to keep people informed of plans or decisions, and engagement via questionnaires, public events, workshops, focus groups, satisfaction surveys and feedback forms. The Council has developed a communications strategy to 2026 setting out how ESCC's communications are designed to support the council's priority outcomes and keep residents well informed of services, information and activities that may be useful to them.
51. Consultation and Engagement Quality Assurance is managed within departments. Services must develop projects which are robust and produce reliable valid data upon which decisions can be made.

#### **Formal consultation**

52. Formal consultation will generally only be undertaken where there is a statutory duty or legitimate expectation, and where there is a service or policy need to do so. Consultations are carried out in accordance with current national Consultation Principles guidance and, where applicable, the Council's 'Statement of Community Involvement'. Individual services are required to maintain open channels of communication with relevant stakeholder groups and representative bodies where relevant to service planning.
53. All formal public consultations and engagement projects are made accessible online using the '[Citizen Space](#)' consultation hub software. This year a range of work has been completed to improve the accessibility and ease of use of the Hub. Other formats are available on request. They are also published on the Council's News and Press Release webpages. The

Council ensures compliance with the public sector equality duty when processing and securing formal key decisions, including through the Council's RPPR process. The Council has taken steps to improve robustness, consistency and appropriateness of use of Equality Impact Assessments (EqIAs), and the template documentation for key decisions now includes a prompt for officers to consider and report on Equality implications, including referring to EqIAs where these are needed. Further attention is required to ensure consistent compliance across all types of decisions.

54. The information gathered is analysed and considered as part of the decision-making process. Analysis reports and decisions are made available on the 'Committee' section of the Council's website, and the 'Citizen Space' engagement hub webpages include links to this as a means of ensuring clarity and increasing public trust in decision-making processes.
55. All elected Members, as part of their induction, were offered Equality, Diversity, and Inclusion in Leadership training to enable them to recognise the considerations that underpin fair decision-making in the Council and to ensure they can fulfil their legal obligations under the Equality Act 2010. The recording of this session is available on the Council's intranet page for Members to view at any point.
56. The Council's Corporate Equality Board continues to champion and support the integration of equality, diversity and inclusion (EDI) in day-to-day business throughout the Council's services. Through its work, the Board helps the Council secure its vision of creating services that understand and effectively respond to our local communities and to meet its legal duties.
57. Through the Board, the Council develops and agrees an annual Equality, Diversity & Inclusion Action Plan. It defines priority cross-council functions for each year and the plan for 2025-26 was agreed in May. Key successes from the 2024-25 Plan include:
  - The council's Equality Impact Assessment process has been reviewed and updated. It also now aligns with the findings of the ASC Scrutiny Review into the experiences of people who are 'seldom heard' and includes people with care experience as an additional category to consider.
  - The EDI learning offer, e-learning titles and training courses have been reviewed and refreshed. The offer continues to be updated in response to need and legislation changes. New approaches to measuring longer term impact are being assessed and trialled.
  - Improvements have been made to the Council's Consultation Hub, providing templates and guidance for staff and users of the Hub; improving accessibility of content, format and technology; improving survey clarity; and highlighting the need for plain English and accessibility options.
  - There is ongoing work to implement and evaluate changes to the Council's workplace adjustments process. Coaching workshops are being delivered to support managers. Project evaluations so far indicate high engagement and improvements in the IT adjustments process.
58. The Council continues to implement its equality objectives as part of our public sector equality duty compliance.
59. The Council has a Petitions Scheme describing how petitions from residents are dealt with by the Council. These enable a petitioner to speak with a Cabinet Member or at a committee, or to the Council if prescribed thresholds for signatures are reached. A response is made to each petition, explaining what the Council will or will not do in response.

## SECTION C: Defining outcomes in terms of sustainable economic, social, and environmental benefits

### Assured

The Council has established arrangements to define outcomes and monitor performance against agreed measures. These cover the strategic aims for supporting the economy, complement the social value policy of the Council and are built against a theme to address sustainability to support the Council's climate change commitments.

In setting policies and strategies, the Council takes a long-term view of outcomes, taking into account sustainable economic, social, and environmental aims and has effective, comprehensive performance monitoring in place.

The corporate document 'the Council Plan' was adopted by the Council in February 2025. The Plan covers the period 2025-28 and performance has and will continue to be monitored in a structured, timely and transparent way by the leadership team, by Cabinet Members and through Scrutiny Committees.

60. The Council Plan 2025-2026 outlines the priorities for the Council over the next three years and how they are to be assessed in terms of delivery and measures to monitor performance. It was agreed by Full Council in February 2025 and is subject to quarterly performance monitoring by Cabinet and Full Council. The Council Plan was developed by the Cabinet and Corporate Management Team with the engagement of elected Members, Scrutiny Committees, and officers at all levels. Measures and targets were developed and approved as part of the agreed plan and are published online as well as being reported and scrutinised in public.
61. Active monitoring of performance is undertaken through regular reviews of business plans and with all staff through individual staff performance conversations. These arrangements link to performance and regular reviews of business plans. The Cabinet reviews the Quarterly Monitoring Report on a quarterly basis, and this is reported to Full Council. The Council remains committed to the sustainable economic growth of East Sussex. Over the last year we have been developing a new strategy to guide the investment we and our partners make to achieve the growth and prosperity we aspire to. The strategy has been subject to wide ranging consultation, to ensure it reflects the needs of residents, businesses and stakeholders.
62. The new growth strategy for East Sussex - known as 'Prosperity East Sussex' - was adopted by the County Council and Team East Sussex in 2024. Work has now commenced on the development of an accompanying Investment Plan, which will set out what projects and programmes will be delivered during the lifetime of the Strategy. The Investment Plan will be developed with key partners, with a particular emphasis on those that have the remit and resource to deliver against the Strategy's objectives. Whilst the County Council is currently unable to allocate any significant funding towards the Investment Plan, we will continue to identify appropriate external sources with the express aim of securing funding to deliver Prosperity East Sussex.
63. Following the Council's Notice of Motion on climate change, agreed in September 2019, a Climate Emergency Plan was formulated with the aim for the organisation to achieve carbon neutrality from its activities as soon as possible and in any event by 2050. A revised Climate Emergency Action Plan for 2025/26 has been adopted, following Member scrutiny, and is embedded in the Council Plan and relevant portfolio plans.



64. An internal cross-departmental Officer Climate Emergency Board is in place to lead and oversee the delivery of our Climate Emergency Action Plan. Progress is reported regularly, as part of reporting on progress in delivering the Council and portfolio plans.
65. Following an internal audit review of the Council's arrangements in relation to climate change in 2022/23 which received an audit opinion of partial assurance, a follow-up audit was completed 2023-24. This resulted in an improved opinion of reasonable assurance.
66. Climate change is embedded in the Council Plan for 2024/25, in the Council's twenty-year corporate capital strategy as a basic need, and in the corporate strategic risk register. Quarterly reporting to Cabinet and monthly management reporting (internal) will highlight progress on key climate change indicators.
67. The Council's Social Value Policy (adopted in September 2022) seeks to embed Social Value into the Council's culture through Good Commissioning, Good Procurement and Good Contract Management. The Council's Social Value Review Group, which consists of a group of subject matter experts, enables the Council to deliver real, meaningful value to local communities and residents.
68. The Council adopted an Environmentally Sustainable Procurement Policy in 2022, in conjunction with Surrey County Council and Brighton & Hove City Council. This sets out a clear commitment to ensuring our operations are environmentally sustainable and resilient to future change through our procurement and supply chain activities and has been embedded in a number of contracts since it was adopted. The policy has been kept up to date since its adoption to improve the use of the waste hierarchy, promoting avoidance and reduction, inclusion of Carbon Reduction Plans and aligning it with the National Procurement Policy Statement. This is now further reinforced via our updated Supplier Code of Conduct.
69. In response to changes in the legislative landscape and new National Procurement Policy Statement, Procurement will be working to ensure the obligations on the Council in respect of social value are adhered to. The updated PCSOs adopted by the County Council in March 2025 include specific references to social value.

#### **SECTION D: Determining the interventions necessary to optimise the achievement of the intended outcomes**

##### **Assured**

The Council takes decisions on interventions based on the priorities agreed in the Council Plan. In areas identified for improvement, systems for governance, oversight, and scrutiny of interventions will continue to be given particular focus.

70. The demand for children's social care and complexity of cases has continued to increase nationally and locally and the cost of all placements but specifically residential and specialist placements has risen significantly. In line with many other councils, there are some instances when no placements are available and ESCC has had to use unregistered placements until a registered placement can be found. The number of instances has reduced in 2024/25. In all cases comprehensive risk assessments are undertaken, which have senior management oversight. Increased visiting by the allocated social worker is undertaken. Due diligence checks are undertaken on all agencies commissioned to provide care and support. In addition, unregistered placements are scrutinised by the Head of Service for Looked After Children, and Assistant Director on a monthly basis and overseen at monthly DMT, and monthly updates are provided to the DCS, Chief Executive and Ofsted.

71. In June 2024, the HM Inspectorate of Probation (HMIP) undertook an inspection of our youth justice services (YJS). The overall rating for East Sussex YJS is 'Good'. The quality of resettlement policy and provision is rated separately and was rated as 'Requires improvement'. Five of the thirteen areas are 'Outstanding' and four are 'Good'. During the inspection week the inspectors reviewed 37 cases. They met with staff, partners, children and young people and parents and carers. The report included three areas that require improvement and one that is inadequate. The report made four recommendations, three for the YJS and one for Sussex Police. An improvement plan to address the recommendations was shared with HMIP in October 2024, with progress against the plan being reviewed regularly via the Chief Officers Group. In November 2024 Cabinet welcomed the findings of the inspection and approved the action plan.
72. Ofsted and the Care Quality Commission (CQC) undertook an Area SEND (ASEND) inspection of the East Sussex Local Partnership (ESCC and NHS Sussex Integrated Care Board) in November 2024. There are three possible outcomes for an ASEND inspection, for which East Sussex has been given the middle outcome: *'The local area partnership's arrangements lead to inconsistent experiences and outcomes for children and young people with special educational needs and/or disabilities (SEND). The local area partnership must work jointly to make improvements.'* The next full inspection will be within approximately 3 years.
73. The report noted that children and young people with SEND in East Sussex have variable experiences and recognised our own self-assessment and the journey to improve the outcomes for children and young people with SEND in a more consistent way. The East Sussex SEND Strategy seeks to address the areas for improvement, building on the improvement work to date and in line with the Ofsted and CQC requirements. The Strategy will also be extended for an additional year, to the end of the 2025/26 academic year. This will provide additional time to deliver improvement and to understand the policy direction of the new government on SEND. Work across the local area partnership will begin in 2026 on our next SEND strategy. In April 2025, Cabinet welcomed the findings of the inspection, and the East Sussex SEND Strategy.

### **Transformation Programme**

74. Children's Services has established a transformation programme to respond to the Government's strategy 'Keeping Children Safe, Helping Families Thrive', published in November 2024, and the Children's Wellbeing and Schools Bill. This will reshape the delivery of early help and social care services by integrating targeted early help with social work teams (Family Help teams) to drive improvements in outcomes and ensure that families receive the right help at the right time. It will also deliver on the Government's guidance regarding the establishment of Multi-Agency Child Protection Teams.
75. Governance for the transformation programme has been established with the Transformation Board chaired by the Director of Children's Services. The transformation programme has two main areas of focus, aligned with the Government's children's social care reforms and with the aim to drive improvements and reduce costs. A number of workstreams have been established, along with a high-level road map. The initial aims, objectives and expected outcomes for the workstreams have been developed. We are also working with pathfinder authorities to support learning and best practice.

### **CQC Inspection**

76. In February 2025 the Council's Adult Social Care and Health (ASCH) Department was assessed by the Care Quality Commission (CQC). This was the first such review for 15 years. The CQC framework assesses how well local authorities are performing against their duties under Part 1 of the Care Act 2014. The assessment framework uses nine quality statements that sit

under four themes: working with people; providing support; safety within the system and Leadership.

77. To prepare for the CQC inspection, a self-assessment document was completed to establish areas of strength and areas for improvement. In February 2024 ASCH took part in a peer review process to identify if the self-assessment was accurate. Five departmental priorities were established: safeguarding, prevention, waiting times, quality and value for money and monitored as part of the programme of improvement and preparations work under the Improvement and Assurance Board.
78. The CQC completed their assessment on 14 February 2025. A timescale for when the CQC will make the report available has not been provided but it is anticipated the final report will be made available between May and July 2025. Once the report has been finalised the work that sits under the Improvement and Assurance Programme will be updated to reflect any newly identified priorities forthcoming from the report.
79. The future of Artificial Intelligence (AI) in local government in the UK is a topic of increasing importance and interest given the potential to capture and summarise information and automate complex processes. As AI technology continues to advance and become more widely available, local authorities are exploring how it could be used to improve key services and support communities. At the same time, there are concerns about the potential limitations and risks of using AI in local government, and the need to carefully consider the implications of this technology.
80. The Council's Corporate Digital Board oversees the governance of AI. The Council's Data Protection and Information Security Policy, supported by practical guidance developed by IT&D, provides the overarching guardrails and clear standards of practice to govern the use of AI within the Council. Microsoft Copilot, a generative AI interface that generates new versions of text (e.g. emails, summaries, lists), audio, or visual imagery using large bodies of data in response to user prompts, is being trialled across the Council in a series of pilots that align with service needs.
81. The Corporate Digital Board will continue to facilitate the exploration of potential uses of AI, including copilot, and the sharing of learning and good practice from both within the Council and externally. Where robust business cases for AI exist elsewhere that are applicable and easily transferable to the Council, these will be replicated in a 'fast follower' approach.
82. All Directorates are expected to prepare and monitor Portfolio Plans which set out the actions required to meet the outcomes set in the Council Plan and the measures, targets and milestones used to monitor their delivery. These are in place and progress is reviewed regularly by Departmental Management Teams (DMTs) alongside financial performance and the directorate's risk register. The Portfolio Plans are refreshed each year as part of the annual update of the Council Plan.
83. The Quarterly Monitoring Report provides details of our performance against our objectives in the Council Plan. The Cabinet and Full Council review performance through quarterly monitoring and the work of the Scrutiny Committees and Audit Committee.
84. The Quarterly Monitoring Report provides an overview of performance against the agreed priorities within the Council Plan and tracks financial performance and our strategic risks to ensure intended outcomes are kept in focus and expenditure controlled. The Quarterly Monitoring Report focuses on the delivery of:
  - Council Plan and Performance Measures;
  - Medium Financial Term Strategy and in-year budget;

- Strategic Risk Management.

85. All recommendations and findings made by the Ombudsman have been accepted and are recorded through the Quarterly Monitoring Reports.
86. Executive decision reports provide a public record of all significant decisions to implement service plans and spend. They are required to show the intended outcomes, the rationale for the proposal, implications for Council resources, other options considered, advice received, consultation undertaken and how risks are managed.
87. A number of officer boards chaired by senior officers ensure oversight of strategic areas of Council business on behalf of the Corporate Management Team. These boards co-ordinate subject matter expertise as well as overseeing arrangements for the delivery of priorities at an officer level, prior to Member consideration. They include the Corporate Equality Diversity and Inclusion Board, the Corporate Climate Emergency Board, the Communications Management Board, the Corporate Digital Board, the Customer Experience Board, the Capital Board and the HR Management Board.

#### **SECTION E: Developing the entity's capacity, including the capability of its leadership and the individuals within it**

##### **Assured**

Officers and Members are expected to have a clear sense of their purpose, roles, and responsibilities in line with the Council's vision and the suite of policies and processes which support it.

The Chief Executive and the Corporate Management Team manage the Council's workforce, skills and resource planning. All officers are expected to have their performance monitored and their development needs identified and addressed. Specific attention is paid to programmes for leadership development. Work continues to enable the Council's leaders to promote a positive and supportive culture and to provide the means of enhancing or reinforcing good leadership skills.

The second cohort of the Ladder to Leadership Programme, developed to enhance the Council's leadership capability, was completed in July 2024. Building on this, the leadership offer will continue to include structured, context-relevant learning and developmental support for leaders and managers to help ensure they have the best possible impact.

All senior leaders are offered a series of masterclasses designed to support the development of Heads of Service and Assistant Directors. These masterclasses provide insight into key topic areas that are relevant for strategic leadership in the public sector.

In celebration of International Women's Day 2025, the Council's Chief Executive hosted a mass mentoring event in March exploring themes of leadership, career development and building confidence which was open to all women at the Council. The mentors came from different organisations including Sussex Police, the voluntary sector and Balfour Beatty.

In June 2024, a new Learning Management System, The East Sussex Learning Portal, was implemented. The system provides all staff with easy access to the full range of eLearning, corporate training offer and departmental development programmes, to support skills development and increase engagement in learning.

A system is in place to ensure that all elected Members have an understanding of their roles and responsibilities when appointed or elected to particular positions within the Council. Members are expected to be able to fulfil the expectations and demands of their

roles as local Members and those positions to which they may be appointed. Areas of focus for review are identified. Members have received training and support to help them to focus on the strategic nature of their roles.

## Members

87. Arrangements for the Council's Member appointments to specific roles are open and set out in the Constitution. The Council elects the Leader who decides the composition and responsibilities of the Cabinet. The Council makes appointments to all committees. Changes can be made at each Full Council meeting. All terms of reference are published. There is a system for reviewing and refreshing all constitutional terms of reference for committees and boards which transact Council business.
88. Member roles - Executive and non-executive roles are defined and published within the Constitution on the Council's website and as part of the Members' Area of the intranet. The Member induction and training programmes cover these roles. All Member development sessions have attendance and feedback recorded.
89. The knowledge and development needs of Members are identified and addressed through a cross-party Member Reference Group (MRG). The MRG oversees the delivery of a planned programme of development to meet Member training needs, taking into account Members' views on priorities through surveys and feedback. It reviews the impact of Member development work and identifies areas for improvement.
90. Member Services have provided access to all Members to training and briefing sessions designed to help them focus on their strategic roles, including sessions relating to Climate Change, the Council's Property Assets, Economic Development, Public Health and Housing, Education East Sussex, Cost of Living and Financial Inclusion. As part of Member Induction, training was also provided to ensure awareness of Information Governance and data protection responsibilities as they apply to elected Members. Members also received guidance on cyber security.
91. Members also received training on their duties around Member Interests and the Code of Conduct in September 2023. Internal guidance in relation to the use of social media is also available to Members. This was updated and agreed by Governance Committee in January 2024. The guidance provides advice to Members on the effective and appropriate use of social media and how it interacts with the Code of Conduct. The Local Government Association social media checklist for Councillors is appended to the guidance and includes a variety of useful links. There is also a standing offer of social media training open to all Members which is provided by the Communications team.
92. Specialist training is given to Members according to the roles they carry out. This includes training for Cabinet Members, Members appointed to the Scrutiny Committees and Members of the Regulatory Committee, Audit Committee, Planning Committee, Pensions Committee and Appeals Panels.
93. Enhanced Disclosure and Barring Service (DBS) checks are carried out for Members in Adult and Children's Services related roles, with an online training module also available. In October 2024, the Council agreed the roles required to have enhanced DBS checks would be expanded to include Members of the Discretionary Transport Appeal Panel and Members acting as nominated substitutes for the Corporate Parenting Panel. The Council also agreed that following an election, all Members would be requested to undertake a basic DBS check. The Council's DBS Policy Statement was subsequently updated to include reference to these changes. The changes were made in response to recommendations set out in an independent

review on the effectiveness of the Disclosure and Barring Service regime which included consideration of the eligibility of local Councillors for criminal record checks.

## Officers

94. Statutory roles include the designation of the Chief Executive as Head of Paid Service, the Deputy Chief Executive as the Monitoring Officer and the Chief Finance Officer as s.151 officer. Other critical statutory and leadership roles and their responsibilities are described in the Council's Constitution. These include the Director of Children's Services, the Director of Adult Social Care (ASC) and the Director of Public Health. All Directors are formally required each year to give assurance as to their compliance and that of their Service with a range of requirements and expectations of them as senior leaders within the Council.
95. SOLACE, CIPFA and Lawyers in Local Government published a Code of Practice for Good Governance for Local Authority Statutory Officers. The Code sets out that the Head of Paid Service (the Chief Executive) of the authority should make arrangements for the deputisation of their role. Following discussions with Group Leaders the Council's Chief Executive nominated the Assistant Chief Executive as Deputy and in October 2024, County Council approved amendments to the Constitution, changing references to the 'Assistant Chief Executive' within the Constitution to 'Deputy Chief Executive'.
96. All levels of management within the Council have a designated role profile and these profiles are accessible via the Council's intranet. Officers are given copies of their roles on appointment and are supported through induction training, their personal development review and supervision in understanding and developing their roles. Internally published HR procedures cover all aspects of performance and procedure to support managers.
97. In November 2024, the Governance Committee agreed a protocol which sets out the arrangements for the effective operation of the role of Monitoring Officer and the process for where the Monitoring Officer considers it necessary to report a matter to Full Council or the Executive. The Protocol includes the principles and approach that will be taken by the Monitoring Officer in deciding whether to issue a report and the factors which will be given consideration. The protocol was reviewed by Kings Counsel who advised that it is lawful and proportionate.
98. Personal development priorities are agreed through a personal development review process. There is an established programme of induction training for new staff. Training is available increasingly through an online learning system. Leadership skills and development for senior officers is led by the Assistant Director of Human Resources and Organisational Development.
99. Issues of capacity and service resilience to ensure service effectiveness are covered through workforce planning as part of directorate business planning. Being an employer of choice is key to ensuring the Council can attract and retain the high calibre staff it needs. There are a number of initiatives that have been put in place to support this, including:
  - the implementation of hybrid working arrangements as part of the Workstyles review;
  - the launch of a new employer recruitment brand - 'We Choose East Sussex';
  - a range of targeted recruitment and retention strategies including a 'Refer a Friend Scheme', 'Apprenticeships Incentives Policy', an updated relocation policy, salary sacrifice schemes, employee loans policy and financial wellbeing resources;
  - delivery of inclusive recruitment training to operational managers;
  - development of a 'managers toolkit' to support strategic workforce planning within departments;

- targeted actions such as the use of market supplements etc. for specifically identified job roles where a particular focus is needed; and
- review of the corporate Equality, Diversity and Inclusion Action Plan which includes a number of workforce specific actions to support having a diverse workforce.

100. The Officer's Guide to Governance acts as a reference guide for officers to understand how the Council's governance processes operate. The Guide covers a range of topics including: the Council's Constitution, the role of Members, Scrutiny, Procurement, Finance and Data & Information Management and draws together a range of information from other sources into a single document.

#### **SECTION F: Managing risks and performance through robust internal control and strong public financial management**

##### **Assured**

Risk management is robust overall and risks are being considered during business planning and decision-making processes, corporately and across all services.

Service and corporate performance management has been addressed in earlier sections of the report.

The Council has robust internal financial controls in place, displays strong public financial management and operates systems to manage risks and performance in the most effective manner.

