LEAD MEMBER FOR RESOURCES AND CLIMATE CHANGE

<u>**DECISIONS**</u> to be made by the Lead Member for Resources and Climate Change, Councillor Nick Bennett

<u>THURSDAY, 22 JANUARY 2026 AT 12.00 PM</u>

<u>REMOTE MEETING VIA MICROSOFT TEAMS</u>

<u>AGENDA</u>

1. Decisions made by the Lead Cabinet Member on 5 December 2025 *(Pages 3 - 6)*

2. Disclosure of Interests
   Disclosure by all Members present of personal interests in matters on the agenda, the nature of any interest and whether the Members regard the interest as prejudicial under the terms of the Code of Conduct

3. Urgent items
   Notification of any items which the Lead Member considers urgent and proposes to take at the appropriate part of the agenda.

4. Orbis Shared Service Review *(Pages 7 - 20)*
   Report by the Chief Operating Officer.

5. East Sussex County Council Artificial Intelligence Policy *(Pages 21 - 30)*
   Report by the Chief Operating Officer.

6. Any urgent items previously notified under agenda item 3

PHILIP BAKER
Deputy Chief Executive
County Hall, St Anne's Crescent
LEWES BN7 1UE   14 January 2026

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LEAD MEMBER FOR RESOURCES AND CLIMATE CHANGE

DECISIONS made by the Lead Member for Resources and Climate Change, Councillor Nick Bennett, on 5 December 2025 at Remote Meeting via Microsoft Teams

Councillor Maples spoke on items 4 and 8 (see minutes 39 and 42)

35.   DECISIONS MADE BY THE LEAD CABINET MEMBER ON 21 OCTOBER 2025

35.1   The Lead Member approved as a correct record the minutes of the meeting held on 21 October 2025.

36.   DISCLOSURE OF INTERESTS

36.1   There were none.

37.   URGENT ITEMS

37.1   There were none.

38.   REPORTS

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

39.   UPDATE TO THE SOCIAL VALUE POLICY

39.1   The Lead Member considered a report by the Chief Operating Officer.

39.2   It was agreed to remove the words 'right now' from the following sentence within the East Sussex County Council's Priorities and Social Value section of the policy at Appendix 1 of

the report: "The East Sussex Social Value Model ensures that we focus our pursuit of Social Value on what is important in East Sussex right now."

DECISION

39.3   The Lead Member RESOLVED to approve the updates to the Social Value Policy set out in Appendix 1 of the report including the amendment detailed in minute 39.2 above.

REASON

39.4   The updates to the Social Value Policy set out in Appendix 1 have been made to align with the East Sussex Social Value Model and best practice.

40.   PHOENIX CENTRE, LEWES - GRANT OF A NEW LEASE

40.1   The Lead Member considered a report by the Chief Operating Officer together with exempt information in a later agenda item.

DECISIONS

40.2   The Lead Member RESOLVED to:

1) Review written offers submitted following the marketing of Phoenix Centre, Lewes and agree to grant a lease to the highest scoring organisation as set out in Appendices 2 and 3 to the exempt report;

2) Approve that lease terms are agreed with the recommended organisation, in accordance with s123 of the Local Government Act 1972;

3) Delegate authority to the Chief Operating Officer to agree the terms of the lease in accordance with s123 of the Local Government Act 1972, including proceeding with the next best offer(s) in the event of the transaction(s) not completing within the expected timelines; and

4) Delegate authority to the Chief Operating Officer to take all actions necessary to give effect to the recommendations in the report.

REASONS

40.3   The proposed terms are considered to reflect the best consideration for the Site in accordance with s.123 of the Local Government Act 1972.

40.4   Delegation of authority to the Chief Operating Officer to agree the terms of the lease in accordance with s123 of the Local Government Act 1972, including proceeding with the next best offer(s) in the event of the transaction(s) not completing within the expected timelines; and to take all actions necessary to give effect to the recommendations in the report will facilitate the timely completion of the documentation.

41.   EXCLUSION OF PUBLIC AND PRESS

41.1   It was RESOLVED to exclude the public and press from the meeting for the remaining agenda items on the grounds that if the public and press were present there would be disclosure to them of exempt information as specified in paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 (as amended), namely information relating to the financial or business affairs of any particular person (including the authority holding that information).