101. The Constitution sets out the rules to ensure robust internal control over the Council's finances. The system and arrangements for financial performance management and budget monitoring demonstrate sound internal monitoring and control and have formal and well published arrangements for Member and officer oversight and transparency.
102. The system of internal financial control is based upon a framework of comprehensive financial regulations and procedures which comply with the CIPFA 'Good Practice Guide for Financial Regulations in a modern English Council'. Control is maintained through regular management information, supervision and a structure of delegation and accountability. External audit of the 2021/22 and 2022/23 statement of accounts has now been concluded and Grant Thornton has provided their final report, which confirms an unqualified audit opinion. This was reported to Audit Committee on 28 March 2024 and Governance Committee on 25 June 2024. The accounts for 2023/24 have also been concluded and reported to Governance Committee on 10 December 2024. Grant Thornton have also provided their Annual "Value for Money" Report for 2023/24, which was reported to Cabinet on 28 January 2025. The Council's financial management arrangements conform to the governance requirements of the CIPFA 'Statement on the Role of the Chief Finance Officer in Local Government 2010'. A continuous review is maintained. The Financial Regulations and Procedures are kept under review by the Chief Finance Officer. ESCC and ESPF (East Sussex Pension Fund) are up to date with all external audit work and reporting.
103. In completing and signing the Directorate Assurance Statement, each Chief Officer reviews the effectiveness of governance arrangements, risk management processes and the system of internal control and considers:
- The adequacy and effectiveness of management review processes;
  - The work of the department's management team and other managers and staff;
  - The regular review of the department's performance against both financial and non-financial targets;

- Outcomes from the strategic and operational risk management processes;
  - The level of compliance with the Council's key policies and procedures;
  - Relevant internal audit reports and results of follow-ups regarding implementation of agreed actions in relation to audit findings; and
  - Outcomes from reviews of services by other bodies including our external auditors, inspectorates and other statutory and regulatory review bodies.
104. The officer scheme of delegation is critical for the effectiveness of controls of spending and performance. Directors are required to ensure and confirm the effectiveness of the scheme of officer authorisation and have worked with the Deputy Chief Executive to ensure that there is shared understanding of the operation of delegations and the need to continually review them.
  105. The County Council annually reviews the effectiveness of its governance framework including the system of internal control. The review is informed by the Chief Internal Auditor's Annual Audit Report and Opinion 2024/25, by the external auditor and other agencies and inspectorates. These findings are brought together within this Statement and are reported annually to the Audit Committee. The Audit Committee undertakes the functions of an audit committee. This includes review of the work and findings of Internal Audit. The audit arrangements which support and reinforce financial controls and assurance are fully addressed under Principle G below.
  106. The appropriate management of risk is a fundamental element of the Council's ability to provide cost effective, quality services and to deliver its four priority outcomes. To achieve this, sound risk management policy and practice are firmly embedded within the culture of the Council.
  107. As often a point of last resort in responding to need, in developing its Risk Management Framework the Council recognises that the services it provides can be inherently risky and is not able to, nor seeks to, eliminate all risk. Robust risk management practice helps to ensure that the Council takes appropriately informed decisions, having properly evaluated the potential risks and the associated opportunities.
  108. The Council's risk management process sets out the identification, analysis and control of risk. The level of risk to which the Council is willing to be exposed to and/or tolerate is inherently considered as part of this process, with appropriate escalation when required.
  109. The Council's risk profile is dynamic and continually changing due to the large and diverse range of services provided and objectives of the Council, and due to the influence of external factors and/or internal influences. The level of risk can alter and consequently, identified risks and associated mitigations are regularly re-assessed to address and combat the impact of these changes. In addition, new risks will periodically emerge which must be identified and analysed to reduce the Council's exposure to adverse risk.
  110. Risk information is recorded within registers maintained at a corporate (strategic) level and individual department/divisional level. As a minimum, all risk registers should be formally reviewed and updated on a quarterly basis as part of the Council monitoring process. This process includes a review of departmental risk registers by each DMT, including any strategic risks for which the Chief Officer concerned has responsibility, prior to subsequent review by the Corporate Management Team. The Strategic Risk Register is also reviewed and updated by the Corporate Management Team prior to being reported to Cabinet and the Audit Committee.
  111. As part of the above process, consideration is given as to the escalation and de-escalation of risks between the Departmental and Strategic Risk Registers.



112. There is a separate requirement for material risks connected with proposals, policies and spending decisions to be formally identified with actions taken to manage such risks in all recorded and published decision reports.
113. Risk management is delivered through robust directorate controls including the business planning process, supported by the Risk Management Framework. The Chief Operating Officer carries the operational officer responsibility for risk management. The Chief Executive is accountable to the Council for the effectiveness of the risk strategy.
114. The Council's core Finance and Human Resources system (SAP) will no longer be supported after 2027 and is therefore being replaced by the Cloud-based Oracle Fusion system to ensure that critical business functions, such as running a payroll, can continue to be reliably delivered post-2027. Oracle also provides improved financial controls as well as improved data and information usage to support further developments to increase agile and digital working. An independent review of the system and programme confirmed that Oracle is a suitable product for the Council and a phased roll-out commenced during 2024/25. Most modules of Phase 1 (Enterprise Performance Management) and all of Phase 2 (Finance with dependent HR processes, Procurement, Recruitment and Helpdesk modules) have now been delivered. Phase 3 (Payroll and all remaining HR processes) will be rolled out during 2025 and 2026. Updates in relation to the progress of the implementation were regularly reported to the Audit Committee and CMT to ensure that progress was being made and risks were appropriately mitigated.

#### **SECTION G: Implementing good practices in transparency, reporting and audit, to deliver effective accountability**

##### **Assured**

The Council has transparent processes in place through publication of the Forward Plan of key decisions as well as agendas and reports of its meetings and those of its committees. This includes key decision reports on the website and the prominence given to reporting and enforcing of agreed audit actions through the Audit Committee, which meets in public.

The Council has effective, open data reporting arrangements to ensure the accessibility of significant spend, contractual and other data relevant to financial performance. This has also been addressed through the development of the performance management reporting arrangements linked to the implementation of the Council Plan.

115. All meetings of the Full Council and of the committees which discharge executive, non-executive or scrutiny functions take place in public and have their reports and minutes published on the Council's website. Cabinet, Lead Member and Committee decisions, agendas and reports are published on the website and are available to the press and public. This is driven by the publication of the Forward Plan of key decisions. A limited number of reports are considered in private session, but only when the subject matter of the report meets the prescribed criteria set out in the Local Government Act 1972.

#### **Assurance and Significant Governance Issues**

116. The Audit Committee undertakes the functions of an audit committee. This includes review of the findings of Internal Audit. The Committee meets regularly and in public and holds officers to account for the timely implementation of agreed audit actions
117. As reported in the previous Annual Governance Statement, the Council was the subject of a Corporate Peer Review in 2023. It is usual practice for the LGA to undertake a progress review following a CPC and this was arranged for March 2025. However, in agreement with

the LGA, the progress review was subsequently deferred in light of Government proposals for devolution and local government reorganisation.

118. The Annual Internal Audit Annual Report and Opinion provides an opinion on the adequacy of the Council's control environment as a contribution to the proper, economic, efficient and effective use of resources. The Council must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance. Annually, the Chief Internal Auditor is required to provide an overall opinion on the Council's internal control environment, risk management arrangements and governance framework to support the Annual Governance Statement and this is provided in the Internal Audit Annual Report and Opinion. Based on the internal audit work completed, the Orbis Chief Internal Auditor has provided **substantial assurance** that the Council had in place an adequate and effective framework of governance, risk management and internal control for the period 1 April 2024 to 31 March 2025.
119. Additionally, every five years, Orbis Internal Audit is subject to an independent external assessment, with the scope including assessment of compliance, benchmarking against best practice and assessment of internal audit's profile and impact with client organisations. The most recent review was completed in Autumn 2022 by the Chartered Institute of Internal Auditors who assessed Orbis internal audit as achieving the highest level of conformance against professional standards, with no areas of non-compliance identified.
120. The Council will continue to regularly monitor issues that may seriously prejudice or prevent achievement of its key objectives through its strategic risk review process.
121. Both governance and internal control arrangements must be kept under review to ensure that they continue to operate effectively, meet changing legislative needs and reflect best practice and our intention to achieve excellence in all our activities. The Council, through the Directorate Assurance Statements and the Chief Finance Officer's Assurance Statement, has identified a number of areas where it wishes to enhance its governance arrangements. These are set out in Annex A to this Statement, together with the department responsible for them. Each Director has included in their Directorate Assurance Statement confirmation that the actions identified for 2024/25 have been completed or provided an update and explanation regarding progress.
122. In 2022 CIPFA updated its position statement on local authority audit committees and recommended that each local authority audit committee should include at least two co-opted independent members to provide appropriate technical expertise. Also in 2022, the Council's external auditor recommended the Council to carry out a self-assessment of the effectiveness of the Council's Audit Committee in line with the National Audit Office's (NAO) 'Audit and Risk Assurance Committee effectiveness tool'. In October 2023, the Council agreed the proposal to add two co-opted independent members to the Audit Committee.
123. In addition, officers of the Council have carried out an assessment of the Audit Committee and members of the Audit Committee were asked to self-assess their skills, both of which were carried out by reference to the CIPFA Code of Practice. The findings of the self-assessment were reported to the Audit Committee in March 2024. For the large part, the assessment identified full compliance to good practice; however, some areas for improvement were identified, including a standalone Audit Committee Annual Report being presented to Governance Committee and a review of the Audit Committee Terms of Reference. The first Audit Committee Annual report was considered by the Governance Committee in July 2024.
124. The Council took steps to recruit co-opted members to the Audit Committee in 2024/25; however, this was unsuccessful. Whilst this poses a potential risk, training and

development for existing committee members will continue while recruitment for the co-opted members continues to be explored. It is anticipated that the two independent members of the Committee will now be recruited in 2025/26 based on the skills gaps identified through the member self-assessment.

125. No assurance can ever be absolute; however, this Statement seeks to provide a reasonable assurance that there are no significant weaknesses in the Council's governance arrangements. On the basis of the review of the sources of assurance set out in this Statement (in Annex A), the LGA CPC and the self-assessments carried out, we are satisfied that the Council has in place satisfactory governance arrangements, including a satisfactory system of internal control, both of which are operating effectively.
126. The Council Plan identifies a number of areas that have governance implications and these will be monitored through the Council Plan monitoring process. The areas outlined in Annex A will be monitored through departmental business plans.
127. Details of bodies where the Council is a Member or appoints a Director are set out in Annex B. Where members are appointed to outside bodies, the Council avoids structural conflict of interests where possible.

**Keith Glazier Leader of the Council (Date)**

**Becky Shaw Chief Executive (Date)**

## Annex A - Sources of Assurance and Actions

### Key:

DCE = Deputy Chief Executive

ASC = Adult Social Care

CET = Communities, Economy and Transport

CFO = Chief Finance Officer

COO = Chief Operating Officer

HR&OD = Human Resources & Organisational Development

MRG = Member Reference Group

Table of assurance for Principle A: Integrity and Compliance

Source of assurance	Where found	Who is responsible	Role	last review/ action planned*
Constitution	Website and intranet	Full Council, Governance Committee and DCE	A single source for rules and procedure for lawful sound business and meeting management	Constitution has been reviewed and updated several times during 2024/25. Will continue to be reviewed on a regular basis.
Code of Conduct for Members	Website, webshop for schools, intranet, Constitution	Standards Committee & DCE	Defines standards of behaviour and how to enforce them	Approved by the Full Council in May 2024. Reviewed by Standards Committee May 2024.
Code of Conduct for employees	Website, webshop for schools, intranet, Constitution	Governance Committee, Assistant Director HR&OD	Defines standards of behaviour and how to enforce them	The Code of Conduct was last reviewed and updated in January 2025, and the document is considered fit for purpose for 2024-25 and beyond.
Code on Officer / Member relations	Website and intranet	Governance Committee and DCE	Defines standards of behaviour and interaction between officers and members	Allegations of breaches of the Code by councillors are monitored.  Allegations of breaches by employees are monitored and dealt with by managers.  There was no need to update the Code during 2024/25.
Whistleblowing Policy	Intranet	Governance Committee & All Chief Officers	Defines process to report breaches of rules or standards confidentially	Review as part of Counter Fraud Strategy (most recently in 2021). Approved by Audit Committee and Governance Committee.
Anti-fraud and corruption strategy	Intranet	COO	Statutory obligations recorded and enforced	A major review was undertaken in 2021 and the refreshed strategy and policy was approved by Audit Committee in 2021.  The strategy remains fit for purpose and a refresh to the strategy will be considered following the publication of the revised Fighting Fraud & Corruption Locally Strategy (a guidance note for local authorities).
Anti-Money Laundering Policy	Intranet	COO	Statutory obligations recorded and enforced	Reviewed by Audit Committee 2021. Annual review of Policy and compliance as part of LEXCEL accreditation.

Source of assurance	Where found	Who is responsible	Role	last review/ action planned*
Register of Member Interests	Website	DCE	Statutory list of interests	Entries updated on an ongoing basis. Quarterly reminders to Members to review.
Register of Officer Interests	Restricted access		Record of financial and conflicting business interests	On going review through regular reports submitted to SOG regarding system issues and actions.
Corporate Complaints Policy	Website, intranet	Chief Executive & Governance Committee	Describes mechanism for handling all complaints	<p>Reviewed annually. Quarterly reports raise awareness with heads of services and team managers of the number and nature of complaints being received.</p> <p>*Action to have an ongoing dialogue regarding sharing lessons learnt within the complaints team and colleagues handling complaints across the Council.</p>
Employment Policies	Intranet	Governance Committee and Assistant Director HR&OD	Defines rules of conduct and procedures to manage	Policies reviewed in line with changes in legislation and best practice.
Data Protection and Information Security Policy (including Data in transit Policy)	Intranet	COO	Defines rules and procedures to protect data.	<p>Reviewed and updated August 2024. *Improvements are informed by feedback from the Information Governance Board (IGB) and the Information Security &amp; Governance Group (ISGG).</p> <p>Guidance documents have also been created to accompany policy. Training is deployed to ensure comprehensive awareness of information governance and security including tests of understanding.</p>
Freedom of Information policy	Website	Director of CET	Defines rules and procedures	Policy reviewed in 2023/24.
Procurement and Contracts Standing Orders	Website, Constitution	COO	To prescribe the rules for all contracts and procurement activity	<p>The last update to the PCSOs was in March 2025 with the changes (including any resultant changes in the Council's Constitution) approved by Governance Committee on 4th March 2025 (the report of which was subsequently approved by Full Council on 20th March 2025).</p> <p>This document is regularly reviewed and updated in line with any legislative updates that are required as well as Council Policy and best practice.</p> <p>As such, it is currently fit for purpose.</p>

**Table of Assurance for Principle B: Openness and Stakeholders**

Source of assurance	Where found	Who is responsible	Role	last reviewed/ action planned*
Scheme of Delegation	Website, Constitution	Full Council, Governance Committee & All Chief Officers	To fully define who takes what decisions and how and how recorded	Scheme updated in June 2024. Action to continue to monitor and update. Ensure that Internal Schemes of Authorisation are updated accordingly.  Directors Assurance Statements reviewed annually.
Forward Plan	Website	DCE	Describes planned key decisions for next 4 months	Ongoing.
Scrutiny Committee business planning	Scrutiny Committee reports	Statutory Scrutiny Officer	Records planned scrutiny work	Continuous with annual work programme published with each Scrutiny Committee agenda.
Openness and access to meetings/ decisions.	Constitution and Website	DCE	Describes rules and process for ensuring transparency of business	The Constitution has been updated several times during 2024/25 to reflect decisions of the County Council - including revisions to the whole constitution following a review to ensure all legislation is current.  Meetings held remotely/hybrid continue to be mostly webcast.  Review Government feedback on consultation regarding hybrid meetings.
Equality, Diversity and Inclusion Commitment	Website and decision-making protocol	Chief Executive, Relevant Director (for decisions), COO (for staff)	Source of guidance for ensuring compliance with public sector equality duty	Reviewed in 2023 and changed from the Equality Policy to Equality, Diversity and Inclusion Commitment.  Annual action plan to be agreed in May 2024 by the Equality, Diversity and Inclusion Board and CMT.
Health and Wellbeing Board arrangements	Constitution	Director of ASC	Forum for strategic joint business and service oversight	Terms of reference were reviewed again and amended in September 2024.

**Table of Assurance for Principle C: Sustainability**

Source of assurance	Where found	Who is responsible	Role	last reviewed/ action planned*
Our Council Plan	Website	Full Council, Cabinet & Chief Executive	Describes the measures and targets for key corporate & service aims	The County Council agreed plan for 2024-25 in February 2024 and the current Plan in February 2025.  Quarterly reports to Cabinet and Full Council.
Climate Change Strategy	Website	Director of CET	Sets Council's commitment to becoming carbon neutral and climate resilient by 2050 at the latest	A revised climate emergency action plan for 2025/26 has been adopted, following Member scrutiny, and is embedded in the Council Plan and relevant portfolio plans.

#### Sources of Assurance for Principle D: Optimising Interventions

Source of assurance	Where found	Who is responsible	Role	last reviewed/ action planned*
Policy, Performance and Resources Reports	Website	Chief Executive & Cabinet	Reviews policy and financial and operational performance	Regular reports to Full Council, Cabinet and Scrutiny Committees.
Executive Decisions process	Website	DCE	To record rationale, legality and financial compliance of decisions	Kept under review by Member Services.
Business Plans	Share Point	All Directors	Record of actions and objectives for delivery of Our Council Plan	Annual. Action taken to ensure better coordination of plans between Directorates implemented as part of Our Council Plan.
Financial Regulations (FR) and compliance with Financial Management Code (FMC)	Website, Constitution	CFO	Provide sound systems for financial management	FMC - annual compliance report to Audit Committee  A full review of the Financial Regulations in time for the implementation of the Oracle System. As the implementation of Phase 2 was put back to 2025/26, the review will now take place in 2025/26.

#### Sources of Assurance for Principle E: Leadership Capability

Source of assurance	Where found	Who is responsible	Role	last reviewed/action planned
Scheme of Delegation	Website, Constitution	Full Council, Governance Committee, All Chief Officers	Formal allocation of key roles and functions, including Statutory and senior officers	Scheme updated several times in 2024/25. *Action to continue to monitor and update. *Ensure that Internal Schemes of Authorisation are updated accordingly.
Budget, including medium term financial plan (MTFP)	Reports to Cabinet and Full Council	County Council, Chief Executive, CFO	To agree a sound budget and financial strategy	Budget set in February 2024. The MTFP is subject to review as part of the RPPR process.
Member Training and Development	Councillors' area of intranet	Governance Committee, MRG, DCE	Plan and record all Member training	The councillors' development programme is kept under continuous review to ensure it can respond to changing needs and current issues. Member Services participates in national and regional networks to share best practice.  An annual survey of all councillors is undertaken in order to identify any unmet needs, and this informs an annual review and update of the programme in addition to ongoing changes in response to new needs or opportunities.
Employment Policies	Intranet	Governance Committee, Assistant Director HR&OD	Describe all officer duties, rules and requirements	Policies reviewed in line with changes in legislation and best practice
Workforce Planning arrangements	HR policies and Directorate plans	Relevant Director	Provides rationale and scheme for ensuring resilience and capacity	Particular focus on service improvement plans
Staff role profiles	Intranet	Heads of Service	Describe all officer roles	Updated as roles change

Source of assurance	Where found	Who is responsible	Role	last reviewed/action planned
Member Induction Programme	Intranet	MRG, DCE	To determine the content of the programme	Plans were reviewed during 2024.
Officer Performance management	Intranet	Assistant Director HR&OD & all Directors for delivery	To manage performance and development	Annual performance review process for all staff.

#### Sources of Assurance for Principle F: Risk and Performance

Source of assurance	Where found	Who is responsible	Role	last reviewed/action planned
Governance Statement	Website	Governance and Audit Committees, DCE	Captures all sources of governance assurance	Annual (this document).
Guidance to Members on Outside Bodies	Website, Constitution	DCE	To provide guidance to Members in relation to roles and responsibilities when appointed to outside bodies	Reviewed March 2025. Guidance is provided on an ongoing basis.
Local Code of Corporate Governance	Governance agenda	Governance Committee, DCE	To confirm the corporate governance principles in place	Reviewed on an annual basis.
Risk Management Framework	Intranet	COO	Strategic aims and objectives for corporate risk management	An Internal Audit of Risk Management was undertaken in September 2023 and reasonable assurance was given with agreed management actions completed.  ESCC is committed to formalising the training for Audit committee members, in line with the CIPFA Position Statement 2022. This will cover risk management.
Health and Safety Policies	Intranet and Webshop for schools	Assistant Director HR&OD	Provides rules, procedures and systems for assurance in relation to health and safety at work and in relation to property risk	All policies regularly reviewed.
Internal Audit Function	Website, Constitution	Audit Committee, Chief Internal Auditor, COO	To manage and ensure the effectiveness of Audit	External Quality Assessment of Internal Audit in accordance with the Public Sector Internal Audit Standards. Annual internal audit report and opinion review. Quarterly internal audit report to the Audit Committee. Annual External Audit Plan.
Treasury Management Strategy	Website	COO	For sound strategy to limit risks to borrowings and investments	Reviewed and updated by Council February 2024
Financial Regulations (FR) and compliance with Financial Management Code (FMC)	Website, Constitution	CFO	To prescribe the rules for all financial transactions in line with Financial Management Code.	A full review of the Financial Regulations had been proposed during 2024/25, in time for the implementation of the Oracle System. As the implementation of Phase 2 was put back to 2025/26, the review will now take place in 2025/26.



Source of assurance	Where found	Who is responsible	Role	last reviewed/action planned
				The Financial regulations will be reviewed and signed off at Full Council in February 2026.
Business Continuity (BC)	SharePoint	Director of CET	To provide safe systems and procedures to manage local and civil emergencies	<p>The policy was last reviewed in March 2025.</p> <p>The Action log held through BC management team meeting. The audit suggested all Business Impact Assessments be aligned which has now been implemented.</p> <p>An eLearning module for new starters is being produced. BC Exercises are taking place in different departments. Further testing. BC exercise is being planned for BC week.</p>

**Sources of Assurance for Principle G: Audit and Transparency**

Source of assurance	Where found	Who is responsible	Role	last reviewed/action planned*
Internal Audit Function	Website, Constitution	Audit Committee, Chief Internal Auditor, COO	To manage and ensure the effectiveness of Audit	External Quality Assessment of Internal Audit in accordance with the Public Sector Internal Audit Standards. Annual internal audit report and opinion review Annual internal audit report and opinion review. Quarterly internal audit report to the Audit Committee. Annual External Audit Plan. Annual Audit Letter
External Audit of Accounts	Website	COO, CFO	To give external assurance to the quality of the Council's accounts and accounting practice	The 2023/24 audit is completed, and the report was published in May 2024

## Annex B - Separate bodies where the County Council is a member or appoints a Director

**TRICS Consortium Ltd** - TRICS is an international system of trip generation analysis that is used in the transport planning industry. TRICS collect data relating to trip rates of different land uses, with members paying to access the database to use the data for a variety of uses.

What the relationship is between the body and the local authority	East Sussex County Council is a shareholder in TRICS Consortium Ltd. The Council has a 16.7% share - equal share with the five other County Council shareholders
What is the structure and form of the body (e.g., private limited company etc.)	TRICS is a local authority trading company, and is a company limited by shares. It has a board of directors (one from each of six counties that are shareholders plus a managing director). It is a private company limited by shares.
How the Council oversee its activities and provided assurance on its governance including financial governance	The East Sussex County Council nominated company director (the Assistant Manager, Transport Development Planning) attends monthly board meetings to oversee the business of the company to ensure it is run to maximise the business for the benefit of East Sussex County Council. The East Sussex County Council Director shares the annual report with the relevant Head of Service.
What the relationship is between the body and individual councillors and whether councillors' involvement is likely to constitute a conflict of interest	There is no relationship, aside from the Lead Member for Transport & Environment is updated on the work of TRICS through briefing meetings.
How can councillors scrutinise the activities of the body, in particular if it will fall within the remit of the Audit or Scrutiny Committee, and if not, how else scrutiny will happen	The scrutiny of the work undertaken by the Body is through the planning process. The Council's role within the TRICS consortium falls within the remit of the Places Scrutiny Committee.
Designated Officer contact	Michelle Edser , Communities, Economy and Transport

**Woodland Enterprises Ltd.** - The principal activity of the company is creating prosperity in woodland and wood using industries through sustainable development. The business works with woodcutters and other local businesses to promote sustainable use of wood.

What the relationship is between the body and the local authority	East Sussex County Council is a member of this company and appoints a Director to the Board of Directors. This is a company without shares but in terms of “influence” East Sussex County Council has 19% voting right.
What is the structure and form of the body (e.g., private limited company etc.)	The Company is limited by guarantee. As a company limited by guarantee without share capital its members do not hold shares, but have a percentage voting right in decision-making by members of the company. The County Council has 19% voting rights.
How the Council oversee its activities and provided assurance on its governance including financial governance	East Sussex County Council receives copies of Woodland Enterprise Limited’s annual accounts. East Sussex County Council is required to disclose its interest in Woodland Enterprises in its own statements of accounts. A copy of the Woodland Enterprise Ltd annual accounts are requested each year and are included in the East Sussex County Council Statement of Accounts.
What the relationship is between the body and individual councillors and whether councillors’ involvement is likely to constitute a conflict of interest	Councillor Kirby-Green has been appointed to serve as a Director on the Board of Woodland Enterprise Limited. There might be possible conflicts of interest (e.g. grant funding from East Sussex County Council, etc).
How can councillors scrutinise the activities of the body, in particular if it will fall within the remit of the Audit or Scrutiny Committee, and if not, how else scrutiny will happen	East Sussex County Council’s role within Woodland Enterprises Limited falls within the remit of the Place Scrutiny Committee.
Designated Officer contact	Andy Fowler, Business Services

**East Sussex Energy Infrastructure and Development Ltd (ESEID Ltd) trading as 'Sea Change Sussex'**- This is a not-for-profit economic development company delivering capital infrastructure schemes in the County

<p>What the relationship is between the body and the local authority</p>	<p>East Sussex County Council was a member of Sea Change Sussex up to its removal from the organisation by the Sea Change Sussex board on 21 January 2025. The decision of Sea Change Sussex to remove the County Council as a member of the company was reported to and considered by Governance Committee on 3 June 2025.</p> <p>As Sea Change Sussex is a company limited by guarantee without share capital its members do not hold shares but have a percentage voting right in decision-making by members of the company. Local authority members Rother District Council and Hastings Borough Council, historically alongside the County Council, have a combined maximum voting right of 19.9%.</p> <p>Sea Change Sussex develops and manages key economic development and infrastructure schemes in East Sussex. The company delivers capital infrastructure schemes which unlock housing and employment sites in the county - this includes new site infrastructure (access roads) as well as employment space.</p> <p>These schemes are largely funded by historic external funding from either the South East Local Enterprise Partnership (SELEP) - Local Growth Fund capital grant programme or the SELEP - Growing Places Fund (GPF) loan programme alongside some of their own capital receipts from the sale of commercial properties/land in their portfolio. East Sussex County Council acts as the Accountable Body for overseeing the devolution of funds to external partners such as Sea Change Sussex and has grant or loan agreements (as applicable) in place for each scheme awarded.</p>
<p>What is the structure and form of the body (e.g., private limited company etc.)</p>	<p>Private company limited by guarantee without share capital.</p> <p>The company has four classes of membership:  A Members -Hastings Borough Council and Rother District Council (and East Sussex until January 2025);  B Members - Hastings, Bexhill and East Sussex Business Association Limited;  C Members - representative(s) of the education sector;  D Members - representative(s) of the voluntary and community sector.</p> <p>Under the company's articles of association, so long as there are at least three A Members, one B Member and one D member, votes cast by the B member constitute 50% of the voting rights.  The aggregated voting rights of C members constitute no more than 19.9%.</p>
<p>How the Council oversee its activities and provided assurance on its governance including financial governance</p>	<p>Councillor Bennett was the East Sussex County Council appointed Director of the Sea Change Sussex Board of Directors and attended the quarterly Board meetings. However, Councillor Bennett resigned from this position in October 2024.</p> <p>As a scheme promoter of LGF and GPF funded projects, Sea Change Sussex has entered into a number of legal agreements with the County Council. Through these agreements the Council monitors the delivery of the projects. Until the dissolution of South East Local Enterprise Partnership Ltd (SELEP) in April 2024, the Council reported on progress to SELEP. The authority to enter into these agreements is sought from the Lead Member for Strategic</p>

	<p>Management and Economic Development on a project by project basis. Sea Change Sussex are bound by the terms of individual Grant and Loan agreements stipulating the guidelines which Sea Change Sussex must adhere to.</p> <p>The Section 151 Officer carries out the stewardship role in terms of monitoring and accounting in respect of the financial case within the overall business case and agreeing to the receipt of the funding.</p> <p>Capital Programme management of projects includes financial management of the public funds. This information is used to inform quarterly reports to Team East Sussex (TES), and within the County Council such as, quarterly reporting to the Departmental (CET) Capital Board and Corporate Strategic Asset Board.</p> <p>A report is considered by the Lead Member for Strategic Management and Economic Development twice a year which sets out project progress and current/forecast spending on legacy SELEP projects (e.g. Local Growth Fund grants, Growing Places Fund loans, and more recently Getting Building Fund grants). These reports are compiled with finance colleagues with oversight from the S151 officer. The most recent SELEP financial statement was agreed at Lead Member for Strategic Management and Economic Development meeting on 26 February 2025.</p> <p>Schemes can be subject to review by Internal Audit.</p>
What the relationship is between the body and individual councillors and whether councillors' involvement is likely to constitute a conflict of interest	<p>No longer applicable as the decision made by SCS board has been to remove ESCC as a member.</p> <p>Until his resignation, Cllr Bennett's role as Director of Sea Change Sussex was recorded in his register of interests.</p>
How can councillors scrutinise the activities of the body, in particular if it will fall within the remit of the Audit or Scrutiny Committee, and if not, how else scrutiny will happen	No longer applicable as the decision made by the SCS board has been to remove ESCC as a member.
Designated Officer contact	Richard Dawson, Communities, Economy and Transport

**South East LEP Limited (SELEP Ltd)** - Local Enterprise Partnerships (LEPs) were set up by Government in 2011 to identify and support local strategic growth priorities, encourage business investment and promote economic development. As one of 38 LEPs across England, the South East LEP is a business-led partnership between business, government, education and the third sector, plus other groups, covering the local authority areas of East Sussex, Essex, Kent, Medway, Southend and Thurrock.

***Note:** following an announcement by the Chancellor at the Spring 2023 Budget that he was 'minded to' discontinue funding for LEPs from April 2024 onwards, SELEP took the decision to wind-up its operations by the end of the 2023/24 financial year and integrate all of its functions into its constituent Upper Tier Local Authorities. Government confirmed its position in August 2023, announcing that it would not continue to fund the national network of LEPs from 2024/25. SELEP continued to operate throughout all of 2023/24 while the LEP Transition process was implemented. SELEP ceased operations and was formally dissolved on 10 December 2024.*

**Hastings and Bexhill Renaissance Ltd (HBRL)** - This is a company limited by guarantee without share capital offering business support services for economic development and to improve local education

What the relationship is between the body and the local authority	<p>Alongside Rother District Council and Hastings Borough Council, East Sussex County Council is a Member of Hastings and Bexhill Renaissance Ltd (HBRL) which trades as 'Seaspace'. HBRL was established as part of the transition arrangements agreed between Government and the South East England Development Agency (SEEDA) and associated organisations. The responsibility for the management of the land and assets SEEDA had acquired was entrusted to HBRL. HBRL no longer holds any land or assets of significance.</p> <p>The Articles of Association for HBRL identifies that the Members are divided into three classes of membership:</p> <ul style="list-style-type: none"> <li>A. Each of the Councils</li> <li>B. Hastings, Bexhill and East Sussex Business Association Limited</li> <li>C. Up to seven other Members</li> </ul> <p>The company Members do not hold shares but have a percentage voting right in the decision-making by the members of the company. The local authorities between them have a maximum aggregated voting right of 19.9%.</p>
What is the structure and form of the body (e.g., private limited company etc.)	Private company limited by guarantee without share capital.
How the Council oversee its activities and provided assurance on its governance including financial governance	<p>Until October 2024, Cllr Bennett was appointed by the Council as a Director of the Company and would attend the Annual General Meeting (AGM) where the following agenda items are considered:</p> <ul style="list-style-type: none"> <li>the Annual Accounts</li> <li>Key Issues Memorandum</li> <li>Letter of Representation</li> </ul> <p>Cllr Bennett resigned as a Director of the Company in October 2024. The Council continues to be a member of the company but currently has not appointed a Director to the Board.</p>
What the relationship is between the body and individual councillors and whether councillors' involvement is likely to constitute a conflict of interest	<p>Councillor Bennett, as a Director of the company, attended the AGM as the Council appointed Director to HBRL until October 2024.</p> <p>Until his resignation, Cllr Bennett's role as Director of HBRL was recorded in his register of interests.</p>
How can councillors scrutinise the activities of the body, in particular if it will fall within the remit of the Audit or Scrutiny Committee, and if not, how else scrutiny will happen	The Council's role in HBRL falls under the remit of the Place Scrutiny Committee.
Designated Officer contact	Richard Dawson, Communities, Economy and Transport

**Combe Valley Countryside Park (CVCP) Community Interest Company (CIC)** The Community Interest Company was established in 2015 to take a lead in ensuring that the Landscape within the Park is developed and managed in a coherent way, with stakeholders from public and private sectors and the local community.

What the relationship is between the body and the local authority	<p>East Sussex County Council is a member of the company. East Sussex County Council has one vote on the Board (equal to all other board members), subject to a restriction that, if there are more Local Authority members entitled to vote than non-Local Authority members, the voting rights of Local Authority Members (East Sussex County Council together with Hastings Borough Council, Rother District Council and Crowhurst Parish Council) shall be restricted to 49%.</p> <p>The Council is entitled to appoint one Director, and Cllr Beaver has been appointed by the Council to sit on the Board of Directors.</p>
What is the structure and form of the body (e.g., private limited company etc.)	<p>The Company is a private company limited by guarantee and a Community Interest Company. The company is a not-for-profit organisation.</p> <p><b>The other Members of the company are:</b></p> <ul style="list-style-type: none"> <li>- Hastings Borough Council;</li> <li>- Rother District Council;</li> <li>- Crowhurst Parish Council;</li> <li>- Friends of Combe Valley;</li> <li>- Bourne Leisure Limited;</li> <li>- Kitchenham and Worsham Farms.</li> </ul> <p>In February 2022 the Board approved a new company structure with 12 Directors as follows:        8 'Co-opted Directors': 6 from Company Members and 2 independents appointed by the Board;        4 nominated by Local Authority company Members.</p> <p>The Boards role is to provide leadership and oversight of all the CIC activities and is primarily concerned with strategy, planning, fundraising &amp; development and governance. The CIC has appointed Groundwork South as their managing agent (via an agreed SLA) who report progress back to the Board.</p>
How the Council oversee its activities and provided assurance on its governance including financial governance	<p>Cllr Beaver, as the East Sussex County Council appointed Director attends CIC board meetings.</p> <p>The Board meets 4 times per year, standing papers and minutes are circulated to all Directors. Annual accounts are approved at the February Board meeting and are submitted to Companies House, so are publicly available.</p> <p>Local Authority officers attend the Board meetings which enables them to contribute to discussions of the Board as appropriate. Officers are not Directors so do not have voting rights. The CIC has established a Local Authority Officers</p>



	<p>Group which includes the representatives to the Board meeting and other officers. This group meets 2/3 times per year to take forward project ideas and support the process of project approval and delivery.</p> <p>The directors have equal votes at CVCP CIC meetings, except for decisions related to the appointment or removal of a majority of Directors, where Local Authority voting rights are restricted to 49%.</p>
What the relationship is between the body and individual councillors and whether councillors' involvement is likely to constitute a conflict of interest	The East Sussex Councillor Representative attends CIC board meetings and has voting rights. There could be potential conflict of interest if the CIC Board need to make decisions with regard to matters being promoted by the County Council. This is kept under review.
How can councillors scrutinise the activities of the body, in particular if it will fall within the remit of the Audit or Scrutiny Committee, and if not, how else scrutiny will happen	By being present at the CIC meetings and making comments/voting on proposals being put forward by the CIC. Progress reports and management accounts are provided to the Board quarterly and annual accounts are presented to the Board for approval annually.
Designated Officer contact	Andy Arnold, Communities, Economy and Transport

## Annex C - Code of Corporate Governance

Sets out the County Council's commitment to achieving good governance

Key points:

- Good governance is how the Council ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner
- The Council is committed to the principles of good governance, and has adopted the seven core principles of the CIPFA/SOLACE framework
- The Council expects Members and staff to uphold the highest standards of conduct and behaviour and to act with openness, integrity and accountability when carrying out their duties
- The Deputy Chief Executive will report annually on compliance with this Code and the effectiveness of the Council's governance arrangements and this will be the basis for the production of the Annual Governance Statement

### 1. Introduction

1.1 This Code sets out for Members and officers the main principles of good governance for East Sussex County Council. It is based on existing good practice within the Council and is consistent with the CIPFA / SOLACE framework for "Delivering Good Governance in Local Government".

### 2. What is good governance?

2.1 Good governance is how the Council ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

2.2 It comprises the systems, processes, cultures and values by which the Council is directed and controlled. Through effective governance the Council is accountable to, engages with and, where applicable, leads the community.

### 3. Purpose of the Code

3.1 This Code is the framework within which the Council is accountable to its users, stakeholders, and the wider community. It sets out and describes the way in which the Council carries out its functions through its Members and officers, and the procedures and processes through which it undertakes its work, and through which it aims to establish and maintain public confidence.

### 4. The Council's fundamental principles of good governance

4.1 The Council is committed to the principles of good governance, and has adopted the seven core principles of the CIPFA/SOLACE framework as follows:

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- Ensuring openness and comprehensive stakeholder engagement

- Defining outcomes in terms of sustainable economic, social, and environmental benefits
- Determining the interventions necessary to optimise the achievement of the intended outcomes
- Developing the entity's capacity, including the capability of its leadership and individuals within it
- Managing the risks and performance through robust internal control and strong public financial management
- Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

4.2 The key policies that underpin the Council's compliance with these principles are set out in Annex A.

4.3 The Council recognises that establishing, maintaining and reporting a culture of good governance is as important as putting in place a framework of policies and procedures.

4.4 The Council expects Members and staff to uphold the highest standards of conduct and behaviour and to act with openness, integrity and accountability when carrying out their duties:

- Openness is required so that people can have confidence in our staff and our decision-making and management processes. We need to be as open as possible about the decisions we make and the reasons we have made them. Consulting openly and providing access to full, accurate and clear information helps us stand up to public scrutiny.
- Integrity means straightforward dealing that is based upon honesty, selflessness and objectivity. The public expects us to manage public funds and the Council's affairs properly and appropriately, maintaining the highest standards in all our activities. We must act in the public interest not for personal gain. We will serve the whole community and remain committed to the promotion of equalities and diversity.
- Accountability is the process of taking responsibility for our decisions and actions (including stewardship of public funds and all aspects of performance) and answering to external scrutiny.
- Positive leadership overarches all the principles outlined here because these can only exist where effective leadership is exercised. We all have a personal responsibility to promote and support these principles through our own actions and behaviour and those of any staff we may manage. The key aspects of positive leadership behaviour at the Council are effectively managing:
  - People;
  - customer service;
  - performance;
  - money and other resources, and;

- personal development.

## 5. Roles and responsibilities

5.1 All Members and officers are expected to commit to the Council's principles of good governance; however, there are specific responsibilities for the following individuals and groups:

5.2 The following Member bodies have specific responsibilities for good governance and these are set out in the Council's Constitution:

- Cabinet;
- Standards Committee;
- Governance Committee;
- Audit Committee;
- Scrutiny Committees.

5.3 The Corporate Management Team has a collective responsibility for good governance, but this is underpinned by the role of the three statutory officers of the Council:

Head of Paid Service	-	Chief Executive
Monitoring Officer	-	Deputy Chief Executive
Section 151 Officer	-	Chief Finance Officer

5.4 Chief Officers are responsible for the policies and procedures which form part of this Code and that fall within their functional responsibilities. Each Chief Officer is supported by senior managers who are responsible for ensuring that the relevant policies and procedures are up to date, are being complied with and are effective in achieving good governance.

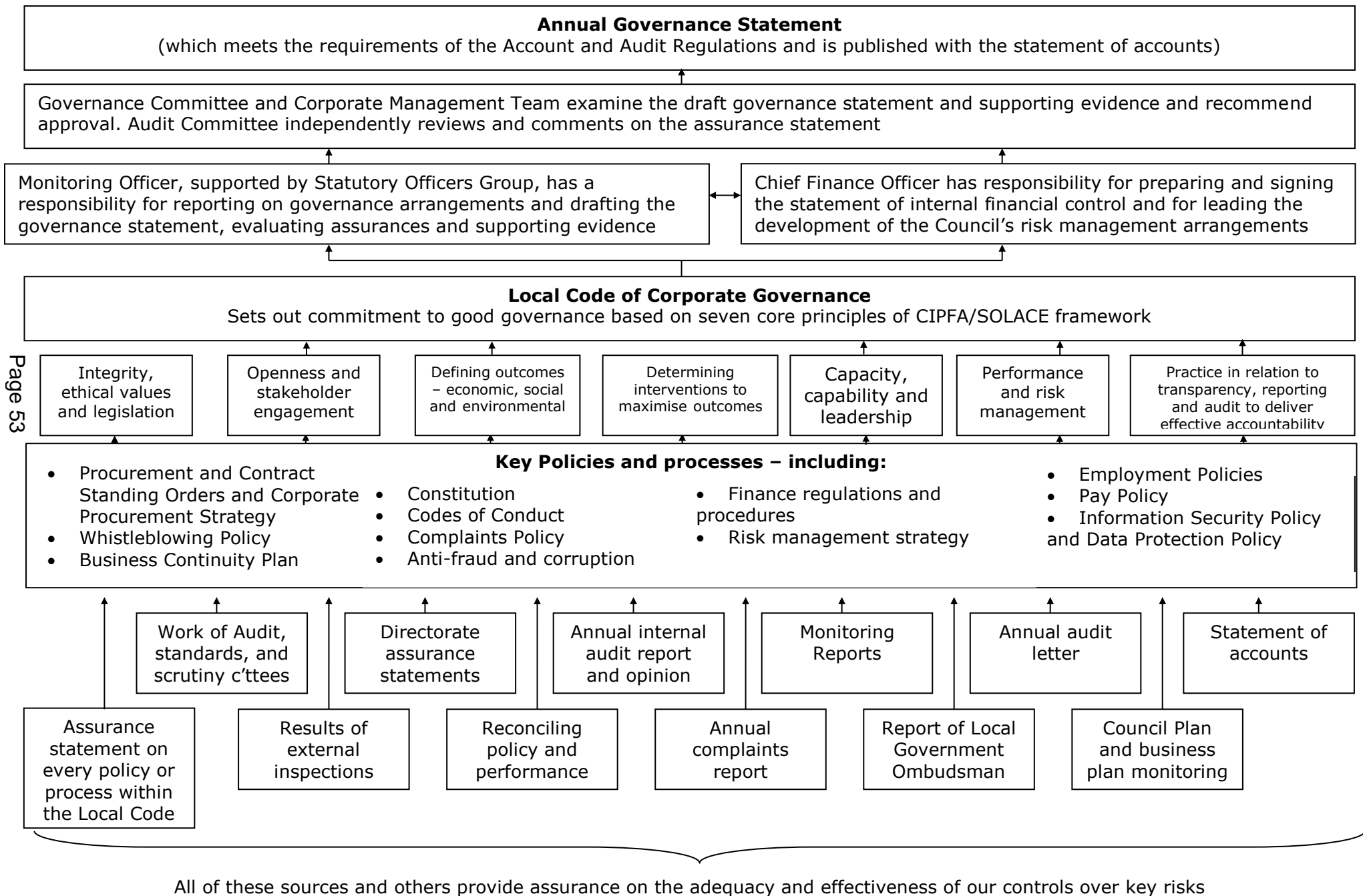
5.5 The Deputy Chief Executive has responsibility for the direction and review of corporate governance within the Council and is supported by the Statutory Officers Group of senior managers.

## 6. Monitoring and review

6.1 The Deputy Chief Executive, as Monitoring Officer, will report annually on compliance with this Code and the effectiveness of the Council's governance arrangements. The report will also be the basis for the production of the Annual Governance Statement which will be published in the Council's Annual Statement of Accounts. The Annual Governance Statement will be approved by the Leader of the Council and the Chief Executive.

Last reviewed: July 2024  
Document Owner: Deputy Chief Executive

## Annex D - East Sussex County Council Framework for the Annual Governance Statement



## Annex E - Action for 2025/26

The following actions will be taken to strengthen governance, risk management and the internal control environment during the current year. The actions are shown for each department and will be monitored through departmental business plans.