42.   PHOENIX CENTRE, LEWES - GRANT OF A NEW LEASE - EXEMPT INFORMATION

42.1   The Lead Member considered a report by the Chief Operating Officer which provided exempt information in support of an earlier item on the agenda.

DECISION

42.2   The Lead Member RESOLVED to note the exempt information in relation to an earlier item on the agenda.

REASON

42.3   The report contained exempt information in relation to an earlier item on the agenda.

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Report to:	**Lead Member for Resources and Climate Change**
Date of meeting:	**22 January 2026**
By:	**Chief Operating Officer**
Title:	**Orbis Shared Service Review**
Purpose:	**To seek approval to undertake a staff consultation on the proposals for Orbis following a review of each of the shared services.**

RECOMMENDATIONS:

The Lead Member is recommended to:

1) note the findings and conclusions of the Orbis Service Reviews;

2) agree that consultation with staff on the proposals from the reviews commences; and

3) note that a further report to receive the results from the staff consultation will be presented to the Lead Member once the consultation has completed.

1.   Background

1.1   The Orbis partnership was established in 2015, originally covering Surrey County Council (SCC) and East Sussex County Council (ESCC) with Brighton & Hove City Council (BHCC) joining later in 2016. Originally incorporating several services, in 2021 the partnership was reduced to the current service offering of Internal Audit, IT & Digital (IT&D), Procurement, Insurance and Treasury Management.

1.2   Orbis operates as an integrated shared service and, in support of this, some staff are employed in 'true partnership' roles whereby they are contractually required to operate in and across each of the three Councils, with a physical presence in each of the headquarter locations. These staff remain employees of their sovereign employer with a secondment agreement in place to enable them to work across the other two Councils.

1.3   Whilst Orbis has been successful in achieving £14.4m (£3.8m for ESCC) of efficiency savings since its instigation, a variety of significant contextual factors have led to the need to undertake reviews of each of the current Orbis arrangements. These factors include;
- forthcoming changes as a result of Local Government Reorganisation (LGR) (including one Orbis partner, SCC, disaggregating into two unitaries and working to a more accelerated timeframe);
- the increasing need for Artificial Intelligence (AI) and digital innovation and therefore the increasing need for digital leadership capacity;
- the departure of the former Chief Digital and Information Officer (CDIO); and
- service specific challenges such as the implementation of Oracle.

1.4   As a consequence of the above, independent reviews of the three main Orbis functions (IT&D, Procurement, and Internal Audit) have been undertaken to assess the ability of the Orbis services to meet the current and emerging requirements of the three Orbis partners. The review has considered the known and potential future changes due to LGR. This report outlines the findings and conclusions of the reviews for ESCC.

2.   Supporting Information

2.1   As each of the Orbis functions have their own specific context and challenges, separate reviews have been undertaken for each service. The findings of which are detailed below.

IT & Digital

2.2   The IT&D review is summarised in Appendix 1. The review concluded that the current shared service arrangements do not enable ESCC to deliver on its strategic priorities or deliver on LGR from an IT&D perspective. As a result, a fully sovereign model is proposed and the financial implications of which are included in section 5 of this report.

Procurement

2.3   Whilst the Procurement service was the instigator for the Orbis arrangement and has remained an Orbis service throughout, it is recognised that there are some significant contextual changes impacting on the service. These include LGR and the requirements of the new Procurement Act 2023 (which came into effect in February 2025).

2.4   Since having undergone a major restructure in 2019, the service supports directorates within each council to meet their statutory obligations when awarding public contracts. The new Procurement Act 2023 (implemented in 2025), places greater importance on public procurements seeking value for money, incorporating social value and modern slavery guidelines, market shaping and contract management. Given the changes associated with Devolution and LGR, a robust and stable procurement service will be critical to ensuring contracts are safely and legally migrated to new governance arrangements.

2.5   Within this context, an independent review of the service has been undertaken and a summary of the review is included at Appendix 2. In summary, the outcome of the external independent review notes that transforming services onto a sovereign basis will likely create increased assurance, certainty for staff, and stable services. Importantly, it will also provide the stable 'platform' upon which each of the councils can build their future procurement service provisions. A sovereign service reporting to the Section 151 Officer is therefore proposed for Procurement.