### Business Services (BSD)

- We will further enhance the council's cyber resilience including responding to the new Cyber Assessment Framework (CAF), which provides a holistic model of assessment that considers technical controls, business process and workforce skills and behaviours. The target outcome from adopting the CAF is to reduce the likelihood of cyber-attack and to put in place preparedness for a response in the event of a cyber incident. Continue to seek annual accreditation under the Public Service Network code of connection, Cyber Essentials Plus, and the NHS DSPT (Data Security and Protection Toolkit). **March 2026**
- We will continue to implement the final phase of Oracle as the Council's Enterprise Resource Management system, to ensure that critical activity (such as running a payroll and paying suppliers) can continue given that the existing system, SAP, will no longer be supported beyond 2027. The implementation will also further strengthen the council's internal controls and reduce risk. **March 2026**
- Monitor and review the initiatives that have been put in place to support the recruitment and retention of staff to ensure they remain effective. **March 2026**
- Review and update the Council's Strategic Asset Plan 2020-2025 and review the action plans that have been put in place to support efficient use of the Council's property assets. **December 2025**
- Ensure continuing compliance with the Department of Health and Social Care's Health Care Services (Provider Selection Regime [PSR]) Regulations 2023 and the new Procurement Act 2023 and associated regulations, which came into effect in February 2025. **March 2026**
- Assurance review of financial regulations against the CIPFA Financial Management Code. This is an annual requirement to report to Audit Committee. **September 2025**
- Further action to recruit up to two independent members for the Audit Committee. **June 2026**

## Children's Services

- We will establish robust governance and monitoring of the transformation programme required to respond to the Children's Wellbeing and Schools Bill. **April 2025**
- We will develop and launch our refreshed approach to earlier intervention including supporting partners to hold more lower-level risk with support from Team Around the Family Coordinators and a professional helpline. **September 2025**
- We will develop and pilot our approach to Family Help in East Sussex, bringing together early help keywork and social work teams in line with the Government's social care reforms and learning from pathfinder authorities. **March 2026**
- We will work with partner agencies to develop our approach to Multi-Agency Child Protection Teams in East Sussex, to include social work, education, police and health. **March 2026**
- We will consolidate our family group conference offer and develop plans to upskill the workforce and partners to facilitate family network meetings to support families to support children in their family network. **March 2026**
- As part of the Transformation, we will refresh our sufficiency strategy to continue to broaden the range of high-quality placement options for our looked after children particularly for children with complex needs. Including, playing a leading role in the South-East Regional Care Cooperative, working more closely with our neighbouring local authorities on foster carer recruitment through a hub model, and further developing an integrated commissioning approach to ensure the best use of our resources. **March 2026**
- We will progress our 'Inspection Implementation Plan' to address the areas for improvement identified in the ASEND inspection which is part of our SEND strategy which has been extended until September 2026. The SEND Strategy Governance Board will oversee the implementation of this plan. **March 2026.**
- We will continue, as part of the Alternative Provision subgroup, to oversee this and ensure a smooth transition. We also continue to develop and refine our offer for 3 tier provision across the county. **March 2026.**
- Continue to implement the Children's Services Essential Systems Development programme which is funded by the Capital Programme. In year two of this four-year programme, we will focus on integration of the Education systems and Education Portals. **March 2027**
- We will continue to address the areas for improvement in the June HMIP inspection of the Youth Justice Service. **September 2025**
- We will implement changes to the complaints process in line with the LGSGO Code of practice **March 2026**

## **Communities, Economy and Transport**

- In response to the Local Government and Social Care Ombudsman, we will develop a Complaints Handling Code and update the ESCC Corporate Complaints Policy. **October 2025**
- We will establish a board, comprising of senior council officers and senior managers from local bus companies who will continue to provide governance and oversight of the rollout of the Council's Bus Service Improvement Plan. **Ongoing**
- We will carry out an audit of Transport for the South East governance arrangements. **May 2025**
- We will carry out an audit of emergency planning. **June 2025**



## **Adult Social Care (ASC) and Health**

- We will review our Care Quality Commission (CQC) Assurance report and use its findings to develop and initiate an action plan, to build on our good practice and respond to any improvements that support delivery of our Care Act duties, by **March 2026**.
- We will test, implement and evaluate new approaches to triaging safeguarding referrals through Health and Social Care Connect, to enable best use of resources and build on our good practice in safeguarding management and oversight, by **March 2026**.
- We will continue to improve the quality of our practice across Adult Social Care, including enhanced ways of auditing aligned to our Quality Practice and Assurance Framework. This will include how we report on and learn from practice strengths and areas for development to improve the outcomes and experiences of adults and their carers, by **March 2026**.
- We will enhance our approach to equality, diversity and inclusion through improving our use of data to identify areas of focus and to monitor impact and outcomes for local people by **March 2026**.
- We will continue to develop the Impact Assessment Tool and review the data and intelligence held within the tool. This will ensure we maximise opportunities to inform market oversight discussions and decision making through our Market Oversight Panel and contract management arrangements as appropriate, by **March 2026**.

## Governance Services

- We will review the Council's scrutiny call-in process and guidance for Members. **September 2025**
- Prepare arrangements for elections including plans for a comprehensive Member induction and training programme. **Ongoing**
- We will work with partners to ensure that the Mayoral Combined County Authority is established, with preparations made for a mayoral election being held in May 2026. **March 2026**
- We will work with partners to develop a plan for a single tier of local government in East Sussex in response to the Government's statutory invitation, ensuring appropriate member oversight and input in relation to the preparation of the plan. **September 2026**
- We will evaluate AI solutions specifically designed for the legal industry to assess their effectiveness and whether they save time and increase the capacity of Legal Services to meet the challenges of increasingly complex and expanding workloads. **March 2026**

<b>Report to:</b>	<b>Audit Committee</b>
<b>Date:</b>	<b>4 July 2025</b>
<b>By:</b>	<b>Chief Operating Officer</b>
<b>Title of report:</b>	<b>Internal Audit Annual Report and Opinion 2024/25</b>
<b>Purpose of report:</b>	<b>To give an opinion on the Council's control environment for the year from 1 April 2024 to 31 March 2025.</b>

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**RECOMMENDATIONS: Audit Committee is recommended to:**

- 1) note the Internal Audit Service's opinion on the Council's control environment; and**
  - 2) consider whether the Council's arrangements for internal audit have proved effective during 2024/25.**
- 

**1. Background**

1.1 The purpose of this report is to give an opinion on the adequacy of East Sussex County Council's control environment as a contribution to the proper, economic, efficient and effective use of resources. The report covers the audit work completed in the year from 1 April 2024 to 31 March 2025 in accordance with the Internal Audit Strategy for 2024/25.

**2. Supporting Information**

2.1 All local authorities must make proper provision for internal audit in line with the 1972 Local Government Act (S151) and the Accounts and Audit Regulations 2015. The latter states that authorities 'must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'. Annually, the Chief Internal Auditor is required to provide an overall opinion on the Council's internal control environment, risk management arrangements and governance framework to support the Annual Governance Statement.

2.2 It is a management responsibility to establish and maintain internal control systems and to ensure that resources are properly applied, risks appropriately managed and outcomes achieved.

2.3 No assurance can ever be absolute; however, based on the internal audit work completed, the Chief Internal Auditor can provide substantial assurance that East Sussex County Council has in place an adequate and effective framework of governance, risk management and internal control for the period 1 April 2024 to 31 March 2025.

2.4 This opinion, and the evidence that underpins it, is further explained in the full Internal Audit Service's Annual Report and Opinion which forms Annex A of this report. The report highlights:

- Key issues for the year, including a summary of all audit opinions provided;
- Key financial systems work; and
- Other internal audit activity.

2.5 There is a separate report of Counter Fraud activity to be presented alongside this report.

2.6 A summary of the major findings from audit reviews completed during quarter 4 of 2024/2025 is included in Annex B. Major findings from previous quarters have already been reported.

2.7 Finally, Appendix A of the annual report sets out details of internal audit performance for the year, including details of compliance against the relevant professional standards and progress against our performance targets, the majority of which are rated as green and have been achieved.

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

3.1 Audit Committee is recommended to note the Internal Audit Service's opinion on the Council's control environment, consider whether there are any significant issues that should be included in the Council's Annual Governance Statement for 2024/25 and consider whether the Council's system for internal audit has proved effective. Cabinet will be recommended to note the Internal Audit Service's opinion on the Council's control environment at its meeting on 15 July 2025.

#### **ROS PARKER**

Chief Operating Officer

Contact Officers: Russell Banks, Orbis Chief Internal Auditor, Tel No 07824 362739  
Nigel Chilcott, Audit Manager, Tel No. 07557 541803

#### **BACKGROUND DOCUMENTS**

Internal Audit Strategy and Annual Audit Plan 2024/25

# INTERNAL AUDIT ANNUAL REPORT & OPINION 2024/2025

## **1. Internal Control and the Role of Internal Audit**

1.1 All local authorities must make proper provision for internal audit in line with the 1972 Local Government Act (S151) and the Accounts and Audit Regulations 2015. The full role and scope of the Council's Internal Audit Service is set out within our Internal Audit Charter.

1.2 It is a management responsibility to establish and maintain internal control systems and to ensure that resources are properly applied, risks appropriately managed and outcomes achieved.

1.3 Annually, the Chief Internal Auditor is required to provide an overall opinion on the Council's internal control environment, risk management arrangements and governance framework to support the Annual Governance Statement.

## **2. Delivery of the Internal Audit Plan**

2.1 The Council's Internal Audit Strategy and Plan is updated each year based on a combination of management's assessment of risk (including that set out within the departmental and strategic risk registers) and our own risk assessment of the Council's major systems and other auditable areas. The process of producing the plan involves extensive consultation with a range of stakeholders to ensure that their views on risks and current issues, within individual departments and corporately, are identified and considered.

2.2 In accordance with the audit plan for 2024/25, a programme of audits was carried out covering all Council departments and, in accordance with best practice, this programme was reviewed during the year and revised to reflect changes in risk and priority. All adjustments to the audit plan were agreed with the relevant departments and reported throughout the year to the Corporate Management Team (CMT) and the Audit Committee as part of our periodic internal audit progress reports. Full details of the adjustments to the plan can be found in Appendix D.

2.3 It should be noted that whilst there were some audit reports in progress or at draft report stage at year-end, outcomes from this work have been taken into account, where possible, in forming our annual opinion. Full details of these audits will be reported to CMT and the Audit Committee once each of the reports have been finalised with management.

## **3. Audit Opinion**

3.1 No assurance can ever be absolute; however, based on the internal audit work completed, the Chief Internal Auditor can provide substantial<sup>1</sup> assurance that the Council has in place an adequate and effective framework of governance, risk management and internal control for the period 1 April 2024 to 31 March 2025.

3.2 Further information on the basis of this opinion is provided below. Overall, the majority of audit opinions issued in the year were positive, with only a small number of instances where internal audit activities have identified that the operation of internal controls have not been fully effective. We are pleased to report that no minimal assurance opinions were issued in the year and there were only two partial assurance opinions reported (see 5.4 below) which will be subject to follow-up in 2025/26.

3.3 Where improvements in controls are required as a result of our work, we have agreed appropriate remedial action with management.

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<sup>1</sup> This opinion is based on the activities set out in the paragraphs below. It is therefore important to emphasise that it is not possible or practicable to audit all activities of the Council within a single year.

## 4. Basis of Opinion

4.1 The opinion and the level of assurance given takes into account:

- All audit work completed during 2024/25, planned and unplanned;
- Follow up of actions from previous audits;
- Management's response to the findings and recommendations;
- Ongoing advice and liaison with management, including regular attendance by the Chief Internal Auditor and Audit Managers at organisational meetings relating to risk, governance and internal control matters;
- Effects of significant changes in the Council's systems;
- The extent of resources available to deliver the audit plan; and
- Quality of the internal audit service's performance.

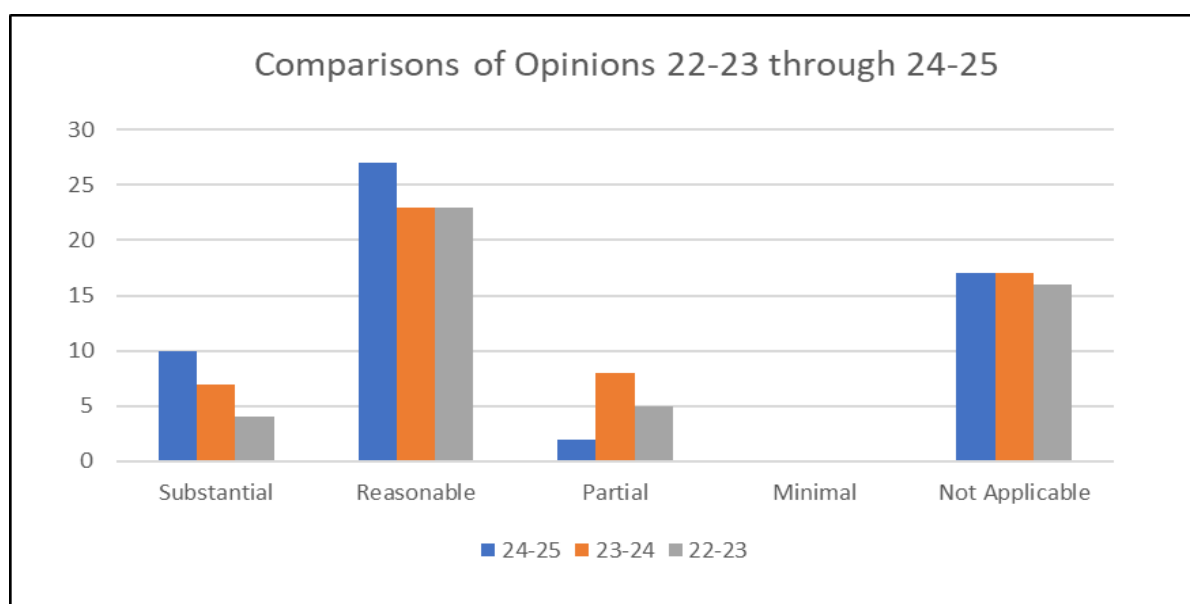
4.2 No limitations have been placed on the scope of Internal Audit during 2024/25.

## 5. Key Internal Audit Issues for 2024/25

5.1 The overall audit opinion should be read in conjunction with the key issues set out in the following paragraphs. These issues, and the overall opinion, will be taken into account when preparing and approving the Council's Annual Governance Statement.

5.2 The internal audit plan is delivered each year through a combination of formal reviews with standard audit opinions, direct support for projects and new system initiatives, investigations, grant audits and ad hoc advice. The following graph provides a summary of the outcomes from all audits finalised over the past three years:

### Audit Opinions



*\*Not Applicable: Includes grant certifications and audit reports where we did not give a specific audit opinion. Typically, this tends to be proactive advice and support activity where, due to the advisory nature of the audit work, provision of formal assurance-based opinions is not appropriate.*

5.3 A full listing of all 2024/25 completed audits and opinions for the year is included at Appendix B. The status of all planned audits in progress but not completed to final report by year-end is shown in Appendix C.

5.4 As stated above, we are pleased to report that there were no minimal assurance audit opinions issued and only two received partial assurance (both of which have been reported previously within our quarterly progress reports) as follows:

- Vehicle Use Follow Up
- Frant Church of England Primary School

5.5 Whilst actions arising from these reviews will be followed up by Internal Audit, either through specific reviews or via established action tracking arrangements, it is important that management take prompt action to secure the necessary improvements in internal control.

5.7 Eleven follow-up audits were completed during 2024/25. All but one of these (Vehicle Use) resulted in an improved opinion of reasonable or substantial assurance.

### Key Financial Systems

5.8 Given the substantial values involved, each year a significant proportion of our time is spent reviewing the Council's key financial systems, both corporate and departmental. Of those audits completed during 2024/25, all resulted in either substantial or reasonable assurance opinions. It should be noted, however, that the audits of Procure to Pay and LCS/Controcc, due to be undertaken across quarters three and four, were cancelled due to the continued pressures on staff involved in the implementation of Oracle and the need for us to focus on assurance arrangements relating to this. Full audits of all key financial systems, the majority of which will be Oracle based, will be undertaken in 2025/26 in accordance with the agreed annual audit plan.

### Other Internal Audit Activity

5.9 During 2024/25, Internal Audit has continued to provide advice, support and independent challenge to the organisation on risk, governance and internal control matters across a range of areas. These include:

- Oracle implementation (where we reviewed arrangements relating to several areas associated with the implementation, including programme governance and risk management, key controls relating to key financial systems, testing arrangements, integrations, system security and administration, data cleansing and migration, and business continuity);
- SAP Support Team costs;
- New declaration of interest system; and
- Transition of the Local Enterprise Partnership.

And attendance at, and support to:

- Oracle Programme Board
- Statutory Officers' Group
- Finance Management Team
- Departmental Management Teams
- BSD Business Partners Group
- Pension Board and Pension Committee
- Joint Service Schools Risk Review Group

5.10 As well as actively contributing to, and advising these groups, we utilise the intelligence gained from the discussions to inform our own current and future work programmes to help ensure our work continues to focus on the most important risk areas.



## Anti-Fraud and Corruption

5.11 During the year, the Internal Audit Counter Fraud Team continued to deliver both reactive and proactive fraud services across the organisation. Details of all counter fraud and investigatory activity, both proactive and reactive, have been summarised within our quarterly progress reports and a separate Counter Fraud Annual Report will be presented alongside this annual report. Where relevant, the outcomes from this work have also been used to inform our annual internal audit opinion and future audit plans.

## Amendments to the Audit Plan

5.12 In accordance with proper professional practice, the Internal Audit plan for the year was kept under regular review to ensure that the service continued to focus its resources in the highest priority areas based on an assessment of risk. All audits added to, and removed from, the plan are provided in Appendix D.

## 6. Internal Audit Performance

6.1 Public Sector Internal Audit Standards (PSIAS), replaced on 1 April 2025 by new Global Internal Audit Standards (GIAS), required the internal audit service to be reviewed annually against the Standards, supplemented with a full and independent external assessment at least every five years. The following paragraphs provide a summary of our performance during 2024/25, including the results of our latest independent PSIAS assessment, an update on our Quality Assurance and Improvement Programme and the year end results against our agreed targets.

6.2 Over the course of the year, we have continued to receive positive feedback on a range of completed audit assignments from management. The following 'word-cloud' identifies some of the key, positive phrases used to describe our service and that contributed to a 98% satisfaction rate being recorded in the year:



## PSIAS

6.3 The Standards cover the following aspects of internal audit, all of which were independently assessed during late 2022 by the Chartered Institute of Internal Auditors:

- Purpose, authority and responsibility;
- Independence and objectivity;
- Proficiency and due professional care;
- Quality assurance and improvement programme;

- Managing the internal audit activity;
- Nature of work;
- Engagement planning;
- Performing the engagement;
- Communicating results;
- Monitoring progress; and
- Communicating the acceptance of risks.

6.4 As reported to Audit Committee in March 2023, Orbis Internal Audit was assessed as achieving the highest level of conformance available against professional standards, with no areas of non-compliance identified. Our most recent self-assessment against the standards in 2023 found that this continued, with only minor areas for improvement identified. Work is currently underway to complete an updated self-assessment against the new global standards which will be reported to Committee in 2025/26.

### Key Service Targets

6.5 Performance against our previously agreed service targets is set out in Appendix A. Overall, client satisfaction levels remain high, demonstrated through the results of our post audit questionnaires, discussions with key stakeholders throughout the year through service liaison and annual consultation meetings with senior officers.

6.6 All high priority actions agreed with management as part of individual audit reviews are subject to action tracking, whereby we seek written confirmation from services that these have been implemented. As at the end of the year, it was confirmed that 14/15 (93.3%) of the high-risk actions due to be implemented on a 12-month rolling basis had been actioned. The one outstanding action, relating to the need to introduce a declaration to the staff loan application process that requires staff to confirm that they have considered the affordability of the loan, has not yet been implemented. A revised implementation date has subsequently been agreed.

6.7 Internal Audit will continue to liaise with the Council's external auditors (Grant Thornton) to ensure that the Council obtains maximum value from the combined audit resources available.

6.8 In addition to this annual summary, the Corporate Management Team (CMT) and the Audit Committee will continue to receive performance information on Internal Audit throughout the year as part of our quarterly progress reports and corporate performance monitoring arrangements.

## Internal Audit Performance Indicators 2024/25

Aspect of Service	Orbis IA Performance Indicator	Target	RAG Score	Actual Performance
Quality	Annual Audit Plan agreed by Audit Committee	By end April	G	2025/26 Internal Audit Strategy and Plan formally approved by Audit Committee 28 March 2025
	Annual Audit Report and Opinion	By end July	G	2023/24 Annual Report and Opinion presented to Audit Committee 5 July 2024
	Customer Satisfaction Levels	90% satisfied	G	98%
Productivity and Process Efficiency	Audit Plan – completion to draft report stage	90%	G	95%
	Percentage of audit plan days delivered	90%	G	101%
Compliance with Professional Standards	Public Sector Internal Audit Standards	Conforms	G	<p>Dec 2022 - External Quality Assurance completed by the Institute of Internal Auditors (IIA). Orbis Internal Audit assessed as achieving the highest level of conformance available against professional standards with no areas of non-compliance identified, and therefore no formal recommendations for improvement arising. In summary the service was assessed as:</p> <ul style="list-style-type: none"> <li>• Excellent in: Reflection of the Standards Focus on performance, risk and adding value</li> <li>• Good in: Operating with efficiency Quality Assurance and Improvement Programme</li> <li>• Satisfactory in: Coordinating and maximising assurance</li> </ul>

Aspect of Service	Orbis IA Performance Indicator	Target	RAG Score	Actual Performance
				<p>November 2023 - Updated self-assessment against the Public Sector Internal Audit Standards completed, the service was found to be fully complying with 319 of the standards and partially complying with 2 of the standards, in both cases proportionate arrangements remain in place.</p> <p>November 2023 - Quality Review exercised completed, no major areas of non-conformance identified. The need to ensure consistency in the quality of the evidence contained within a small number of audit working papers was identified; this will be addressed at auditor development days during 2024/25.</p>
	Relevant legislation such as the Police and Criminal Evidence Act, Criminal Procedures and Investigations Act	Conforms	<b>G</b>	No evidence of non-compliance identified.
Outcome and degree of influence	Implementation of management actions agreed in response to audit findings	97% for high priority agreed actions	<b>A</b>	93.3% - see 6.6 above.
Our staff	Professionally Qualified/Accredited	80%	<b>G</b>	90% <sup>2</sup>

<sup>2</sup> Includes part-qualified staff and those undertaking professional training

## Summary of opinions for Internal Audit final reports issued during 2024/25

**Substantial Assurance:***(Explanation of assurance levels provided at the bottom of this document)*

<b>Audit Title</b>	<b>Department</b>
Pension Fund - Cash Management 23/24	BSD
Pension Fund - Investments and Accounting 23/24	BSD
Pension Fund - Financial Controls 24/25	BSD
Pension Fund - Administration of Benefits 24/25	BSD
Alfriston School Follow-Up	CSD
Supplier Failure Follow-Up	Corporate
Ukraine Funding Follow-Up	ASC
Contract Management Follow-Up	Corporate
Waivers to Procurement and Contract Standing Orders	Corporate
Microsoft Teams Governance	BSD

**Reasonable Assurance:**

<b>Audit Title</b>	<b>Department</b>
Pension Fund – Administration of Pension Benefits 23/24	BSD
Supplier Change Control and Release Management	BSD
Climate Change Follow-Up	Corporate
Adult Social Care Liquidlogic (LAS) and Controcc	ASC
ASC Debt Management and Recovery	ASC
Greenwood Establishment Review	ASC
Grangemead Establishment Review	ASC
Highways Maintenance Contract – Contract Management	CET
Contract Management Group Cultural Compliance Follow-Up	CET
Parking – Procurement and Management of External Service Providers	CET
Payroll	BSD
Accounts Receivable	BSD
Cyber Security Response and Resilience	BSD
Domestic Violence and Abuse Refuge Contract – Contract Management	ASC
Health Visiting Contract – Contract Management	ASC
Registration Service	CET
Ashdown Primary School	CSD
Claverham Community College	CSD
Procurement Data Analytics Follow-Up	Corporate
Civica Property Management Application Controls Follow-Up	BSD
Civica Property Management Payment Controls	BSD
Health and Safety Compliance Property Management	BSD
Appointee and Deputyship Process Follow-Up	ASC
PAX (Passenger Transport System) Application Controls Audit	CET
St Richard's Catholic College Follow-Up	CSD
IT Asset Records Management	BSD
Transition of Young People into Adult Social Care	CSD/ASC

**Partial Assurance:**

<b>Audit Title</b>	<b>Department</b>
Frant Church of England Primary School	CSD
Vehicle Use Follow-Up	CET

**Minimal Assurance:**

<b>Audit Title</b>	<b>Department</b>
None	

**Non-Opinion:**

<b>Audit Title</b>	<b>Department</b>
Oracle General Advice and Support	Corporate
Oracle Programme Governance and Risk Management Arrangements	Corporate
Oracle Key Financial Systems (Key Controls)	Corporate
Oracle Testing Arrangements	Corporate
Oracle Integrations	Corporate
Oracle System Security and Administration	Corporate
Oracle Data Cleansing and Migration	Corporate
Oracle Business Continuity Arrangements	Corporate
SAP Support Costs	BSD
Supporting Families Grant (Q1, Q2, Q3, Q4)	CSD
Childcare Expansion Capital Grant	CSD
Local Authority Bus Subsidy Grant	CET
Local Transport Capital Block Funding (Integrated Transport and Highways Maintenance) Grant	CET
New Declaration of Interests System	Corporate
Transition of Local Enterprise Partnership	CET
Traffic Signals and Green Light Fund	CET
Covid Outbreak Management Fund	ASC

## 2024/25 Audit Plan - Audits in Progress at Year-End

<b>Audit Title</b>	<b>Planned/ Unplanned</b>	<b>Department</b>	<b>Status</b>
Home Care Contract Management	Planned	ASC	Draft Report
Surveillance Cameras	Planned	BSD	Draft Report
Home to School Transport	Unplanned	CSD/CET	Draft Report
Pension Fund – Investments and Accounting	Planned	BSD	Audit Fieldwork
Pension Fund – Compliance with Regulatory Requirements	Planned	BSD	Audit Fieldwork
Direct Payments	Planned	ASC	Audit Fieldwork
IT&D Project Management	Planned	BSD	Audit Fieldwork
Risk Management	Planned	Corporate	Audit Fieldwork
Mobile Phone Application Management	Planned	BSD	Audit Fieldwork
Emergency Planning	Unplanned	CET	Audit Fieldwork

## Audits added to, and removed from, the plan during 2024/25

**Audits Added:**

<b>Review</b>	<b>Rationale for Addition</b>
Registration Service	Identified as an area for review after the audit plan had been agreed (reported in our Q2 progress report).
Declaration of Interest System Upgrade Project	Advice on risk and control in relation to the upgraded declaration of interest system (reported in our Q3 progress report).
SAP Support Costs	Requested by IT&D management to investigate the implications of removing the SAP security and access role (reported in our Q1 progress report).
Civica Property Management (CPM) system - Payment Controls	To review internal controls in the system following the identification of potential duplicate payments (reported in our Q3 progress report).
Early Years Childcare Expansion Grant	New grant requiring certification (reported in our Q1 progress report).
Home to School Transport	Audit requested by the Corporate Management Team due to the continued financial challenge in this area. Currently at draft report stage.
Traffic Signal Obsolescence and DfT Green Light Fund	New grant requiring certification (reported in our Q3 progress report).
Oracle Programme Governance and Risk Management Arrangements	To review programme governance and risk management arrangements (reported in our Q3 progress report).
Oracle Procure to Pay	Assessment of the 'to-be' controls prior to the proposed Oracle go-live date of April 2025 (see Q4 progress report for summary of work completed in relation to Oracle).
Oracle Accounts Receivable	As above.
Oracle General Ledger	As above.
Oracle HR Recruitment	As above.
Oracle Testing Arrangements	Assessment of the testing arrangements for Oracle implementation, prior to proposed go-live of April 2025 (see Q4 progress report for summary of work completed in relation to Oracle).
Oracle Interfaces and Reconciliation	Assessment of the interfaces and reconciliation arrangements for Oracle implementation, prior to the proposed go-live of April 2025 (see Q4 progress report for summary of work completed in relation to Oracle).
Oracle Data Cleansing and Migration	Assessment of the data cleansing and migration arrangements for Oracle implementation, prior to the proposed Oracle go-live of April 2025 (see Q4 progress report for summary of work completed in relation to Oracle).
Oracle System Security and Administration	Assessment of the system security and administration arrangements for Oracle implementation, prior to the proposed Oracle go-live of April 2025 (see Q4 progress report for summary of work completed in relation to Oracle).



<b>Review</b>	<b>Rationale for Addition</b>
Oracle Business Continuity	Assessment of the business continuity arrangements for Oracle implementation, prior to the proposed go-live of April 2025 (see Q4 progress report for summary of work completed in relation to Oracle).

**Audits Removed/Deferred:**

<b>Review</b>	<b>Rationale for Removing/Deferral</b>
Capital Budgetary Control	In-year reduction in audit plan days to generate required budget savings, as reported in the quarter 2 progress report.
Alternative Education Provision Commissioning for Children	Cancelled due to delays (external factors) in transferring the Pupil Referral Unit (a key part of alternative education provision) to a new trust. The cancellation of this audit has contributed to the required budget savings above.
Broadband Grant	Cancelled as no grant certification required this year. The cancellation of this audit has contributed to the required budget savings above.
Financial and Benefit Assessments	Cancelled due to new process changes being implemented in this area. The cancellation of this audit has contributed to the required budget savings above.
Accounts Payable (Procure to Pay)	Started, but cancelled once it was proposed in late 2024 that Phase 2 of Oracle would go-live April 2025, with significant pressures on staff involved in the implementation of Oracle. Audit resources diverted to Oracle pre-implementation audit work.
Implementation of Impower Recommendations	Audit resources diverted to Oracle pre-implementation work.
Children's Liquidlogic (LCS) and Controcc Systems	Significant pressures on staff involved in the implementation of Oracle. Audit resources diverted to Oracle pre-implementation work.
Organisational Response to Financial Challenges	Replaced with Home to School Transport review (see table above).
Volunteers	Audit resources diverted to Oracle pre-implementation work.
Accountable Body Status	Audit resources diverted to Oracle pre-implementation work.
Unaccompanied Asylum-Seeking Children	Audit resources diverted to Oracle pre-implementation work.
Artificial Intelligence	Audit resources diverted to Oracle pre-implementation work.
External Funding Follow-Up	Audit resources diverted to Oracle pre-implementation work.
Supply Chain Cyber Security	Audit resources diverted to Oracle pre-implementation work.

## Audit Opinions and Definitions

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

### 1. Audits Completed in Q4 (December to March)

#### Pension Fund Financial Controls

##### East Sussex Pension Fund

1.1 The Council is the designated statutory administering authority of the East Sussex Pension Fund ("the Fund"). It has statutory responsibility to administer and manage the Fund in accordance with the Local Government Pension Scheme (LGPS) regulations and has delegated the management and responsibility of the Fund to the East Sussex Pension Committee, supported by the Pensions Board and Chief Finance Officer (S151 officer).

1.2 The Fund is responsible for managing assets for the long-term benefit of scheme members in accordance with statutory regulations and is a member of ACCESS, a collaboration of 11 LGPS administering authorities, which work together to reduce investment costs and gain economies of scale.

1.3 During quarter 4, we completed the following work in relation the Pension Fund, in accordance with the Pension Fund Internal Audit plan. Where we identified opportunities to strengthen controls, actions for improvement were agreed with management in all cases.

##### Pension Fund – Administration of Pension Benefits

1.4 The purpose of this audit was to provide assurance that:

- Data quality is sufficiently accurate to support transactions and reporting requirements;
- The calculation of pension benefit entitlements is accurate; and
- Delivery of the pension administration service complies with statutory and regulatory requirements.

1.5 We were able to provide an opinion of **substantial assurance** for this audit. We found that:

- Appropriate validation controls are in place to maintain the quality of data;
- Key activities are clearly documented in process maps that accurately reflect the processes being defined;
- Processes to ensure that the reporting of key performance indicators are robust; and
- All agreed actions identified in the previous audit had been implemented in full.

1.6 Only three low risk findings were found, and actions were agreed with management to address these.

##### Pension Fund – Financial Controls

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

- All transactions are genuine and are processed promptly and accurately, in accordance with agreed policies and approval limits; and
- Pension Fund transactions are accurately reflected in the Fund's accounts.

1.8 As a result of our work, we were able to provide an opinion of **substantial assurance**. We found that:

- Invoices are paid in accordance with the requirements of Financial Regulations and are subject to appropriate checks and authorisation before payments are made;
- Pension payroll related payments to third parties (e.g., HMRC) are made promptly and in accordance with the relevant requirements; and
- Appropriate reconciliation of control accounts, including payroll, creditors and debtors, takes place to ensure entries in the general ledger remain correct.

1.9 We only identified one low-risk area where controls could be strengthened, and a management action was agreed to address this.

### **Waivers to Procurement and Contract Standing Orders**

1.10 The Council's Procurement and Contract Standing Orders (PCSOs) are the rules that everyone who works for or on behalf of the Council must follow when procuring goods, services or works. They set out how the Council authorises and manages expenditure and resulting commercial contracts with other organisations. The purpose of these is to ensure that, prior to any significant expenditure, there is proper consideration of whether there is a need to buy or if the need could be serviced internally, and that, when external expenditure is required, it is completed in a fair, open and transparent way, whilst delivering value and maximising public benefit. Anyone who buys on behalf of the Council is responsible for adhering to PCSOs.

1.11 A waiver is required for any proposed procurement or contractual action which is not in compliance with PCSOs. For example, a waiver may be sought where the application of these orders prevents or inhibits the delivery or continuity of service.

1.12 In this audit, we assessed the adequacy of arrangements in place in relation to the waiver process and sought to provide assurance that this is being used appropriately. In providing an audit opinion of **substantial assurance**, we found robust processes in place, including that:

- Waivers are authorised in line with PCSOs or by an appropriate delegate in accordance with the Council's Scheme of Delegation;
- Waiver application forms are completed with support from the Procurement Team and contain sufficient information to allow for scrutiny. Appropriate considerations are made to other options, value for money, risks to the Council, and legal considerations to ensure they are only granted where appropriate;
- A Procurement Forward Plan is actively maintained and monitored allowing Procurement to have oversight of large contracts and to adequately prepare for procurement activities; and
- Appropriate guidance is available on the Procurement intranet page and within PCSOs.

1.13 No actions for improvement were identified as part of this review.

## **Oracle Implementation**

1.14 The Oracle Programme is the programme to replace the Council's existing Enterprise Resource Planning (ERP) system, SAP, with Oracle. A phased go-live approach is being taken to the implementation, with phase 2 (Finance, Procurement and Recruitment) going live in April 2025, and phase 3 (HR/Payroll) scheduled for 2026. Phase 1 (Enterprise Performance Management) went live in October 2024.

1.15 Since the inception of the programme, we have provided ongoing support and advice in relation to the system implementation, including continuing attendance at Programme Board and through the delivery of assurance work in specific areas of focus. This continued in quarter 4, where we completed work in the following areas, as agreed with programme management:

- Key Financial Systems – Key Controls (Procure to Pay, Accounts Receivable/Cash Management, General Ledger, HR Recruitment);
- Testing Arrangements;
- Interfaces (Integrations) and Reconciliation;
- System Security and Administration;
- Data Cleansing and Migration; and
- Business Continuity Arrangements

1.16 Our work was based on a review of documentation where available and discussions with programme officers. Clearly, with an implementation of a system on this scale and complexity, it would not be possible for us to provide complete assurance that all controls are in place and that no issues would arise following go-live, particularly in view of the pace at which the programme progressed during the quarter. Whilst we communicated areas of potential control weaknesses to programme management which will need to be kept under review, based on the work that we were able to complete against the focus areas above, we did not identify anything which we believed should prevent the Board from agreeing to go-live with phase 2 of the programme. We will, as soon as it is practicable following go-live, complete full audits of each area of the system to provide more comprehensive assurance over the control environment.

## **Microsoft Teams Governance**

1.17 Microsoft (MS) Teams is a part of the Microsoft 365 series of products and is used for chat, video conferencing and collaboration, with file storage and sharing capabilities within individual Team sites. The solution was introduced quickly as a solution for the Council during Covid to provide staff with the means to work and collaborate with their colleagues and clients, from any location, with the assistance of a Council-owned PC.

1.18 Microsoft Teams (MS Teams) is a part of the Microsoft 365 series of products and is used for chat, video conferencing and collaboration, with file storage and sharing capabilities within individual Teams sites. This software was quickly introduced as a solution for the Council during the pandemic to provide staff with the means to work and collaborate with their colleagues and clients from any location with the assistance of a Council-owned device.

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

- MS Teams was set up according to documented Council policies and service objectives, with a clear definition of its intended purpose;
- There are established processes to review system configurations and actively monitor activity and new functionality within MS Teams to ensure compliance with relevant policies and regulations;
- Measures are in place to protect sensitive and confidential information within MS Teams,
- There is an effective training program and communication channel for staff regarding the use, security, and update of MS Teams; and
- Governance arrangements exist for individual Team's creation, access, and permissions to protect data and ensure a swift response to cyber incidents.

1.20 Our audit confirmed that the expected controls were in place and operating effectively, and that the control environment was therefore suitably robust. Overall, we provided an opinion of substantial assurance, with no actions for improvement required.

### IT Asset Records Management

1.21 IT Asset Records Management is the systematic process of acquiring, monitoring, maintaining, and documenting an organisation's information technology (IT) assets throughout their lifecycle. This process is crucial for efficient IT asset management, compliance, cost control and security. It covers both tangible and non-tangible assets, inclusive of laptops, mobile devices, software licences and servers.

1.22 For the purposes of this review, we focussed on laptops and mobile devices, seeking to provide assurance that:

- The Council has a formal, documented asset management policy in place for recording assets;
- Roles and responsibilities for IT asset records management are known, with a clear understanding in relation to ownership of the process; and
- Adequate procedures are in place in relation to monitoring and safeguarding of Council assets.

1.23 In providing an opinion of **reasonable assurance**, we found that:

- There is a formal process in place for managing assets throughout their lifecycle; and
- Laptops are disabled where they have not been active for 90 days.

1.24 There were, however, some areas where controls could be strengthened, including the need to ensure that:

- Whilst there is a formal asset management process in place, associated roles and responsibilities of individuals are clearly defined;
- There is a process to ensure that all disabled laptops are retrieved so that they can be redistributed to staff;
- Where more than one laptop is assigned to an individual user, there are clear, documented reasons for this; and
- Access to laptop storage rooms is restricted to authorised personnel only.

1.25 Appropriate actions for improvement were agreed with management in relation to these areas.

## Transition of Young People into Adult Social Care

1.26 The Transition Service provides a route, advice and support for some young people transitioning from Children's Services (CS) into Adult Social Care (ASC) with complex needs. The Council has a statutory duty in accordance with the Care Act (2014) to assess an individual's needs for care and support once turning 18.

1.27 There are three main ASC services in which young people transition into from CS:

- Learning Disabilities (LD);
- Neighbourhood Support Team (NST); and
- Mental Health

1.28 Within this review, we examined the adequacy of joint working arrangements between ASC and CS to ensure the smooth transition of individuals between the services, and compliance with statutory duties. We also assessed governance and financial monitoring arrangements.

1.29 Based on the work completed, we were able to provide an opinion of **reasonable assurance** in this area. We found that:

- Robust governance arrangements are in place to identify transition cases prior to a young person's 18<sup>th</sup> birthday, which ensures that appropriate care is in place for their transition and supports long-term financial planning within ASC services. The individual is assessed to determine their care needs under the Care Act (2014), which are reviewed and approved at ASC panels;
- There is evidence of effective joint planning, communication, protocols and a clearly documented transitions pathway, with care planning being person-centred; and
- Good practice was identified in the recording and circulating of meeting minutes, ensuring staff have access to detailed information and up-to-date knowledge of cases awaiting allocation.

1.30 Some opportunities for improvement were, however, identified, including the need to ensure that:

- All transition cases follow the expected internal procedures, where we found that some assessments and support plans had not been completed prior to a young person's transition to ASC;
- Transition cases from the Children and Adolescent Mental Health Service (CAMHS) are referred to the Preparing for Adulthood (PfA) Board so that they receive the same oversight as transition cases from other areas within CS; and
- High-cost transitions are notified to ASC Finance as early as possible so that this can be taken into account within the budget management process.

1.31 Improvement actions in respect of these areas were agreed with management.

## Grant Certification

### Supporting Families Grant Certification

1.32 The Supporting Families (SF) programme has been running in East Sussex since January 2015 and is an extension of the original Troubled Families scheme that began in 2012/13. The programme is

intended to support families who experience problems in certain areas, with funding for the local authority received from the Ministry of Housing, Communities and Local Government (MHCLG), based on the level of engagement and evidence of appropriate progress and improvement.

1.33 Children's Services submit periodic claims to the MHCLG to claim grant funding under its 'payment by results' scheme. The MHCLG requires Internal Audit to verify 10% of claims (capped at 20) prior to the Local Authority's submission of its claim. We therefore reviewed 20 of the 282 families included in the January to March 2025 grant cohort.

1.34 In completing this work, we found that valid 'payment by results' (PbR) claims had been made and outcome plans had been achieved and evidenced. All the families in the sample of claims reviewed had, firstly, met the criteria to be eligible for the SF programme, and had achieved significant and sustained progress. We therefore concluded that the conditions attached to the SF grant determination programme had been complied with.

## **2. Counter Fraud and Investigation Activities**

### **Counter Fraud Activities**

2.1 The team continue to monitor intel alerts and share information with relevant services when appropriate.

2.2 In addition, the team continue to review matches released as part of the National Fraud Initiative. High risk matches will be prioritised for investigation and support provided to services reviewing the reports.

### **Summary of Completed Investigations**

#### **Financial Abuse**

2.3 Internal Audit provided support to a management investigation by undertaking targeted searches on the Outlook account of an employee, who was the focus of an adult social care financial safeguarding review, unrelated to the employee's work role within the Council.



**Report to:** Audit Committee

**Date:** 4 July 2025

**By:** Chief Operating Officer

**Title of report:** Counter Fraud Annual Report 2024/25

**Purpose of report:** To inform Audit Committee of the irregularity investigations and proactive counter fraud work undertaken by Internal Audit between 1 April 2024 and 31 March 2025

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## **RECOMMENDATION:**

**Audit Committee is recommended to note the contents of the report.**

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### **1. Background**

1.1 The Counter Fraud Annual Report set out at Annex A, covers the counter fraud work completed in the year from 1 April 2024 to 31 March 2025 in accordance with the Counter Fraud Strategy and Framework.

### **2. Supporting Information**

2.1 The Council's Internal Audit team investigates allegations of fraud and irregularity against the Council and is committed to upholding the Council's Counter Fraud Strategy and Framework. The Council's strategy is aligned to the Fighting Fraud and Corruption Locally Strategy 2020 which is the government's 'blueprint' for tackling fraud in Local Government.

2.2 Within Internal Audit, the Counter Fraud Partnership Team comprises 4 auditors with counter fraud expertise who work across all departments to identify fraud, and to provide a dedicated proactive counter fraud and responsive investigation function. It also works on behalf of the Council to ensure that its counter-fraud arrangements are robust by raising awareness of fraud risk, reviewing and improving fraud risk management arrangements, using data to actively identify fraudulent activity and monitoring the extent to which the Council is impacted by fraud. Where fraud is suspected or identified, the team provides a professional investigation service and advises on control measures that will prevent recurrence.

2.3 The Counter Fraud Annual Report outlines:

- Details of the work undertaken during the period 1 April 2024 to 31 March 2025;
- Outcomes from investigation activities; and
- Other counter fraud activity.

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

3.1 Audit Committee is recommended to note the fraud activity completed during 1 April 2024 to 31 March 2025.

## **ROS PARKER**

Chief Operating Officer

Contact Officers: Russell Banks, Orbis Chief Internal Auditor, Tel No 07824 362739  
Simon White, Audit Manager Counter Fraud, Tel No. 07779 455501

## **BACKGROUND DOCUMENTS**

ESCC Counter Fraud Strategy and Framework

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# INTERNAL AUDIT COUNTER FRAUD ANNUAL REPORT 2024/25



## 1. Introduction

1.1 The Council's Financial Regulations require all officers and members of the Council to notify the Chief Internal Auditor of any matter that involves, or is thought to involve, corruption or financial irregularity in the exercise of the functions of the Council. Internal Audit will in turn pursue such investigations in line with the Counter Fraud Strategy and Framework.

1.2 Within the Orbis Internal Audit Service, the Counter Fraud Partnership Team provides resource and experience to support ESCC with both proactive and responsive support relating to any instances of financial irregularities and fraud related risks.

1.3 The annual Internal Audit Plan for 2024/25 carried within it a contingency budget for 'Irregularity and Special Investigations' of 120 days. This contingency covered time to investigate 'irregularities' (actual or alleged financial impropriety, corruption, and other similar matters) as well as time for proactive counter fraud work and to support the National Fraud Initiative (NFI), detailed in the latter part of this report.

1.4 Internal Audit reports following irregularity investigations typically help to provide independent evidence to support (or not) a management case against an employee under formal disciplinary procedures, to support potential criminal prosecutions and to help strengthen controls in areas where weaknesses are identified. Irregularity audit reports are not subject to the same distribution as general audit reports due to their confidential and sensitive nature.

## 2. Summary of Investigations between 1 April 2024 and 31 March 2025

### Resources

2.1 During the 2024/25 financial year, a total of seven Internal Audit officers charged time to work on irregularity investigations amounting to 118 days. This included preliminary assessments, liaison with departments, fieldwork, reporting, and subsequent support for disciplinary and criminal activities.

2.2 The Counter Fraud team also monitors the ESCC Confidential Reporting Hotline, prompting investigation activity where appropriate, giving advice to members of staff on whistleblowing, and signposting to other departments where required.

### Number and Types of Investigations

2.3 A total of 27 allegations were logged in the financial year (17 in the first half of the year and 10 in the second half). For comparison, 30 allegations were received in the previous financial year.

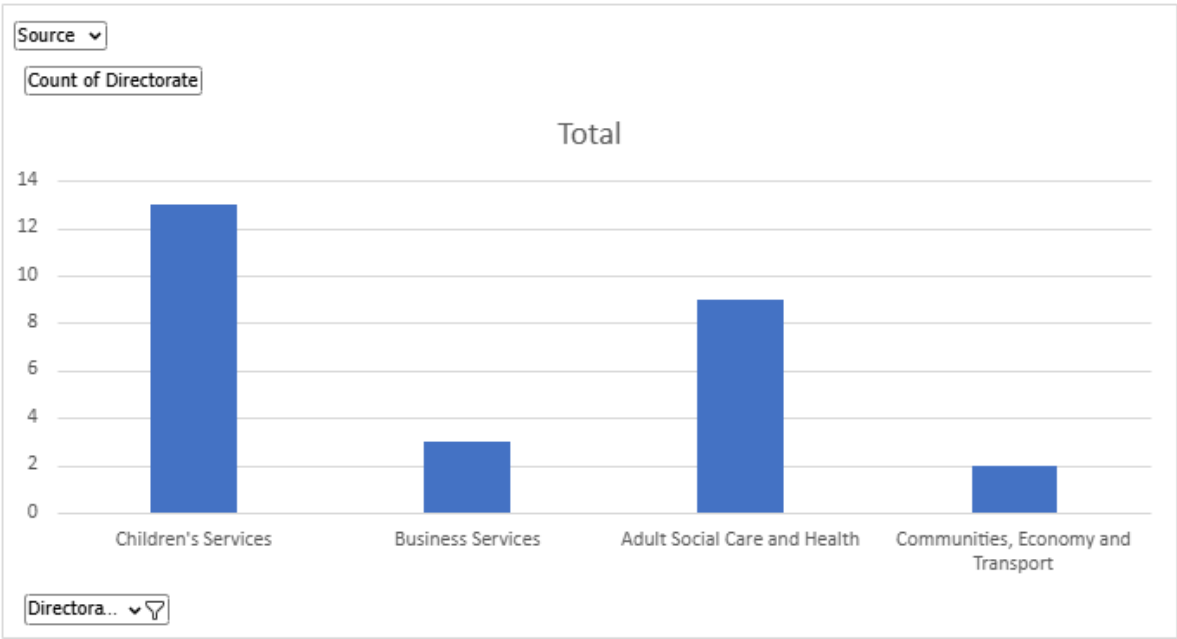
2.4 New allegations were brought to the attention of Internal Audit by the following methods:

- 12 were raised by Council management;
- 11 originated from an external source to the Council;
- 2 were raised by employees;
- 2 were raised through confidential reporting.