Internal Audit

2.6   The Internal Audit review is summarised at Appendix 3. As SCC have indicated that they do not wish to continue with the current configuration for Internal Audit, the work undertaken on the remaining viable options concluded that a shared service with BHCC is proposed for the following predominant reasons:
- The level of resilience it provides compared to a sovereign model;
- The level of control it provides to ESCC (and BHCC) compared to a hosted model and therefore the greater ability to work with the East Sussex district and borough councils to develop an extended service depending on the outcome of LGR;
- Consideration of the potential for increased costs in an SCC hosted model; and
- Internal Audit has proved itself to be well suited to a shared service model due to its prescriptive nature.

2.7   It is however recognised that this option does also have some risks which will need to be carefully mitigated, and that the same implementation approach (including staff consultation and involvement from district and borough councils and front-line services) would apply.

<u>Centres of Expertise</u>

2.8   Orbis also contains three centres of expertise though they are relatively small in comparison to the other functions. They comprise the following:

- Treasury Management – 5 staff
- Insurance Fund and Policy – 7 staff
- Insurance: Claims Handling - 10 staff

2.9   These centres of expertise continue to operate well and there is currently no appetite from either the services, or from any of the Orbis partners, to make any substantive changes. It is therefore proposed to maintain the existing operating model for these services.

3.   **Implementation approach**

3.1   As well as setting out the findings from the reviews, this paper also seeks to set out the main stages in the implementation of any changes should a decision be taken, following the consultation, to proceed with the proposals that are set. This section sets out the implementation approach, which specifically proposes a two-stage approach for any exit from current Orbis arrangements in order to avoid the need to transform the services twice (once on exiting Orbis and once due to LGR) and to enable the transformation to be done with the district and borough councils and front-line services. The two stages overlap and are set out in more detail below, but in summary are:

1) Exit from Orbis in a measured way and ensure service stability with transitional arrangements in place where necessary.
2) Shape the future service offer with the district and borough councils and input from front line services, subject to the decision in relation to LGR.

3.2   Should a decision be made to leave the Orbis partnership, all shared staff would continue to work for their current contracted employer but would revert to doing so on a full time basis – i.e. if a shared ('true partnership') Orbis post is employed by ESCC then the postholder will transition from delivering work for ESCC, BHCC and SCC, to solely delivering work for ESCC should that be a suitable alternative to their current responsibilities. Similarly, if an SCC or BHCC employee had previously been undertaking work for ESCC, that resource would revert back to their contracted authority and would no longer be available to ESCC (unless through some other contractual means).

3.3   In order to manage the transition in a measured way it is proposed to adopt a two-stage process. Firstly, to exit people from current Orbis arrangements in a safe way and ensure service stability, then to shape the future service offers:

- Stage 1 – a 'lift and shift'; a measured transition out of Orbis; staff return to their employing authority; transitional arrangements put in place where needed to keep the service stable; complete by July 2026 (please refer to section four on timelines)
- Stage 2 – transform the service; involving district and borough councils (see section 3.6 below), front-line services and the teams themselves; aligned to LGR timeframes to some extent

3.4   Greater detail is included in Appendix 4, though it will be possible to start to benefit from the skills and resources across the six authorities prior to vesting day, particularly where reviews of structures and opportunities alleviate the Orbis review pressure in the Medium Term Financial Plan (MTFP).

3.5   If implemented, these proposals will leave each of the services under resourced in some areas, depending on which authority staff are contracted to. It will therefore be necessary for each Orbis partner to decide on the details of the staffing model they wish to move to – i.e. 'Stage 2' (a common practice model of a typical IT&D function, based on the existing operating model has been

used as the assumption from which to provide cost estimates). The costs reflected in section 4.2 below are therefore those on exit (stage 1). This is not the same as the cost of the future service offer (stage 2), which would be structured and organised differently on a basis that is appropriate for LGR and other contextual factors. As set out in Appendix 4, the shape and cost of stage 2 is still to be determined.

3.6   For ESCC, depending on the outcome of the government LGR consultation, Stage 2 presents a significant opportunity to work with the district and borough councils to draw the teams together and to shape and transform what the future services for a new authority would look like, factoring in their respective capabilities. It will also provide the opportunity to reflect organisational priorities, including feedback from front line services, in the design, capability and working practices of the functions.