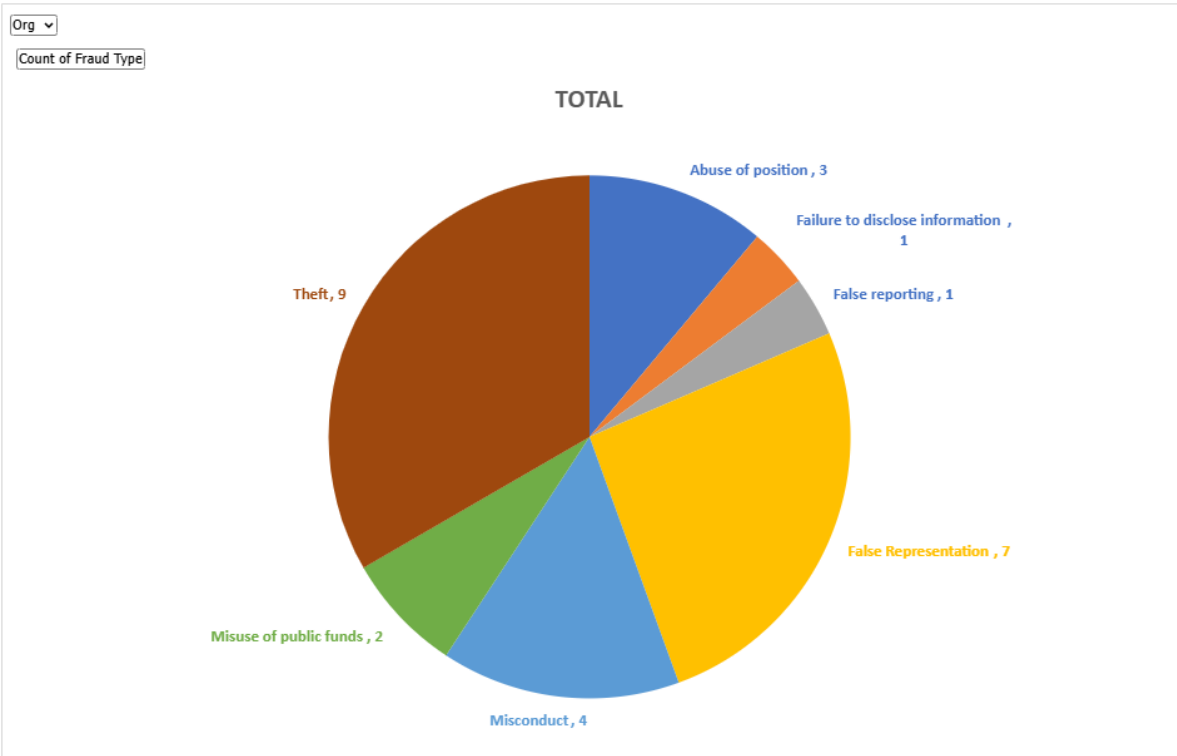
2.5 Full details of the categories by which fraud and irregularity investigations are reported are attached at Appendix A. All proven fraudulent or irregular behaviour by officers may be considered misconduct; similarly, poor controls increase the likelihood of fraud occurring. The categories therefore reflect alleged specific types of fraud or irregularity.

2.6 The number of all recorded allegations across the Council's departments is shown in Figure 1, while Figure 2 shows the categories of allegations received.

**Figure 1.** Allegations by department from 1 April 2024 to 31 March 2025



**Figure 2.** Summary of allegations by type from 1 April 2024 to 31 March 2025



2.7 Of the allegations received, ten were closed with no action taken, four were dealt with through advice to management, two were referred to other agencies, and seven were taken forward for investigation by Internal Audit or support provided to a management investigation. Four were conduct or capability issues dealt with by management with support from HR where appropriate. Three investigations were still active at the time of writing this report.

2.8 The value of fraud prevented or detected is not always readily quantifiable, however, in cases where this can be estimated, the cumulative value of fraud prevented or detected for the year is approximately £22k.

2.9 The following paragraphs provide a summary of the investigation activity concluded by the Internal Audit Counter Fraud Team within the last 12 months.

2.9.1 **Theft** – following the identification of missing funds from a school's unofficial funds, an investigation was undertaken by Internal Audit. During the investigation the employee admitted theft of approx. £16k. The employee was dismissed and a referral made to Sussex Police. A live criminal investigation is ongoing.

2.9.2 **Multiple Employment** – Following an external referral regarding an employee having made a false application for employment, we undertook an investigation and identified multiple employment and confirmed a false application. The contract of employment was terminated in the probationary period and final salary withheld. The Council has provided a witness statement and is supporting a criminal prosecution against the individual.

2.9.3 **False Representation** – We received an allegation that a member of staff had made a false representation to secure an employee car loan. The investigation upheld the allegation, and the employee resigned pending disciplinary action. An invoice has been raised to recover the outstanding loan amount.

2.9.4 **Conflict of Interest** – We received an allegation that a former employee had established a company supplying services to the Council and was unfairly favoured for the award of work. The investigation found that work had been awarded to the company by an existing member of staff in conflict with Council policy. Actions were agreed to improve the control environment and disciplinary taken against a member of staff concerned. The supplier has been blocked from any future use.

2.9.5 **Unfair Recruitment** – We received an allegation that a Council interview process was unfair in that it did not follow the correct process and had favoured a preferred candidate. The investigation found evidence that good practice had not been followed, and not all candidates were given reasonable notice of interview dates, resulting in disciplinary action being taken against the recruiting manager.

2.9.6 **School Admissions** – We received an allegation of false representation in relation to a school admissions application, with the applicant alleged not to be residing at the address given. The application was in relation to an in-year application for an individual returning to the UK. No evidence of fraud was found, and the allegation was not upheld.

- 2.9.7 **School Meals** – An allegation was received alleging that a school meals contactor was inflating the number of meals provided. An investigation was undertaken and found no case to answer; robust processes were in place for the recording and reconciliation of meals.
- 2.9.8 **Theft of Travel Warrants** – We were advised of the theft of travel warrants from a safe in a Children’s residential home. Due to the age of the travel warrants and elapsed time, it was not viable to undertake an investigation, however, advice was provided on safe security and a control report issued agreeing actions to improve premises security.
- 2.9.9 **Support to Management Investigation** – Internal Audit provided support to a management investigation by undertaking targeted searches on the Outlook account of an employee. The searches did not identify any concerns, and the results were shared with management.

### 3. Proactive Fraud Prevention and Awareness Work

3.1 As well as the investigation work referred to above, we continue to be proactive in the identification and prevention of potential fraud and corruption activity across the Authority and in raising awareness amongst staff. The following paragraphs outline some of the proactive work undertaken in the past year.

3.2 The Council has in place a Counter Fraud Strategy 2021-2024 that sets out its commitment to preventing, detecting, and deterring fraud. Internal Audit continues to review this strategy, and a refresh will be brought to the Audit Committee in 2025 to ensure it is aligned with best practice and to ensure a robust and consistent approach to tackling fraud.

3.3 Fraud risk assessments are regularly reviewed to ensure that the current fraud threat for the Council has been considered and appropriate mitigating actions identified. We have updated the risk assessment to include new and emerging threats. This includes potential threats to payroll, multiple employment and the ever-increasing cyber threat.

3.4 One of the key controls in fighting fraud is having a strong culture in place with staff vigilant to the threat of fraud. In the past year, fraud awareness sessions have been delivered to strengthen the counter fraud culture with the Council and build awareness of the confidential reporting hotline. The team continue to monitor intel alerts and work closely with neighbouring councils to share intelligence and best practice.

### National Fraud Initiative (NFI)

3.5 NFI matches electronic data within and between public and private sector bodies to prevent and detect fraud. These bodies include local councils, police authorities, local probation boards, fire and rescue authorities and a number of private sector bodies.

3.6 The results from the latest biennial NFI exercise were received in December 2024. The results from the data matching released to the Council flagged

approximately 15,000 matches. This compares to just over 14,000 that were flagged in the previous exercise.

3.7 As well as directly undertaking reviews of the matches for evidence of fraud and error, we have been liaising with the relevant departments to ensure that flagged matches are investigated and actioned appropriately. Payroll records have been prioritised, with a number of live enquiries still underway. Matches flagged for review include:

- 348 Pensions matches
- 172 Payroll matches
- Over 700 Blue Badge matches
- Over 1,500 Concessionary Travel matches
- Over 12,000 Creditors matches

3.8 The results from the previous exercise (January 2023 release) included:

- No issues from matches relating to Pensions, Payroll to Creditors, Procurement to Payroll or Payroll to Companies House (Director);
- The review of over 1,673 concessionary travel passes where the pass holder had passed away;
- 194 cases where a pensions recipient had passed away and we were not previously aware. Three of these were recovered with a cumulative value of £7,320;
- No issues identified from the matches relating to Blue Badges; and
- Over 4,000 matches in relation to duplicate invoices that are believed to be 'false-positives'.

## Partnership working

3.9 We meet regularly with partners across the south-east to discuss emerging threats and share intelligence. More specifically for the East Sussex area, we are working with district and borough colleagues to explore opportunities for further developing countywide data matching capabilities for the prevention and detection of fraud.



## Reporting categories for irregularities

Reporting category	Description	Examples (not an exhaustive list)	Legislation / Policies (examples)
False representation	Knowingly making an untrue or misleading representation to make gain, cause loss or expose the Council to the risk of loss	Submitting incorrect expense claims; falsely claiming to hold a qualification	Fraud Act 2006
Failure to disclose information	Intentionally withholding information to make gain, cause loss or expose the Council to the risk of loss	Failing to declare pecuniary interests, or assets as part of a means tested assessment	
Abuse of position	Use of position to act against, or fail to safeguard, the interests of the Council or residents	Nepotism; financial abuse of individuals receiving social care	
Theft	Misappropriation of assets (often cash) belonging to the Council or individuals under the Council's care	Removing cash from safes; removing individuals' personal items in care homes	Theft Act 1968
Corruption	Offering, giving, seeking or accepting any inducement or reward which may influence a person's actions, or to gain a commercial or contractual advantage	Accepting money to ensure a contract is awarded to a particular supplier	Bribery Act 2010
False reporting	Intentional manipulation of financial or non-financial information to distort or provide misleading reports	Falsifying statistics to ensure performance targets are met; delaying payments to distort financial position	Theft Act 1968; Financial Regulations; Procurement Standing Orders
Misuse of public funds	The use of public funds for ultra vires expenditure or expenditure for purposes other than those intended	Officers misusing grant funding; individuals misusing social care direct payments	
Procurement	Any matter relating to the dishonest procurement of goods and services by internal or external persons	Breach of the Procurement Standing Orders; collusive tendering; falsifying quotations	
Misconduct	Failure to act in accordance with the Code of Conduct, Council policies or management instructions	Undertaking additional work during contracted hours; inappropriate	Code of Conduct

		use of Council assets and equipment	IT Security Policy
Poor Control	Weak local or corporate arrangements that result in the loss of Council assets or a breach of Council policy	Storing a key to a safe in the immediate vicinity of the safe	

**Report to:** Audit Committee

**Date of meeting:** 4 July 2025

**By:** Chief Operating Officer

**Title:** Audit Committee Oracle Subgroup Update

**Purpose:** To provide an update to the Audit Committee of the Oracle Subgroup's most recent activity

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## **RECOMMENDATION:**

**The Committee is recommended to note that the Committee's Oracle Subgroup has regularly reviewed the Council's Oracle Implementation programme.**

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### **1 Background**

- 1.1 The Committee at its meeting in September 2021 approved the establishment of a Subgroup to provide oversight of progress with the Oracle implementation programme, seeking assurance that the programme is performing adequately.
- 1.2 The Oracle Implementation Programme was established by the County Council in 2019. Prompted by the expected expiry of support for the Council's existing Enterprise Resource Planning (ERP) software, SAP, the vision for Oracle is 'to implement a suite of back-office systems that best meet the current and future needs of the Council and which provides optimal return on investment'.

### **2 Supporting information**

#### ***Work of the Subgroup***

- 2.1 Since the last update to the Audit Committee on 28 March 2025, Phase 2 of the Oracle implementation (Finance, Procurement and Recruitment) has successfully gone live as planned.
- 2.2 Since 28 March, the Subgroup met on 1 May 2025 and a summary of the minutes is included in Appendix A.
- 2.3 At this meeting the Subgroup recognised the positive progress made, and the positive level of organisational readiness built through various training sessions, communications, guidance, signposting and Oracle Advocates being accessed across the organisation.
- 2.4 The Subgroup also discussed the scope, approach and key challenges to Phase 3 (payroll) and how to get the best out of the live system.

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

- 3.1 The Committee is recommended to note that the Committee's Oracle Subgroup has reviewed the Council's Oracle programme to its satisfaction and continues to receive regular updates.

**ROS PARKER**

**Chief Operating Officer**

Contact Officers: John Davidson, Oracle Delivery Lead, Tel: 07534 699102  
Email: [john.davidson@eastsussex.gov.uk](mailto:john.davidson@eastsussex.gov.uk)

BACKGROUND DOCUMENTS:

None

**ATTENDEES:**

Councillor Gerard Fox  
Councillor Philip Lunn

**OFFICERS IN ATTENDANCE:**

Ros Parker, Chief Operating Officer  
Ian Gutsell, Chief Finance Officer  
Mark Winton, Audit Manager - Delivery  
Sophie Webb, Governance and Democracy Manager

**APOLOGIES:**

Councillor Colin Swansborough  
Councillor Matthew Beaver  
John Davidson, Oracle Programme Lead

**1. VERBAL UPDATE from Chief Operating Officer**

1.1 RP updated the subgroup that since the last meeting, Phase 1 is progressing well with the final module due to follow in May 2025.

1.2 RP highlighted that the most significant update is around Phase 2 which completed final data migration and cutover to go live on 17 April.

1.3 The subgroup viewed the Oracle Welcome Video and noted that in terms of organisational readiness there are various training sessions, communications, guidance, signposting and Oracle Advocates being accessed across the organisation.

1.4 RP informed the subgroup that there were no concerns from the Internal Audit team and that the programme was RAG rated green in terms of technical readiness and organisational readiness.

1.5 RP noted that there has been a high level of staff booking onto training including bitesize training sessions and the Oracle Guided Learning has proved effective.

1.6 RP summarised the helpdesk statistics and noted that the tickets are at a manageable volume.

1.7 RP explained that exiting hypercare is subject to certain criteria being met including Internal Audit undertaking full audits of key areas.

1.8 RP informed the subgroup that the first quarterly update will be released by Oracle in May 2025 and the process is well documented to ensure that this and future updates are managed effectively.

1.9 RP updated the subgroup that the scope for Phase 3 includes payroll, employee self-service, manager self-service and schools. Phase 3 will follow the same stages as Phase 2, with the exception of Parallel Payroll Running (PPR) before cutover with the biggest risk being the quality of the technical build.

1.10 RP highlighted that Phase 3 will affect all employees and work is being undertaken to ensure that those who do not have a Council device, can access the self-service Oracle systems such as expenses.

1.11 RP informed the subgroup that Phase 3 will follow the same 'adopt not adapt' approach using lessons learned from Phases 1 and 2.

## **2. DISCUSSION**

2.1 The Subgroup discussed the following points:

- How Phase 3 will affect service to schools
- The challenges around payroll and complexity of the data.
- Additional functionality of Oracle which could be explored after Phase 3 implementation.

**Report to:** Audit Committee

**Date:** 4 July 2025

**By:** Chief Operating Officer

**Title of report:** Strategic Risk Monitoring – Quarter 4 2024/25

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

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**RECOMMENDATIONS:** Committee Members are recommended to:

- 1) Note the process of strategic risk management; and
  - 2) Note the current strategic risks and the risk controls and responses being proposed and implemented by Chief Officers.
- 

## **1. Background**

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

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

## **2. Supporting Information**

### The Risk Management Process

2.1 The Council's risk management process is a continuous and developing process. In order to manage risk appropriately and effectively, it is necessary to adopt a systematic approach to risk identification, analysis, and control. This approach is referred to as the Risk Management Process and provides a system that can be applied to risks at all levels within the council.

2.2 As a minimum, all risk registers are formally reviewed and updated on a quarterly basis as part of the Council monitoring process. The Strategic Risk Register is reviewed and updated by the Corporate Management Team (CMT) prior to being reported to Cabinet and the Audit Committee. As part of the process, consideration must be given as to the escalation and de-escalation of risks between Departmental and Strategic Risk Registers. Risks are usually escalated to the Strategic Risk Register when it relates directly to a strategic objective and/or the outcome cannot be mitigated at an operational level.

## Strategic Risk Register – Quarter 4 2024/25

2.3 The Council's Strategic Risk Register, which is attached as Appendix 1, is formally reviewed by the CMT on a quarterly basis. Members should note that this version of the Strategic Risk Register, which relates to Quarter 4 of 2024/25, was reviewed by CMT on 21 May 2025 and presented to Cabinet on 24 June 2025 as part of the quarterly council monitoring process. Appendix 1 also includes additional summary information to present historic RAG ratings, as well as current pre and post mitigation RAG ratings.

2.4 The previous update to this Committee was in March 2024 to present the Strategic Risk Register as at Quarter 3 2024/25. There have been various updates to the Strategic Risk Register to reflect the Council's risk profile as follows:

- **Risk 23 (Local Government Reorganisation and Devolution)** is new and introduced this quarter, reflecting plans for Local Government Reorganisation.
- **Risk 4 (Health)** has an updated risk definition, risk control and risk score, due to a nationally mandated reduction in Integrated Care Board (ICB) operating costs by December 2025.
- **Risk 22 (Oracle)** has an updated risk definition and risk control.
- **Risk 1 (Roads), Risk 6 (Local Economic Growth), Risk 9 (Workforce), Risk 15 (Climate), Risk 20 (Placements for children and young people) and Risk 21 (Care Act)** have updated risk controls.

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

### **3. Conclusion and Recommendation**

3.1 The Committee is recommended to note the process of strategic risk management and the Strategic Risk Register including the risk controls and responses being proposed and implemented by Chief Officers.

**ROS PARKER**  
**Chief Operating Officer**

Contact Officer:  
Thomas Alty: Deputy Chief Finance Officer  
Tel: 07701 394836

Background documents:  
None



## Strategic Risks - Historic Post Mitigation Rag Ratings

Ref	Strategic Risks	22/23 Q1	22/23 Q2	22/23 Q3	22/23 Q4	23/24 Q1	23/24 Q2	23/24 Q3	23/24 Q4	24/25 Q1	24/25 Q2	24/25 Q3	24/25 Q4
1	Roads	A	A	R	R	A	A	R	R	R	R	R	R
4	Health	R	A	A	A	A	A	A	A	A	A	A	R
5	Reconciling Policy, Performance & Resources	R	R	R	R	R	R	R	R	R	R	R	R
6	Local Economic Growth	G	G	G	G	G	G	A	A	A	A	A	A
8	Capital Programme**	A	A	A	A	A	A	A	A	A	A	*	
9	Workforce	R	R	R	R	R	R	R	R	R	A	A	A
12	Cyber Attack	R	R	R	R	R	R	R	R	R	R	R	R
14	Post European Union (EU) Transition	G	G										
15	Climate	R	R	R	R	R	R	R	R	R	R	R	R
17	Safeguarding of Children and Young People	R	R	R	**								
18	Data Breach	A	A	A	A	A	A	A	A	A	A	A	A
19	Schools and iSEND	R	R	R	R	R	R	R	R	R	R	R	R
20	Placements for Children and Young people in our Care				R	R	R	R	R	R	R	R	R
21	Care Act Reviews and DoLS Assessments										A	A	A
22	Delivery of Oracle Implementation											R	R
23	Local Government Reorganisation and Reform												A

\* Risk 8 (Capital Programme) was removed from the Strategic Risk Register as a stand-alone risk and incorporated into Risk 5 (Reconciling Policy, Performance & Resources)

\*\* Risk 17 (Safeguarding of Children and Young People) was removed from the Strategic Risk Register as a stand-alone risk and incorporated into Risk 9 (Workforce)

## Strategic Risks - Pre (■) and Post Mitigation (◆) RAG Ratings

Ref	Strategic Risks	High Risk ← → Low Risk										
1	Roads		■ ◆									
4	Health	■		◆								
5	Reconciling Policy, Performance & Resources	■ ◆										
6	Local Economic Growth		■			◆						
9	Workforce	■				◆						
12	Cyber Attack	■	◆									
15	Climate	■	◆									
18	Data Breach		■			◆						
19	Schools and iSEND	■	◆									
20	Placements for Children and Young people in our Care	■	◆									
21	Care Act Reviews and DoLS Assessments		■					◆				
22	Delivery of Oracle Implementation	■	◆									
23	Local Government Reorganisation and Reform	■				◆						

# Strategic Risk Register – Q3 2024/25

Ref	Strategic Risks	Pre Mitigation RAG rating		Risk Control / Response and Post Mitigation RAG score	Post Mitigation RAG rating	
Strat-5	<p><b>RECONCILING POLICY, PERFORMANCE &amp; RESOURCES</b></p> <p>There is ongoing uncertainty in relation to future funding levels, the longer-term local government funding regime and the impact of national reforms, particularly across Children's Social Care and Adult Social Care. The impact of a period of high inflation/cost of living are leading to higher demand for Council services and have increased the direct cost of providing services. Together these create a risk of insufficient resources being available to sustain service delivery at the agreed Core Offer level to meet the changing needs of the local community.</p> <p>Our revenue budget for 2024/25 includes a draw from the Financial Management Reserve to provide a balanced budget. In year pressures in 2024/25 are likely to require an additional draw on reserves. Our proposed budget for 2025/26 includes additional savings and further use of our limited reserves. We are reliant on the multi-year settlement in 2026/27, fair funding review and business rates review delivering sufficient funding to meet the needs of our residents.</p> <p>Additionally, there are risks and uncertainties regarding the capital programme over the current Medium Term Financial Plan period and beyond, which could impact on the ability to deliver the Council's priorities and set a balanced budget. Funding uncertainty (including capital grants, receipts and developer contributions), inflation, supply chain issues and high interest rates could all constrain our ability to implement our Capital Strategy and increase the pressure on the revenue budget via increased borrowing costs.</p>	R	↔	<p>We employ a robust Reconciling Policy, Performance and Resources (RPPR) process for business planning, which ensures a strategic corporate response to resource reductions, demographic change, and regional and national economic challenges; and directs resources to priority areas. We take a commissioning approach to evaluating need and we consider all methods of service delivery. We work with partner organisations to deliver services and manage demand, making best use of our collective resources. We take a 'One Council' approach to delivering our priorities and set out our targets and objectives in the Council Plan. We monitor our progress and report it quarterly.</p> <p>The Council reviews and updates its 20-year Capital Strategy annually as part of the RPPR process, which sets the framework in which the capital programme is planned and allows the Council to prioritise investment to support its objectives. The development and delivery of the capital programme is overseen by a Capital Strategic Asset Board (CSAB), which is a cross departmental group, who also hear from Departmental Capital Board/Sub Boards who oversee priority areas.</p> <p>Our plans take account of known risks and pressures, including social, economic, policy and demographic changes and financial risks. However, we continue to operate in changing and uncertain contexts. Current and forecast economic conditions continue to shape a very challenging financial outlook both for the Council itself and many of the county's residents and businesses. Alongside this we continue to face ongoing challenges as a result of the persistent legacy of Covid, the increased cost of living and other national and international factors. We will continue to use the latest information available on these challenges to inform our business planning. We will also continually review our performance targets, priorities, service offers and financial plans, and will update these as required. As part of this we will continue to take action wherever we can to mitigate financial and service delivery pressures – making best use of new technology, investing in our workforce, seeking efficiencies, and checking that our services are effective and provide value for money.</p>	R	↔

Ref	Strategic Risks	Pre Mitigation RAG rating		Risk Control / Response and Post Mitigation RAG score	Post Mitigation RAG rating	
				We lobby, individually and in conjunction with our networks and partners, for a sustainable funding regime for local government in general and for children's social care and adult social care specifically, to meet the needs of the residents of East Sussex. If the funding reforms do not lead to an increase in funding for our services, we will need to consider further options, including seeking Exceptional Financial Support.		

Ref	Strategic Risks	Pre Mitigation RAG rating		Risk Control / Response and Post Mitigation RAG score	Post Mitigation RAG rating	
Strat-12	<p><b>CYBER ATTACK</b> The National Cyber Security Centre (NCSC) has highlighted the enduring and significant threat to UK infrastructure. From ransomware attacks to AI-enabled intrusion, malicious actors are looking to maximise their disruptive and destructive efforts in an increasingly connected world.</p> <p>Cyber attacks are growing more frequent, sophisticated, and damaging when they succeed. Amid a rise of state aligned groups, an increase in aggressive cyber activity and ongoing geopolitical challenges, there is an accelerated need to keep pace with the dynamic threat landscape.</p> <p>Furthermore, while AI presents huge opportunities, it is also transforming the threat landscape. Cyber criminals are adapting their business models to embrace this rapidly developing technology - using AI to increase the volume and impact of cyber attacks against citizens and organisations. Meanwhile the proliferation of advanced cyber intrusion tools is lowering the barrier for entry to criminals and states alike.</p>	R	↔	<p>Most attacks leverage software flaws, gaps in boundary defences or social engineering-based insertion methods (such as legitimate looking emails which trigger viral payloads). These are becoming harder to identify and filter.</p> <p>IT&amp;D use modern security tools to assure our security posture: Monitoring network activity and identifying security threats; Keeping software up to date with regular patching regimes; Continually monitoring evolving threats and re-evaluating the ability of our toolset to provide adequate defence against them; Ongoing communication with the security industry to find the most suitable tools and systems to secure our infrastructure. IT&amp;D continues to invest in new tools, which use pre-emptive technology to identify threats and patterns of abnormal behaviour.</p> <p>Services hosted in ISO 27001 accredited Orbis Data Centres.</p> <p>As well as mitigations against attack, the following measures are currently in place to minimise the impact should there be a successful attack:</p> <ul style="list-style-type: none"> <li>• Behavioural analysis systems defend against hostile activity</li> <li>• Resilient systems enhanced with immutable backups enable quick recovery</li> <li>• Robust protocols for response escalation and communication</li> </ul>	R	↔

Ref	Strategic Risks	Pre Mitigation RAG rating		Risk Control / Response and Post Mitigation RAG score	Post Mitigation RAG rating	
Strat-22	<p><b>DELIVERY OF ORACLE IMPLEMENTATION</b> There is a risk that the implementation of Oracle may not achieve the outcomes planned which results in:</p> <ul style="list-style-type: none"> <li>•higher delivery costs</li> <li>•longer timescales</li> <li>•a reduced quality of back office services from a substandard technical implementation</li> <li>•risk of not meeting statutory or contractual requirements such as payments of Pay as You Earn (PAYE) / National Insurance (NI), pensions, suppliers and employees</li> <li>•an inadequate control environment</li> <li>•lack of user buy-in and adoption due to a lack of organisational readiness impacting on core business processes</li> <li>•additional pressure on business as usual capacity from high resource demands during delivery</li> <li>•risk to employee wellbeing from high workloads and delivery timescale</li> </ul> <p>Failure to implement would result in the use of an unsupported and unlicensed system (or subject to ransom charges on some level of support) as the SAP system passes its expiry date and would miss out on efficiencies that can be gained through the new system.</p>	R	↔	<p>Mitigations are in response to the four main elements of programme delivery:</p> <ol style="list-style-type: none"> <li>1. Effective governance and internal controls The Oracle Programme Board, Sponsors, Workstream Boards and the Audit Committee Sub Group meet regularly and CMT receive regular reports. Internal audit continues to undertake reviews across the programme.</li> <li>2. Technical delivery A phased 'Adopt not Adapt' approach is being taken as the most cost-effective and straightforward route to implementation. The Oracle solution, both functional and data, is tested to a pre-defined and approved set of quality standards. The solution is not released for organisational use unless it meets these standards and is approved by the Oracle Board and CMT.</li> <li>3. Organisational readiness To go-live successfully, it is necessary for the organisation to adopt the new system with the 'adopt not adapt' approach being the most cost-effective. There is therefore a substantial communication, engagement, change and training workstream in place to support the organisation to understand and adopt the necessary changes in working practices in areas such as hiring processes, budget processes, raising purchase orders or in using self-service for expenses, payslips, timesheet and absence.</li> <li>4. Support model To ensure confidence in the system and ongoing effective use post go-live it is essential to have a support model in place to respond to inevitable issues and queries, and for users to understand what the user experience will be in advance of that. To increase resilience and the ability to flex depending on the level of support required, a blend of internal and external resource is being used. A variety of other support tools are also in place such as a Helpdesk, Oracle Guided Learning, floor walkers, bitesize briefings, and Advocates.</li> </ol> <p>For Phase 2 of the implementation (covering Finance, Procurement and Recruitment) all of the above elements were successfully delivered and rated green. This Phase therefore went live on 17 April 2025. Inevitable post go-live issues are being effectively dealt with. Work continues on Phase 3 (payroll, and employee and manager self-service) and an earliest realistically achievable go-live date for this phase is currently being considered. To deliver the implementation, it is necessary to ensure that sufficient programme resource is in place, and this is therefore kept under constant review. In addition, a positive ongoing working relationship with our implementation partner, Infosys, needs to be in place. The project lead therefore has regular conversations with</p>	R	↔

Ref	Strategic Risks	Pre Mitigation RAG rating		Risk Control / Response and Post Mitigation RAG score	Post Mitigation RAG rating	
				Infosys senior staff and escalates issues where necessary.It is also necessary for the organisation to prioritise programme activity at key points in time and this is also therefore kept under constant review.		

Ref	Strategic Risks	Pre Mitigation RAG rating		Risk Control / Response and Post Mitigation RAG score	Post Mitigation RAG rating	
Strat-15	<p><b>CLIMATE</b></p> <p>Failure to limit global warming to below 1.5°C above pre-industrialisation levels, which requires global net human-caused emissions of carbon dioxide (CO2) to be reduced by about 45 percent from 2010 levels by 2030, reaching 'net zero' by 2050 at the latest. 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, and greater coastal erosion.</p>	R	↔	<p><b>Climate change mitigation:</b> the science-based target is to reduce scope 1 and 2 carbon emissions by 50% every 5 years (equating to 13% per year). The focus is on buildings, as they made up 79% of carbon emissions in 2020/21. Internal oversight of progress is by the corporate Climate Emergency Board.</p> <p>Climate change adaptation: we work with partners on some aspects of adaptation, such as flood risk management and health impacts.</p> <p><b>A) Mitigation:</b></p> <p>1) Carbon Reduction Target: the target is a 13% carbon reduction in 2024/25 compared with 2023/24, which would achieve a cumulative reduction of 50% against the baseline year of 2019-20. Carbon data for Qs 1-3 show a 2% reduction compared with Qs 1-3 in 2023/24. If energy usage is similar in Q4 this year to Q4 last year then the annual carbon reduction in 2024/25 will be 1%, against the target of 13%. This will deliver a cumulative reduction of 36% against the baseline, against the 50% target.</p> <p>2) Carbon Reduction Schemes: the target for 2024/25 is for the delivery of a further 23 capital schemes. A total of 20 schemes were delivered to date (5 solar PV, 4 LED lighting, 7 heat decarbonisation, 1 Building Closure, 3 Insulation schemes). This reflects cuts to both the Salix Recycling Fund and CET CC budget for directly funded carbon saving projects</p> <p><b>B) Adaptation:</b></p> <p>1) Corporate Adaptation Plan: During Q1 a climate change vulnerability and risk assessment report was completed and published. In Q2 council plans and strategies were reviewed to identify where adaptation may need to be embedded, and progress was reported to Place Scrutiny Committee. In Q3 work began on developing adaptation tools and guidance for Council services. These tools and guidance will be completed in Q4 and begin to be applied in 2025/26.</p> <p>Ultimately there is not sufficient funding available for the Council to be able to keep pace with the science-based target to halve emissions every five years. Although grant funding will be sought to mitigate against this, it is unlikely to be sufficient. The council will continue to work on what it can to reduce emissions with the funding it has available</p>	R	↔

Ref	Strategic Risks	Pre Mitigation RAG rating		Risk Control / Response and Post Mitigation RAG score	Post Mitigation RAG rating	
				including working with its supply chain on Scope 3 emissions.		



Ref	Strategic Risks	Pre Mitigation RAG rating		Risk Control / Response and Post Mitigation RAG score	Post Mitigation RAG rating	
Strat-20	<p><b>PLACEMENTS FOR CHILDREN AND YOUNG PEOPLE IN OUR CARE</b>Inability to secure sufficient high quality placements for children in our care, suitable accommodation for care experienced young people and respite provision, leading to significant financial pressure and poorer outcomes for children/young people.The risk of the failure of one or more key providers in the independent sector is an increasing concern, set against necessary regulatory tightening of profit which might further impact the market.</p>	R	↔	Effective demand management, robust management of front doorDelivery of early help services, implementation of Family Hub programme throughout 2023-24, and Level 2 Family KeyworkersImplementation, monitoring and evaluation of Edge of Care 'Connected Families', The Family Hubs programme has been implemented across E.Sussex delivering early intervention and support within communities, Connected Families (Connected Coaches and Intensive Practitioners), Foundations, SWIFT are delivering intensive evidence based interventions alongside Social Workers to maximise the opportunity for children to be cared for within their own family. There has been a 14% reduction in the number of children subject to child protection plans since February 2024, this is as a direct result of the launch of the Connected Families Intensive Practitioners (CFIP service).Further delivery of kinship/Special Guardianship Order placements.Capital bid for Sorrel Drive.In 2023/24 Children's Services worked with IMPOWER to enhance our approach to using data to shape placement sufficiency. We have developed trajectory planning, implemented the 'Valuing Care' approach to ensure children receiving the right care for their needs and value for money achieved, and improved support for in house foster carers, including an investment in allowances. An analysis of the children becoming Looked After during Q1 2024-2025, indicates that a high proportion (81%) are entering into foster care or kinship care provision rather than residential care. Fostering Recruitment & Retention Strategy completed. East Sussex County Council is part of the South East Sector Led Improvement Programme, Regional Fostering Strategy and piloting Mockingbird hub.Uplift to fostering allowance (for in house carers, Special Guardianship Orders, Kinship carers) approved by the Chief Management Team to help secure sufficient supply of in house foster carers as an alternative to more expensive care packages.The valuing care tools have been embedded into the business as usual with a strong focus on reunification. In Q4 A strategic group was set up to drive forward the valuing care agenda which will report into the Transformation Board chaired by the Director of Children's Services.Fostering allowance uplift has been made part of the recruitment drive. Both elements are attempting to mitigate the increased costs due to the lack of placements for Looked After Children.Q1 has seen a significant rise in foster carer applications in this period. The new Duty and Commissioning team have	R	↔

Ref	Strategic Risks	Pre Mitigation RAG rating		Risk Control / Response and Post Mitigation RAG score	Post Mitigation RAG rating	
				added capacity to the service and we are already seeing impact with placements and prices.Q2 has continued the trajectory above with tighter discussions and process, however the market continues to present a challenge.		

Ref	Strategic Risks	Pre Mitigation RAG rating		Risk Control / Response and Post Mitigation RAG score	Post Mitigation RAG rating	
Strat-19	<p><b>SCHOOLS AND INCLUSION, SPECIAL EDUCATIONAL NEEDS AND DISABILITIES (ISEND)</b></p> <p>For Children with Special Educational Needs. Inability to secure statutory provision due to lack of availability of specialist placement within the county and increasing demand for placements in this sector. This would put the Council at risk of judicial review and/or negative Local Government Ombudsman judgements for failing to meet our duties within the Children and Families Act 2014, with associated financial penalties and reputational damage.</p>	R	↔	<p>Effective use of forecasting data to pre-empt issues.</p> <p>Work with statutory partners to develop contingency plans.</p> <p>Work with the market to increase provision where needed.</p> <p>Expanding internal interim offer for children.</p>	R	↔

Ref	Strategic Risks	Pre Mitigation RAG rating		Risk Control / Response and Post Mitigation RAG score	Post Mitigation RAG rating	
Strat-1	<b>ROADS</b> Extreme weather events over recent years, including the last winter, have caused significant damage to many of the county's roads, adding to the backlog of maintenance in the County Council's Asset Plan: and increasing the risk to the Council's ability to stem the rate of deterioration and maintain road condition.	R	↔	<p>The changing climate is now influencing the rate of road deterioration, with more extreme events such as warmer wetter winters; and drier summers punctuated by unseasonal heavy downpours (drying and shrinking the substructure of roads). Additional funding over the last few years has helped maintain road condition, however, the latest condition and funding modelling showed the potential for deterioration over the next 10 years.</p> <p>Works from additional investment made in 2023 on patching, footway, signing and lining have provided greater network reliance. However, deterioration in road surfaces in 2025 has continued. Recognising this, Cabinet have approved a further £1m in July 2024 for a programme of targeted patching works to address the worst areas of road damage.</p> <p>Mitigations include encouraging road users to report potholes so we can intervene as soon as possible in accordance with our policies; closely managing the operational performance of the highway contractor; and lobbying Government for additional investment as, without it, it will be increasingly difficult to manage the risks of further decline.</p> <p>In conjunction with this, new technologies and materials are being trialled to introduce improvements to practices and ensure works are as efficient as possible. This includes introducing a new Asset Management system with enhanced capabilities for data management and funding modelling, and introducing smart street lighting systems that allow greater control over levels of lighting, reducing energy consumption.</p>	R	↔

Ref	Strategic Risks	Pre Mitigation RAG rating		Risk Control / Response and Post Mitigation RAG score	Post Mitigation RAG rating	
Strat-4	<p><b>HEALTH</b> Failure to secure maximum value from partnership working with the National Health Service (NHS). If not achieved, there will be impact on social care, public health and health outcomes and increased social care operational and cost pressures, as well as shared Integrated Care System objectives for jointly managing patient flow through our System. An increase in activity and complexity in the presentation of patients through our acute hospital sites, has resulted in an increase in the NCTR (No Criteria to Reside) numbers and presents a system risk in respect of adequate patient flow. Integrated Care Board (ICB) operating costs and programme funding will need to reduce by 50% by Q3 2025/26 as per a national mandate. For NHS Sussex this means a reduction of 53% which presents a risk to the way ESCC works with the NHS to jointly commission services locally and get the best value out of the collective resources available for our population, and could have implications for the Sussex Integrated Care System (ICS) which would impact on alignment with the Sussex Combined Mayoral Authority Devolution plans.</p>	R	↔	<p>East Sussex was allocated £5,088m, as part of the national Government Discharge Fund Grant for 2024/25, to support local authorities to build additional adult social care and community-based reablement capacity to reduce hospital discharge delays by delivering sustainable improvements to services for individuals - focussed on improving discharge to home, alongside increased therapy and assessment provision and associated plans to reduce the use of bedded discharge pathways. Collaborative work continues with ICB and NHS colleagues on our Hospital Discharge Transformation work and how as a system we can support and expedite discharges from both local and out of county hospitals, to address the increase in the number of patients who no longer meet the Criteria to Reside (NCTR) in an acute hospital bed. National data provided by NHSE places East Sussex the third highest in the country in regard to high numbers of NCTRs compared to local population. In light of this, two Hospital Social Work Teams currently support discharge either through established routes via SPOT purchase or Discharge To Assess beds in the community. Additional support has been provided over Winter via £1million additional joint ESCC and ICB investment. This was utilised through a temporary increase of D2RA ('discharge to recover and assess') and spot-purchased beds in the community to the end of March 25. An additional scheme to expedite discharges of self-funding patients from acute sites was commissioned with Xyla. This supports 15 placements a month and oversight of this is through place-based Operational Executive (OPEX). System funding allocations have been agreed for Q1 2025/26 for Hospital Discharge Schemes, the use of which is being monitored at Place. Building on our ICT development work in 2024/25, we have now established the shadow leadership infrastructure for our 5 Integrated Community Teams (ICTs) in East Sussex across primary, community and social care, linking with mental health, VCSE and housing. This will enable the development of joint local action plans based on population needs and challenges and aligned to the strategic objectives of our health and care system, building on relevant tests of change and other pilot activity to support integrated care through closer working at the neighbourhood level. Over time this is expected to reduce the need for urgent and unplanned attendance and admission to hospital, through moving to a model of better coordinated and proactive multi-disciplinary care for people</p>	R	↑

Ref	Strategic Risks	Pre Mitigation RAG rating		Risk Control / Response and Post Mitigation RAG score	Post Mitigation RAG rating	
				<p>with complex health and care needs, for example due to multiple long term conditions and frailty. In March 2025 it was nationally mandated that Integrated Care Board (ICB) operating and programme funding costs will need to reduce by 50% by Q3 2025/26, with running costs of £18.76 per head of weighted population set as a national target for ICBs, excluding certain services. This target means each ICB, or the regions they are a part of, must reduce their overall spend per head of weighted population to this level. For NHS Sussex this equates to a reduction of 53%, and comes on top of already having recently restructured significantly to deliver a 30% running costs reduction in 24/25. This presents a risk to the way ESCC works with the NHS to jointly commission services locally and get the best value out of the collective resources available for our population. This could also have implications for the Sussex Integrated Care System (ICS) more broadly, for example if the ICS footprint changes to a larger scale to accommodate the reduction, which would impact on alignment with the Sussex Combined Mayoral Authority Devolution plans. A national ICB model blueprint has recently been produced which describes the future strategic role of ICBs, and signals potential transfers of current Continuing Healthcare, SEND and safeguarding functions, all of which would need primary legislation to enact (and would therefore be post cost reductions). More detail is expected. Feedback about the lack of engagement with Local Government (LG) as a key partner, and the importance of coterminous footprints with the NHS for a future Sussex CMA and Devolution has been given to the Minister for Local Government and English Devolution, and via the LGA. Locally all three Local Authority partner members on the Sussex ICB are in collective agreement about the need for a continuing Sussex ICB footprint and this is being fed into the local planning discussions both formally and informally. The ICB's decision will be made public in June 25.</p>		

Ref	Strategic Risks	Pre Mitigation RAG rating		Risk Control / Response and Post Mitigation RAG score	Post Mitigation RAG rating	
Strat-23	<p><b>LOCAL GOVERNMENT REORGANISATION AND DEVOLUTION</b></p> <p>Both the proposed creation of a new Mayoral County Combined Authority for Sussex and the proposed transition from a two tier local authority arrangement to a unitary government model for East Sussex will have a significant effect on our workforce. These are likely to lead to additional workloads for staff over the next few years. The timescales for implementation are challenging and will place considerable additional pressures on teams. This could have result in resources being diverted from the ongoing delivery of services and a consequential deterioration in service delivery</p>	R	↔	<p>Through our RPPR process we will continue to review the resources required to support Devolution and Local Government Reorganisation and will lobby Government for additional funding to help support the significant additional workload this will place on the Council. We will also continue our work on supporting staff through change and will ensure all staff are aware of the full range of support available to them.</p> <p>Additional mitigations will be implemented as the potential impact on both the Council and our local area becomes clearer.</p>	A	↔

Ref	Strategic Risks	Pre Mitigation RAG rating		Risk Control / Response and Post Mitigation RAG score	Post Mitigation RAG rating	
Strat-6	<p><b>WORKFORCE</b>An inability to attract and retain the high calibre staff needed could lead to a reduction in the expertise and capacity required to deliver statutory services to our residents, including to prevent harm to children, young people and vulnerable adults at the required level and standards, impacting on the achievement of the Council's strategic objectives.</p>	R	↔	<p>A number of strategies responding to the current significant recruitment and retention challenges have been put in place. Highlights include:- On-going attendance at events such as careers fairs to maximise our presence with job seekers.- Continued use of apprenticeships, traineeships, intern arrangements and more flexible work arrangements etc as a way of bringing in new talent to the Council.- Continued delivery of our two leadership development programmes to support our talent management strategies: the 'Ladder to Leadership' programme and 'Head of Service Masterclasses'.- Provision of 1-1 advice and guidance sessions to prospective candidates who require support around making an application, undertaking interviews etc- Engagement with employees at ESCC, who are under 25, to get feedback on what attracted them to the Council as an employer; and to begin establishing a forum for young people in the new year to highlight any issues, and to attract candidates from a younger demographic to the Council.Additional work undertaken in Q4 includes:- continued delivery of inclusive recruitment training to managers- guidance on making reasonable adjustments for disabled candidates has now been published and promoted to recruiting managers- the Council's suite of recruitment policies is currently being reviewed to embed inclusive practice- guidance on the use of volunteers as a route into the workplace is currently being developed. The intention is for such opportunities to support people who are out of work to come back into the workplace through gaining confidence and experience of work- the 'study smarter' (recruitment platform) monthly views increased from 2,534 in January 24 to 6,251 in December 24- the Council's Apprenticeship team has been invited by the DWP to be part of a mentorship programme for jobseekers aged 18-24, which aims to work in tandem with the Government 'Youth Job Guarantee'</p>	A	↔



Ref	Strategic Risks	Pre Mitigation RAG rating		Risk Control / Response and Post Mitigation RAG score	Post Mitigation RAG rating	
Strat-18	<p><b>DATA BREACH</b></p> <p>A breach of security/confidentiality leading to destruction, loss, alteration, unauthorised disclosure of, or access to, personal data. This includes breaches that are the result of both accidental and deliberate causes. A personal data breach is a security incident that has affected the confidentiality, integrity or availability of personal data regardless of whether information has been accessed, altered or disclosed via electronic or manual means.</p> <p>Risks to individuals, reputational damage, fines from the Information Commissioner's Officer (ICO), compensation claims.</p>	R	↔	<p>Policy and guidance procedures in place to support practice.</p> <p>Data Protection Officer (DPO), Caldicott Guardians and Information Governance Officers monitor breach reporting and put in place mechanisms to minimise recurrence.</p> <p>Staff training to develop awareness. E-learning and policy delivery mechanism expanded to enhance skills and increase awareness of responsibilities under General Data Protection Regulation legislation.</p> <p>Technical security measures operated by Information Technology and Digital (IT&amp;D), including access control and segregation of duties.</p>	A	↔