3.7   A detailed potential timeline based on these proposals is included in Appendix 4 and is summarised as follows:
- Staff consultation – February/March 2026
- Lead Member to receive results of the consultation and make decision – April 2026
- Depending on the decision taken, Stage one transition including establishing alternative legal agreements or temporary transitionary arrangements where necessary – April 2026 onwards
- Stage two - move to final operating models to support a new unitary authority/authorities – once LGR outcome is known

3.8   It is worth noting that whilst the timeline is on the prudent basis that planning for stage 2 is prior to vesting day, and decisions are post vesting day, it will be possible to implement changes sooner in areas where there are agreement and a clear case to move ahead. The intention is to consider these areas with the district and borough councils and front-line services and would mean that the £1.7m cost envelope could be reduced over time as changes are made.

4.   Financial Implications

4.1   Affordability has been one of the key considerations of the reviews and modelling has been undertaken to assess the financial implications of the proposals.

4.2   Given the level of savings achieved by the Orbis shared service model, as set out in section 1.3, it is likely that any disaggregation of services will result in some cost pressures. Based on the findings from the three reviews, these have currently been modelled as up to c. £1.9m and are predominantly in relation to IT & Digital, with potential savings elsewhere. Ongoing cost pressures will be managed by the Chief Operating Officer as part of any disaggregation.

5.   Conclusion and reasons for recommendations

5.1   The reviews of the Orbis IT & Digital, Procurement and Internal Audit functions have concluded that given the significant changes to the operating context, the current models no longer meet the current and emerging requirements of the Council (including known and potential future changes due to LGR).

5.2   The Lead Member for Resources and Climate Change is therefore recommended to agree that consultation with staff on the proposals from the reviews commences, and to note that a further report to receive the results from the staff consultation will be presented to the Lead Member once the consultation has completed.

5.3   In the event that these proposals lead to changes in structure, the council's change management process will apply.

ROS PARKER
Chief Operating Officer

Background Documents
Local Government Reorganisation and Devolution

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Orbis IT & Digital Review

Background

The Orbis IT & Digital (IT&D) service has been in place since 2016 and has provided stability and cost-effective services as well as achieving substantial cost savings. In practice, whilst the Orbis configuration has been successful in saving cost, it has also reduced IT&D's ability to work closely with service teams to understand their challenges and deliver value adding solutions. Without sufficient digital leadership capacity, it has not been possible for the three partnering authorities to drive forward their digital agendas in support of service improvement and efficiencies.

Given the above, and given changes coming down the line due to Local Government Reorganisation (LGR), the Orbis arrangement has come under increasing strain, and it has been timely to review the function in the context of the changing needs and operating landscape of the partner Councils. The intention of the review has been to understand the future needs and ambitions for each authority to ensure that each authority has access to an IT service that is fit for the future.

Executive Summary

Following the departure of the previous Chief Digital Information Officer (CDIO), an interim CDIO was appointed in order to both ensure service stability and to undertake a review of the Orbis IT & Digital Service. This review was concluded in November 2025 and considered the following operating models:

0. Continue as is
1. Continue in partnership with some key changes
2. Hosted model
3. Sovereign leadership with some sharing of services
4. Fully sovereign (i.e. East Sussex County Council (ESCC) only)

The review also looked at operating models in other authorities and obtained stakeholder and staff survey feedback. The Orbis reviews in general have also provided an opportunity to improve the service quality received by ESCC, as well as to consider the operating model of the functions alongside potential capabilities and needs residing within the district and borough councils.

The first phase of the review concluded that options 0, 1 and 2 could not be taken forward as there was not the necessary consensus from all partners, which would be required under these options.

Options 3 and 4 were therefore taken forward for further, more detailed, consideration. The review concluded that the current shared service arrangements do not enable ESCC to deliver on its strategic priorities or deliver on LGR from an IT&D perspective. It found that a fully sovereign model for IT&D will likely provide the stable 'platform' upon which each of the Councils can build their future IT&D service provision.