Ref	Strategic Risks	Pre Mitigation RAG rating		Risk Control / Response and Post Mitigation RAG score	Post Mitigation RAG rating	
Strat-6	<p><b>LOCAL ECONOMIC GROWTH</b></p> <p>The transfer of South East Local Enterprise Partnership (SELEP) responsibilities and functions to East Sussex County Council (ESCC) does not successfully integrate the development of economic strategic planning, business support, and management of capital funded programmes, into Council operations as required by Government policy.</p> <p>Possible consequences if the transfer is not managed successfully include:</p> <ul style="list-style-type: none"> <li>•Management, monitoring, and evaluation of the current capital programmes do not meet Government requirements, leading to potential clawback of £m funds; or an inability for ESCC to demonstrate it can manage funds successfully, affecting future allocations of growth funds.</li> <li>•Third parties with existing contracts may raise concerns if new / variation funding agreements are not put in place early from April 2024.</li> <li>•Loss of an effective 'business voice' through the current local economic growth board (Team East Sussex) and its various subgroups.</li> <li>•An inability to produce an agreed local economic strategy, which sets the ambitions, objectives, and key outcomes for East Sussex.</li> </ul>	R	↔	<p>East Sussex County Council, working with partners, has successfully secured significant amounts of local growth funding totalling £127m since 2012 via the South East and Coast 2 Capital Local Enterprise Partnerships (LEPs), to deliver a wide range of infrastructure projects in East Sussex. In August 2023, Government formally announced that direct funding for LEPs will be removed from April 2024. Upper tier local authorities (UTLA's) will then be required to take on the current non-statutory LEP powers, responsibilities, and functions. These include strategy development, business support and oversight/management of capital programmes. We submitted our proposal to Government in November 2023 to become an UTLA as per the guidance issued. East Sussex has now been confirmed by Government as a 'functional economic area' to take on LEP responsibilities. A recent Government consultation was run in Feb 2025 as Government were minded 'to withdraw' financial support to authorities carrying out the transferred LEP functions. Government has since confirmed in March 2025 that it will remove the funding but expects the authorities to continue to perform the above stated functions.</p> <p>The South East Local Enterprise Partnership (SELEP) and East Sussex County Council have produced integration plans to mitigate the transfer risks on current and future capital programmes; and the financial, legal, and reputational risks. SELEP and our own Corporate Management Team endorsed the integration plans in quarter 3 2023/24, and the plans were taken to Lead Member in January 2024 and approved by Cabinet in March 2024. Further Government guidance and a Local Economic Development Fund - Assurance Framework were finally issued in October 2024 setting out the transition arrangement requirements.</p> <p>Essex County Council (ECC) as the Accountable body for SELEP, have issued on 30 August 2024 a Transition Agreement between all six of the upper tier local authorities (incl. ESCC) to hand over local accountable body responsibilities for the legacy capital programmes to UTLA's. A response has been provided by ESCC and whilst there have been delays from Essex CC in finalising the agreement it is now expected to be signed in early Q1 2025. In the absence of this agreement, East Sussex has established clear governance, reporting and transparency</p>	A	↔

Ref	Strategic Risks	Pre Mitigation RAG rating		Risk Control / Response and Post Mitigation RAG score	Post Mitigation RAG rating	
				<p>arrangements to address the Government's responsibilities since April 2024 in overseeing the management of current LEP funded programmes/projects.</p> <p>Looking ahead, the lack of large-scale funding programmes to support economic growth across the county presents a significant risk to achieving growth ambitions. Recent funds have been awarded directly to local Borough and District authorities (e.g., UK Shared Prosperity Fund, Levelling Up Funds and and Plan for Neighbourhoods) or funding has come from time-limited specific sources.</p> <p>We now have a new growth strategy – East Sussex Prosperity - and will be developing in the accompanying investment plan in 2025 with strategic partners to articulate our investment propositions and asks to Government and also respond to the Governments emerging Industrial Strategy and Sector Plans.</p> <p>The Council is already in a good position to mitigate the risks on business support and ensuring business has a voice. We directly run the Business East Sussex Growth Hub services and Government have confirmed funding 2025/26 and we await to receive the grant terms and conditions for signing in Qtr 1. We will also ensure the business voice continues to be heard through Team East Sussex, our local strategic advisory economic growth board for the county, which continues to meet on a quarterly basis.</p>		

Ref	Strategic Risks	Pre Mitigation RAG rating		Risk Control / Response and Post Mitigation RAG score	Post Mitigation RAG rating	
Strat-21	<b>CARE ACT REVIEWS AND DEPRIVATION OF LIBERTY SAFEGUARDING (DOLS) ASSESSMENTS</b> Demand exceeding capacity for annual Care Act reviews and Deprivation of Liberty Safeguarding (DoLS) assessments	R ↔		<p>• These are known issues for virtually all local authorities with social care responsibilities as this activity falls within our duties under the Care Act 2014 and Mental Capacity Act 2005. • We have measures for Care Act reviews and DoLS assessments included in the Council Plan for scrutiny from Members and the public. As of Q4 2024/25, we are meeting our target for adult Care Act reviews (outturn is 6 days against a target of 6 days) and carer Care Act reviews (outturn is -1 day against a target of 6 days, meaning reviews started on average 1 day before their proposed start date). We are also meeting our target for the number of people with a DoLS episode awaiting allocation of a Best Interest Assessor (429 people against a target of 650). • We use regular benchmarking. For example, we have the 3rd lowest number of reviews overdue by more than 12 months out of 18 local authorities in the South East (comparing March 2025 data to August 2023 South East data, which is the latest available). Mitigations and actions: • We are continuing to increase the number of reviews completed year-on-year to help meet increasing demand, and to prioritise reviews according to people's needs. The number of adult Care Act reviews completed increased by 10% in 2024/25 compared to 2023/24, and the number of carer reviews increased by almost 9%. • A project to reduce Care Act waiting times began in April 2024. Since then, the median wait time for adult and carer reviews (combined) has reduced from 7 days to 3 days. As of March 2025, there were no carer reviews overdue by more than 12 months. • We have oversight of performance at all levels of the Council to ensure visibility, accountability and grip. Weekly and monthly reporting is sent to Operational Managers at all levels, and then scrutinised by the Waiting Times Steering Group and the Improvement and Assurance Board on a regular basis. • Since October, we have piloted the delegation portal with our strategic partner Care for the Carers, making it easier and quicker for them to process carer reviews. • Young carers reviews are undertaken by Imago Community, ensuring a timely assessment and review for this cohort.</p>	A ↔	

**Report to:** Audit Committee

**Date of meeting:** 4 July 2025

**By:** Chief Finance Officer

**Title:** Audit Committee: Annual Report 2024/25

**Purpose:** To present the draft Audit Committee: Annual Report 2024/25 for review and comment.

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## RECOMMENDATION:

The Audit Committee is recommended to review and comment on the Audit Committee: Annual Report 2024/25.

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### 1. Background

- 1.1 The *CIPFA Position Statement: Audit Committees in Local Authorities and Police 2022*, which replaced the 2018 edition, represents CIPFA's view on Audit Committees and is the outcome of consultation with local authority representatives. It is expected that all local government bodies make the best effort to adopt the principles within the statement. The Department of Levelling Up, Housing and Communities support the guidance.
- 1.2 A recommendation within the Position Statement is for Audit Committees to produce an Annual Report, which will provide an overview of the work of the Committee over the previous year.

### 2. Supporting Information

- 2.1 The Draft Audit Committee: Annual Report 2024/25 is at Appendix 1. The report provides an introduction from the Chair of the Audit Committee, details of the role and membership of the Audit Committee, together with key activities for the year.
- 2.2 Audit Committee Members have an opportunity to review the report and provide any comments for update. The report will be presented to the Governance Committee once updated.

### 3. Conclusion and reasons for recommendation

- 3.1 In line with the CIPFA Position Statement 2022, and supported by DLUHC, it is best practice for local authority Audit Committees to provide an annual report of their activities.
- 3.2 The Audit Committee is recommended to review and comment on the Audit Committee: Annual Report 2024/25.

**IAN GUTSELL**  
**Chief Finance Officer**

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Local Member(s): All  
Background Documents  
None

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East Sussex County Council  
Audit Committee

Annual Report of the work of the  
Audit Committee 2024-2025

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## **Chair's Introduction**

I am very pleased to be able to present the Annual Report for the Audit Committee, which sets out the role of the Audit Committee and the work that we have undertaken during 2024/25.

The Committee operates in accordance with the good practice guidance set out in the CIPFA 2022 Position Statement, proving an independent resource which supports good governance and strong public financial management.

The Committee is well supported by officers, providing high-quality reports and presentations. I would like to thank Finance, Internal Audit, External Audit (Grant Thornton) and Legal Services teams for their input and support.

I would also thank Councillor Gerard Fox, as Vice Chair of the Committee, and all Committee members for their contributions to the working of this Committee, in such a thoughtful and constructive manner through the last year.

Councillor Colin Swansborough

**Chair - Audit Committee**

## Role of the Audit Committee

The purpose of the Audit Committee is to act as the principal non-executive, advisory function supporting those charged with governance by exercising the Audit Committee functions as follows:

- 1) To review and provide independent scrutiny in relation to all internal and external audit matters.
- 2) To consider the effectiveness of the Council's risk management processes, internal control environment and corporate governance arrangements and to recommend any changes to Governance Committee or Cabinet as appropriate.
- 3) To consider the external auditor's annual letter and the Chief Internal Auditor's annual report and opinion and the level of assurance they can give over the Council's risk management processes, internal control environment and corporate governance arrangements.
- 4) To review and scrutinise the effectiveness of management arrangements to ensure probity and legal and regulatory compliance, including, but not limited to contract procedure rules, financial regulations, codes of conduct, anti-fraud and corruption arrangements and whistle-blowing policies.
- 5) To consider the major findings of internal and external audit and inspection reports, and Directors' responses, and any matters the Chief Internal Auditor or External Auditor may wish to discuss (in the absence of Directors, if necessary).
- 6) To review the Council's assurance statements, including the Annual Governance Statement, ensuring that they properly reflect the risk environment, and any actions required to improve it.
- 7). To review the internal audit strategy and annual plan and the external auditor's annual audit and inspection plan and to monitor performance of both internal and external audit.
- 8) To review the annual statement of accounts and the external auditor's report to those charged with governance.
- 9) To review and monitor treasury management arrangements in accordance with the CIPFA Treasury Management Code of Practice.
- 10) To review and monitor the Property Asset Disposal and Investment Strategy.

The terms of reference of this Committee can be found in the Council's [Constitution](#).

## Membership of the Audit Committee

The membership of the Audit Committee, together with meeting attendance is set out below:

✓ = present    A = apologies    ASR = apologies, sent representative    Ø = absent

<b>Audit Committee Members:</b>	<b>5 Jul 2024</b>	<b>20 Sep 2024</b>	<b>22 Nov 2024</b>	<b>28 Mar 2025</b>
Cllr Colin Swansborough (Chair)	✓	✓	✓	✓
Cllr Gerard Fox (Vice Chair)	✓	A	✓	✓
Cllr Matthew Beaver	✓	✓	✓	✓
Cllr Stephen Holt	Ø	✓	✓	Ø
Cllr Philip Lunn	✓	✓	✓	✓
Cllr Matthew Milligan	A	ASR	ASR	ASR
Cllr Georgia Taylor	✓	✓	✓	ASR
Substitutes:	-	Cllr Paul Redstone	Cllr Eleanor Kirby-Green	Cllrs Paul Redstone
				Cllr Wendy Maples

Officers who attended the Audit Committee included the Deputy Chief Executive, Chief Finance Officer, Chief Operating Officer, Chief Internal Auditor, Internal Audit Team Members, Grant Thornton (as the Council's external auditors).

## Key Audit Committee Activities

Key Reports to the Audit Committee:	5 Jul 2024	20 Sep 2024	22 Nov 2024	28 Mar 2025
<b>Financial Reporting:</b>				
CIPFA Financial Management Code		Yes		
Review of Annual Governance Report and 2023/24 Statement of Accounts			Yes	
Review of Annual Pension Fund Governance Report and 2023/24 Statement of Accounts			Yes	
Treasury Management Annual Report and Mid-Year Report 2024/25			Yes	
<b>Internal Audit:</b>				
Internal Audit Services Annual Report and Opinion 2023/24	Yes			
Internal Audit Progress Report		Yes	Yes	Yes
Internal Audit Strategy and 2025/26 Annual Audit Plan				Yes
<b>Counter Fraud:</b>				
Counter Fraud Annual Report 2023/24	Yes			
<b>External Audit (Grant Thornton):</b>				
External Audit Plan 2024/25 for East Sussex County Council				Yes
External Audit Plan 2024/25 and 2023/24 for East Sussex Pension Fund				Yes
External Audit Findings Update for East Sussex County Council		Yes		
External Audit Findings Update for East Sussex Pension Fund 2023/24		Yes		
Auditor's Annual (VFM) Report on East Sussex County Council 2023/24			Yes	
ESCC and ESPF IT Systems Audit Findings Report				Yes
<b>Governance and Risk Management:</b>				
Assessment of the Corporate Governance Framework and Annual Governance Statement 2023/24	Yes			
Strategic Risk Monitoring	Yes	Yes		Yes
Audit Committee Oracle Subgroup Update	Yes		Yes	Yes
Annual Update on the Council's Property Assets			Yes	
Audit Committee Annual Report 2023/24	Yes			

## **2024/25 Key Activities:**

### **Financial Reporting**

The Committee has the responsibility to provide independent scrutiny and review of the statement of accounts and the reporting information contained within, for example, the Narrative Report.

The draft statement of accounts for 2023/24 were prepared and published, for public inspection, in line with the 31 May 2024 deadline. The external auditors undertook their audit over the summer and reported back to the Committee in September 2024. Whilst the audit was not complete, the Committee was able to ask questions and be assured around:

- The valuation and estimates included within the statement of accounts for Property, Plant and Equipment.
- The valuation basis for the IAS19 pensions assets and liabilities statement.
- Approach Grant Thornton were taking to the impact of climate change on medium to longer term asset valuations.

The Committee received the Annual Value for Money Report assessment at its meeting in November, on route to Cabinet in January 2025.

The Committee received the Council's self-assessment against the CIPFA Financial Management Code in September, which provided members with the assurance as to the core financial management activity undertaken by the Council.

The Treasury Management Annual Report and Mid-Year Report 2024/25 was presented to the Committee in November.

### **Internal Audit**

The Audit Committee in July 2024, received the Internal Audit Service's Annual Report and Opinion for 2023/24. The report provided reasonable assurance on the effectiveness of risk management, governance and control processes within the Council.

The Committee received and reviewed the Internal Audit Strategy and Annual Audit Plan for 2025/26. The Committee were able, through a separate workshop, to feed in suggestions of areas of Internal Audit work.

Through the year, the Committee received quarterly progress reports, on which Members were able to ask questions and seek assurance.

### **External Audit**

Grant Thornton have been the Council's external auditors for 2024/25. They have attended every Audit Committee, either in person or remotely via Microsoft Teams.

During 2024/25, all prior year audits were concluded. The Governance Committee on 24 June 2024, received a report that closed the 2021/22 and 2022/23 audits,

both with unqualified opinions. The audit for 2023/24, was also concluded within the statutory timeline, also with an unqualified opinion.

### **Governance and Risk Management**

The Audit Committee has a responsibility for monitoring the effectiveness of the Council's systems of controls and governance that form the basis of the Council's operations and functions.

In July 2024, the Committee received and reviewed the Council's Assessment of the Corporate Governance Framework and Annual Governance Statement 2023/24.

In July 2023, in response to the *CIPFA Position Statement: Audit Committees in Local Authorities and Police 2022*, the Committee received a report that proposed the expansion of the Audit Committee to include at least 2 Independent Co-Opted Members. The Committee supported the proposal, which was later approved by the Governance Committee and Full Council. Whilst attempts have been made to recruitment, to date this has not been successful.

Reports are regularly received on the Strategic Risk Register, providing the Committee the opportunity to challenge and seek assurance on responses and mitigation to identified risks.

### **Oracle (previously Managing Back Office Systems [MBOS]) Subgroup**

The Council is implementing the change from SAP systems to Oracle Fusion (Finance, HR and Procurement). The Audit Committee has set up a subgroup, comprising Councillors Swansborough, Fox and Beaver, to provide Member oversight and assurance. Upon joining the Audit Committee, Councillor Lunn joined the subgroup, bringing his experience of financial system implementation. The sub-group reports back to the Audit Committee. In 2024/25 the Oracle Subgroup met 7 times on the following dates:

- 9 May 2024
- 24 June 2024
- 7 November 2024
- 19 December 2024
- 23 January 2025
- 27 February 2025
- 14 March 2025

### Training 2024/25:

The table below sets out training undertaken by Audit Committee Members in 2024/25:

Training	Date	Audit Committee Member Attendance
Audit Committee Induction	30/05/24	<ul style="list-style-type: none"><li>• Cllr Lunn</li></ul>
Members' Session on the Council's Property Assets	14/01/25	<ul style="list-style-type: none"><li>• No Members of the Audit Committee directly attended; however, Members have access to the recorded session.</li></ul>
Internal Audit Training and Planning	23/01/25	<ul style="list-style-type: none"><li>• Cllr Colin Swansborough</li><li>• Cllr Gerard Fox</li><li>• Cllr Matthew Beaver</li><li>• Cllr Philip Lunn</li><li>• Cllr Georgia Taylor</li></ul>

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## Audit Committee – Work Programme

List of Suggested Potential Future Work Topics		
Issue	Detail	Meeting Date
Devolution and Local Government Reorganisation.	As the agenda develops.	TBC
Audit Committee Working Groups		
Working Group Title	Subject area	Meeting Dates
Oracle Implementation (MBOS) Sub-Group	Oversight of the Oracle Implementation programme.	11 Sep 2025
Training and Development		
Title of Training/Briefing	Detail	Date

Future Committee Agenda Items		Author
19 September 2025		
Internal Audit Progress Report	Internal Audit Progress report – Quarter 1, 2025/26 (01/04/25 – 30/06/25)	Nigel Chilcott, Audit Manager/Russell Banks, Chief Internal Auditor

Internal Audit Self-Assessment against new Global Internal Audit Standards and updated Internal Audit Charter	A report setting out how the East Sussex Internal Audit Service complies with the new Global Internal Audit Standards based on a completed self-assessment and a proposed updated Internal Audit Charter in compliance with the new standards.	Russell Banks, Chief Internal Auditor
Financial Management Code	Report of the Financial Management Code	Thomas Alty, Deputy Chief Finance Officer / Ian Gutsell, Chief Finance Officer
Strategic Risk Management	Strategic risk monitoring report – Quarter 1, 2025/26 (01/04/25 – 30/06/25)	Ros Parker, Chief Operating Officer / Ian Gutsell, Chief Finance Officer
Committee Work Programme	Discussion of the future reports, agenda items and other work to be undertaken by the Committee.	Sophie Webb, Senior Governance and Democracy Officer
<b>21 November 2025</b>		
Review of Annual Governance Report & 2024/25 Statement of Accounts	Report of the external auditors following their audit of the Council's statutory accounts. It allows the committee to review the issues raised and assess the management response.	External Auditors/ Ian Gutsell, Chief Finance Officer
Review of Annual Pension Fund Governance Report & 2024/25 Statement of Accounts	Report of the external auditors following their audit of the Pension Fund. It allows the committee to review the issues raised and assess the management response.	External Auditors/ Ian Gutsell, Chief Finance Officer

Auditor's Annual (VFM) Report on East Sussex County Council 2024/25	To provide the Committee with Grant Thornton's Annual (Value for Money) Report for 2024/25	Ian Gutsell, Chief Finance Officer & External Auditors
Treasury Management Annual Report & Mid-Year Report 2025	To consider a report on the review of Treasury Management performance for 2024/25 and for outturn for the first six months of 2025/26, including the economic factors affecting performance, the Prudential Indicators and compliance with the limits set within the Treasury Management Strategy before it is presented to Cabinet.	Ian Gutsell, Chief Finance Officer
Internal Audit Progress Report	Internal Audit Progress report – Quarter 2, 2025/26 (01/07/25 – 30/09/25)	Nigel Chilcott, Audit Manager/Russell Banks, Chief Internal Auditor
CIFPA Code of Practice on the Governance of Internal Audit in the UK Public Sector – Self Assessment and Action Plan	To consider a report on the Council's self-assessment and action plan in response to the CIFPA Code of Practice on the Governance of Internal Audit in the UK Public Sector.	Russell Banks, Chief Internal Auditor / Ian Gutsell, Chief Finance Officer
Annual Update on Property Investment Strategy and Key Sites 6 monthly Update	Consideration of an annual report on the implementation of the Property Asset Disposal and Investment Strategy.	Ros Parker, Chief Operating Officer
Committee Work Programme	Discussion of the future reports, agenda items and other work to be undertaken by the Committee.	Sophie Webb, Interim Governance and Democracy Officer
<b>13 February 2026</b>		
External Audit Plan 2025/26	This report sets out in detail the work to be carried out by the Council's External Auditors on the Council's accounts for the financial year 2025/26.	Ian Gutsell, Chief Finance Officer & External Auditors

External Audit Plan for East Sussex Pension Fund 2025/26	To consider and comment upon the External Audit Plan for the East Sussex Pension Fund for the financial year 2025/26.	Ian Gutsell, Chief Finance Officer & External Auditors
Internal Audit Strategy and Plan	Consideration of the Internal Audit Strategy and Plan for 2026/27	Russell Banks, Chief Internal Auditor/ Nigel Chilcott, Audit Manager
Internal Audit Progress Report	Internal Audit Progress report – Quarter 3, 2025/26 (01/10/25 – 31/12/25)	Nigel Chilcott, Audit Manager/Russell Banks, Chief Internal Auditor
Strategic Risk Monitoring	Strategic risk monitoring report – Quarters 2 and 3, 2025/26 (01/07/25 – 31/12/25)	Ros Parker Chief Operating Officer / Ian Gutsell, Chief Finance Officer
Committee Work Programme	Discussion of the future reports, agenda items and other work to be undertaken by the Committee.	Sophie Webb, Senior Governance and Democracy Officer
<b>TBC July 2026</b>		
Assessment of the Corporate Governance Framework and Annual Governance Statement for 2025/26	Sets out an assessment of the effectiveness of the Council's governance arrangements and includes an improvement plan for the coming year, and the annual governance statement (AGS) which will form part of the statement of accounts.	Philip Baker, Deputy Chief Executive
Internal Audit Services Annual Report and Opinion 2025/26	An overall opinion on the Council's framework of internal control, summarises the main audit findings and performance against key indicators (includes Internal Audit Progress reports – Quarter 4, 2025/26, (01/01/26 – 31/03/26).	Nigel Chilcott, Audit Manager / Russell Banks, Chief Internal Auditor

Counter Fraud Annual Report	Annual report on Counter Fraud work	Simon White, Audit Manager – Counter Fraud / Russell Banks, Chief Internal Auditor
Strategic Risk Monitoring	Strategic risk monitoring report – Quarter 4, 2025/26 (01/01/26 – 31/03/26)	Ros Parker, Chief Operating Officer / Ian Gutsell, Chief Finance Officer
Audit Committee Annual Report	Annual Report 2025/26 of the Audit Committee: meeting a requirement of the CIPFA Position Statement for Audit Committee	Ian Gutsell, Chief Finance Officer, Sophie Webb, Interim Senior Governance and Democracy Officer
Committee Work Programme	Discussion of the future reports, agenda items and other work to be undertaken by the Committee.	Sophie Webb, Senior Governance and Democracy Officer

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