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Orbis Procurement Review

Background

The Orbis Procurement service was established in 2015 with a remit to leverage combined expertise to deliver efficient, cost-effective procurement services aligned with each Council's strategic priorities. Having undergone a major restructure in 2019, the service supports departments within each Council to meet their statutory obligations when awarding public contracts. The new Procurement Act 2023 (implemented in 2025) places greater importance on public procurements seeking value for money, incorporating social value and modern slavery guidelines, market shaping and contract management. Given the changes associated with Devolution and LGR, a robust and stable procurement service will be critical to ensuring contracts are safely and legally migrated to new arrangements.

Executive Summary

An external independent review of the Orbis Procurement Service was undertaken by Local Partnerships (an in-house public sector delivery partner jointly owned by the LGA, HM Treasury and Welsh Government) in October 2025. The review highlighted a number of challenges with the current operating model:

➢ Lack of clarity in roles, task ownership and governance
➢ Operational silos at senior management level and inconsistent processes across Councils creating inefficiencies
➢ Recruitment and pay disparities impacting service delivery
➢ Limited visibility of procurement activities and unclear value for money
➢ Perception of being inflexible and overly cautious, with rigid processes, risk aversion and a lack of proactive problem solving and being solution focussed
➢ The service functions more in spite of its structure than because of it; lacks visibility with numerous challenges and inefficiencies to effective and efficient service delivery

Set against this background, all three partner Councils have confirmed that there is no appetite to continue to operate on an 'as is' basis. In considering alternatives, there is also no appetite to create a Local Authority Trading Company (LATCo), which, in any event, would require further review following the creation of the Surrey unitary authorities, or to operate a Surrey County Council hosted service.

In light of this, the preferred option, supported by the options appraisal undertaken as part of the external review, is for a sovereign model to be implemented, for the following reasons:

➢ In light of Local Government Reorganisation (LGR) and the changes that will bring, all three partner Councils have a current opportunity to create their own sovereign procurement services
➢ The creation of sovereign services would provide each Council with maximum autonomy over service design and function, as well as alignment with Council priorities
➢ Creating sovereign services would provide a solid platform to deliver the strategic priorities for each of the partner Councils, along with much needed clarity

In conclusion, the outcome of the external independent review notes that transforming services onto a sovereign basis will likely create increased assurance, certainty for staff and stable services. Importantly, it will also provide the stable 'platform' upon which each of the Councils can build their future procurement service provision.

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Orbis Internal Audit Review

Background

Internal Audit has been part of Orbis since the beginning and has been a success in a shared service model, with the delivery of an efficient and effective service that is highly regarded by key stakeholders and industry peers including validation via an independent and objective external quality assessment undertaken by the Chartered Institute of Internal Auditors in 2022.

Despite the success of the service in its current configuration, Local Government Reorganisation (LGR) has presented certain challenges to Internal Audit, particularly the necessary splitting of Surrey into two unitary authorities and the consequential changes for Surrey County Council (SCC) services. As such, SCC have indicated that they do not want to continue with the current configuration for Internal Audit.

Executive Summary

An independent review has been conducted, and it identified some risks and issues associated with the current operating arrangements in the context set out above. It concluded that maintaining the status quo would likely see a reduction in service resilience given the national challenges associated with retaining and engaging high-quality internal auditors in an increasingly competitive employment market and consequently recommended a SCC hosted model.

This review was complemented by further analysis over the future service quality and cost-effectiveness associated with a SCC-hosted model, as well as consideration of other models given that SCC have indicated that they do not want to continue with the current configuration for Internal Audit.

The following main options have therefore been assessed and costed for East Sussex County Council (ESCC):
- Move onto a sovereign ESCC service
- Move onto a shared service with just Brighton & Hove City Council (BHCC) (there is appetite in BHCC for this option)
- Purchase internal audit services from a SCC hosted model (whilst there is also the option of procuring the service from a third party, this is likely to have similar considerations as for the SCC hosted model)

In light of this, the preferred option, supported by the further analysis and options appraisal, is for an ESCC/BHCC shared service model to be implemented, for the following reasons:

- The level of resilience it provides compared to a sovereign model.
- The level of control it provides to ESCC (and BHCC) compared to a hosted model and therefore the greater ability to work with the East Sussex district and borough councils to develop an extended service depending on the outcome of LGR.
- Consideration of the potential for increased costs in an SCC hosted model
- Internal Audit has proved itself to be well suited to a shared service model due in part to its prescriptive nature.

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Key

Colour	Description
Green	Measured exit from current Orbis arrangements - Stage 1
Pink	LGR/Devolution key dates
Blue	Service Co-design and transformation - Stage 2

Item	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26	Jan-27	Feb-27	Mar-27	Apr-27	May-27	Jun-27	Jul-27	Aug-27	Sep-27	Oct-27	Nov-27	Dec-27	Jan-28	Feb-28	Mar-28	Apr-28	May-28			
Lead Member decision - 22 January 2026	▓																															
Staff consultation		▓	▓																													
Staff notice				▓	▓	▓																										
Move to a sovereign/other structure (Stage 1)				▓	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓	▓				
Local Government Reorganisation (LGR) outcome decision - exact timing uncertain		▒	▒	▒																												
Shadow council elections																	▒															
Shadow authority in place																	▒	▒	▒	▒	▒	▒	▒	▒	▒	▒	▒					
Vesting day - 1 April 2028																												▒				
Mayoral election and establishment of an Mayoral Strategic Authority (MSA)																													▒			
CDIO appointment - timing uncertain				░																												
Detailed system and OD planning for Stage 2				during this phase there will be some areas that can be decided and acted upon pre-vesting day, especially where it reduces the cost envelope																												
Decisions on systems and OD plans for Stage 2																												░	░			
Post LGR Team Structures (Stage 2) and integrate systems																													░	░	and beyond	

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Report to:	**Lead Member for Resources and Climate Change**
Date of meeting:	**22 January 2026**
By:	**Chief Operating Officer**
Title:	**East Sussex County Council Artificial Intelligence Policy**
Purpose:	**To seek approval for the East Sussex County Council Artificial Intelligence (AI) Policy to replace the previous reliance on the overarching Data Protection and Information Security policy**

RECOMMENDATIONS

The Lead Member is recommended to:

1) **Approve the East Sussex County Council Artificial Intelligence (AI) Policy as the Council's dedicated framework for the use of AI;**
2) **Note that this policy supersedes the previous approach of relying solely on the Data Protection and Information Security policy for AI governance; and**
3) **Endorse the annual review of the AI Policy by the Corporate Digital Board to ensure ongoing alignment with technological and regulatory developments.**

1. Background information

1.1.   This report presents the proposed East Sussex County Council (ESCC) Artificial Intelligence (AI) Policy (Appendix 1) for approval. The policy establishes a dedicated framework for the responsible, ethical, and lawful use of AI across the Council, reflecting the increasing adoption and complexity of AI technologies in local government operations. It is proposed to replace the previous approach, which relied on the existing overarching Data Protection and Information Security policy and will provide clearer, more comprehensive guidance for colleagues and stakeholders.

1.2.   AI technologies offer significant opportunities to improve Council services, drive efficiency, and foster innovation. However, they also introduce new risks and challenges, including ethical considerations, data protection, transparency, and the potential for bias. The Council's previous approach relying on existing data protection and information security policies, does not provide sufficient coverage for the unique issues posed by AI. The new proposed policy addresses this gap, ensuring that AI is used in a way that respects the rights and interests of the public, colleagues and other stakeholders.

2. Supporting information

2.1   Key Provisions of the Proposed Policy:

- **Scope:** Applies to all officers using AI services, including both publicly available and Council-procured AI solutions.
- **Roles & Responsibilities:** Clearly defines responsibilities for Information Governance, Information Security, Records Management, Information Asset Owners, IT & Digital, managers and all staff.
- **Publicly Available AI Services:** Prohibits the use of public AI platforms (e.g., ChatGPT, Bard) for business purposes or with sensitive/personal data.
- **Council-Procured AI Services:** Requires risk assessments, Data Protection Impact Assessments (DPIAs) and compliance with procurement and security standards for any AI deployed in Council operations.

- **Compliance:** Aligns with national guidance (e.g., UK Government AI Playbook, Information Commissioner's Office (ICO), National Cyber Security Centre (NCSC)), mandates transparency, ethical use, accessibility and ongoing monitoring.
- **Governance:** Establishes annual review by the Corporate Digital Board and mechanisms for reporting breaches or incidents.

Governance and Oversight

2.2   The Corporate Digital Board will review the policy annually. Information Governance and IT & Digital will provide ongoing support and assurance. All staff are responsible for compliance, with breaches subject to disciplinary procedures.

2.3   The proposed AI use policy does not replace or overwrite regulatory requirements. AI projects must follow relevant laws and data protection policies. Specifically, AI initiatives involving personal data should be subject to a DPIA.

Financial Impact

2.4   There are no direct financial implications arising from the adoption of this policy. However, implementation will require staff training, awareness and periodic audits to ensure compliance and effectiveness.

2.5   AI-related data breaches carry significant regulatory and financial risks under UK General Data Protection Regulation (GDPR). The ICO mandates prompt reporting within 72 hours and holds organisations accountable for misuse, even when third-party AI systems are involved. Failure to conduct proper DPIAs or ensure lawful, transparent processing can result in enforcement actions, reputational damage, and fines. The ICO has signalled a strong stance on AI misuse, especially where personal data is exploited for commercial gain, making robust governance and risk mitigation essential to avoid costly non-compliance.

3.   Conclusion and reasons for recommendations

3.1   The proposed ESCC Artificial Intelligence (AI) Policy provides a robust, future-proof framework for the responsible use of AI. It addresses the limitations of the previous approach and positions the Council to harness the benefits of AI while managing associated risks.

ROS PARKER
Chief Operating Officer

Contact Officer: David Matthewman, Interim Chief Digital Information Officer
Tel No.: 01273 335457
Email: David.Matthewman@eastsussex.gov.uk

Background Documents

None

East Sussex
County Council

Artificial Intelligence (AI)

Usage Policy

Version number 1.1

Publication date: January 2026

Author & Owner: IT & Digital

Review: Corporate Digital Board (annually)

Contents

1. Overview

This policy sets out individual responsibilities for the use of artificial intelligence (AI) within East Sussex County Council.

AI is an umbrella term for a range of technologies and approaches, such as Microsoft Copilot, used to mimic human intelligence to solve complex tasks. This policy applies to AI in all its forms including bespoke applications and solutions, or where it is embedded in systems and services, pilot AI projects, or those deployed in production.

AI presents enormous opportunities to streamline operations, drive down costs and increase productivity but also poses risks and challenges. The Council is committed to using AI in a responsible, ethical and lawful manner. The purpose of this policy is to ensure that AI is used in a way that respects the rights and interests of the public, colleagues and other stakeholders as well as being prepared for potential future developments in both technology and regulation. When using AI services our Information Assurance and security policies continue to apply.

This policy applies to **all** colleagues using AI services.
For the purpose of this policy, AI services are split into two categories:
- Publicly available AI services.
- Council procured AI services.

2. Roles & Responsibilities

2.1 Information Governance (IG)
- Provides advice and guidance on data protection and information management matters.

2.2 Information Security (IS)

- Provides advice and guidance on information security, completes risk assessments on new systems and undertakes general supplier assurance.

2.3 Records Management (RM)

- Provides advice and guidance on records management matters as defined in the [Records Management Policy](#).

2.4 Information Asset Owners (IAO)

- An IAO is an individual appointed to ensure that specific information assets are handled and managed appropriately. IAO's are key risk decision makers across assets they own.

2.5 Information Technology (IT&D)

- IT&D is responsible for ensuring Council Procured AI systems meet the council's systems and security requirements.

2.6 Managers

- Managers are responsible for implementing this policy, being aware of the use of AI in their area of responsibility and initiating appropriate risk and privacy assessments.

2.7 General Responsibilities

- You must ensure that AI services are used for clearly defined business purposes that align with the Council's vision, corporate plan, and core values and behaviours. AI services should be used to foster innovation, improve services offered to the residents of East Sussex, improve the efficiency of Council operations or make everyday tasks more efficient for colleagues.
- You must check output for accuracy. AI technology can inherit human bias, can respond inaccurately due to leading questions and can respond based on incomplete data.

- You must ensure that data used by, and the results from AI services are accurate, relevant, complete and up to date.
- **You must not** submit prompts that would lead to issues if they were to be made public.
- The Council will add and remove AI services from use as they become useful or represent a security threat.
- As with all Internet traffic, the Council routinely logs the use of publicly available AI services.
- **You must not** download publicly available AI services, packages or machine learning models to the Council's IT network.
- Documentation must be maintained for all AI systems, including decision logic, data sources, risk assessments and system changes, to support accountability and auditability.

3. Publicly available AI services

Publicly available AI services include platforms such as Bard, ChatGPT, DALL-E and Bing AI. These services are insecure for business purposes.

- You must not rely on publicly available AI services for business purposes.
- You must not input business data into publicly available AI services. This includes data that is commercially, politically or financially sensitive.
- You must not input personally identifiable data.

4. Council Procured AI services

Council procured AI services are those provided through commercial agreements with suppliers through which security is validated. As of November 2025, the key AI service that can be used for business purposes is Microsoft Copilot. This AI use policy does not replace or overwrite regulatory requirements. AI projects must

follow relevant laws and data protection policies. Specifically, AI initiatives involving personal data should be subject to a data protection impact assessment (DPIA). If in any doubt, colleagues should consult their line manager, Information Management and/or Legal Service as necessary.

5. Procurement and Implementation

The following apply to colleagues involved in procuring and implementing AI services:

- You must engage with IT&D and Information Governance before procuring any AI services. An IT risk assessment is always needed and a DPIA / Privacy Notice update or creation may be needed.
- You must ensure that normal Council procurement processes are followed when procuring AI services.
- You must consider relevant standards and best practices for development and deployment.
- Consider involving stakeholders in the design, development and deployment.
- You must ensure that as part of the design and development that human intervention is possible in case of errors, failures or adverse effects of AI services.
- You must assess the risks and benefits of the AI service using appropriate methods and tools, such as impact assessments, equality impact assessments, audits or testing. Risk assessments must consider individual use cases and any changes to the use case will require further assessment of risks.
- You must thoroughly understand supplier terms of use and privacy policies before using AI services to process personal data or sensitive information.
- You must seek assurances from the supplier of AI services that the risk of discrimination or bias is understood and mitigated to an appropriate level.

Further assurance can be obtained through appropriate terms and conditions in contracts and through independent certification if needed.

- Where partnerships are set up that use AI services, a Memorandum of Understanding or similar agreement must be implemented to ensure common principles are adopted by all parties.

- You must monitor the quality of outcomes to evaluate accuracy, reliability and efficiency.

- You must ensure colleagues who use or are involved in the procurement of AI systems are given appropriate training and guidance and that it is refreshed regularly to reflect evolving technologies and risks.

- You must ensure there is a testing strategy that incrementally introduces a new AI service.

6. Compliance

6.1 **Alignment with National Guidance:** The Council's use of AI must align with relevant national frameworks and guidance, including the UK Government's AI Playbook, ICO guidance and NCSC advice.

6.2 **Transparency and Explainability:** AI systems used by the Council must provide clear explanations for decisions that affect individuals or services. Where feasible, outputs should be transparent to those impacted.

6.3 **Ethical Principles:** The Council commits to the ethical use of AI, guided by principles of fairness, accountability, transparency and human oversight. These principles must be considered throughout the lifecycle of AI systems.

6.4 **Data Protection Impact Assessments (DPIA):** A DPIA must be completed prior to deploying any AI system that processes personal data, in accordance with ICO guidance.

6.5 **Incident Reporting and Redress:** Colleagues must report suspected misuse, errors, or harm caused by AI systems to Information Governance. Mechanisms for redress must be made available where individuals are adversely affected.

6.6 **Accessibility and Inclusion:** AI systems must be designed and implemented to be accessible to all users, including those with disabilities, and must not exclude or disadvantage any group.

6.7 **Third-Party and Partnership Governance:** The Council must ensure that third-party providers and partners adhere to equivalent standards for AI governance, especially where data is shared or processed externally.

6.8 **Continuous Monitoring and Audit:** AI systems must be subject to ongoing monitoring and periodic audits to ensure effectiveness, fairness, and compliance with Council policies.

7. Breaches of Policy

Any violations of this policy should be reported to the council's Information Security & Governance Team or senior management. Failure to comply with this policy may result in disciplinary action, in accordance with Council's Human Resources policies and procedures. All council staff have a contractual responsibility to be aware of, and conform to, our Code of Conduct, as well as other relevant employment policies. Breaches of policy may lead to staff being subject to disciplinary action.

8. Review

The AI landscape is dynamic, and this policy is not exhaustive, it will be reviewed and updated annually by the Corporate Digital Board as AI technology, its application and regulation evolve.