

## **ANNUAL GOVERNANCE STATEMENT 2020/21**

### **1. Scope of responsibility**

Mid Sussex District 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, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and including arrangements for the management of risk.

### **2. The purpose of the governance framework**

The governance framework comprises the systems, processes, culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives of appropriate, cost effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable, and not absolute, assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks, the achievement of the Council’s policies, aims and objectives, to evaluate the likelihood of those risks being realised, (and the impact should they be realised), and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Council for the year ending 31 March 2021 and up to the date of approval of the Statement of Accounts.

### **3. The Council’s governance framework**

The Council’s Constitution, which is updated annually (and last updated in May 2020), sets out how the Council operates. It states what matters are reserved for decision by the whole Council, the responsibilities of the Cabinet and the matters reserved for collective and individual decision.

Decision-making powers not reserved for councillors are delegated to the Chief Executive and Heads of Service. The Monitoring Officer ensures that all decisions made are legal and supports the Standards Committee in promoting high standards of conduct amongst Members and the wider Parish Council community in Mid Sussex.

The Scrutiny Committees are dual role in that they offer advice to Cabinet and Council both collectively, and to Cabinet members individually, and will scrutinise decisions made by the Cabinet, individual Cabinet members and Executive decisions taken by officers and those published on the Members’ Information Service, and in the formulation of new policies. Call-ins can be made on these decisions and this has been enacted once in the last year.

The overall budget and policy framework of the Council is set by the Council and all decisions are made within this framework. The Council’s overall policy is represented through the Corporate Plan, which is a combination of service and financial plans.

The Corporate Plan is a key reference for the Medium Term Financial Plan, which enables the Council to forecast forward and make best use of financial, human, technological and other resources available and to enable the continued provision of value for money services that meet the needs of residents, businesses and other stakeholders. At the broadest level, the Council also works with a number of key strategic partners through the local strategic partnership group of organisations.

From the Corporate Plan, service plans and business plans are developed and individual officer work plans are agreed, with performance targets agreed at every level. More detailed budgets are aligned to corresponding plans following a robust budget challenge process, which challenges managers to demonstrate efficiency and value for money. Performance is monitored and managed at every level on a regular basis.

The Council also monitors its performance through feedback from its residents and service users. An analysis of complaints raised under the Council's Corporate Complaints Policy is regularly reported and considered by the Scrutiny Committee for Customer Services, Service Delivery and Community; the last instance being in February 2021. The Council also has a Whistleblowing Policy, which encourages staff to report any instances of suspected unlawful conduct, financial malpractice, or actions that are dangerous to the public or environment.

The Council's financial management arrangements conform to the standards of the Chartered Institute of Public Finance and Accountancy (CIPFA), and have regard to the 'Statement on the Role of the Chief Financial Officer in Local Government'. The Head of Corporate Resources has statutory responsibility for the proper management of the Council's finances and is a key member of the Management Team. The four Heads of Service with the Chief Executive sit as a Management Team and may further devolve decision making to Business Unit Leaders through written schemes of management. The Head of Corporate Resources will also provide detailed finance protocols, procedures and guidance and training for managers, staff and Members.

The Council's Risk Management Strategy ensures proper management of the risks to the achievement of the Council's priorities and helps decision-making. In the Council's day-to-day operations, a framework of internal controls (e.g. authorisation, reconciliations, separation of duties, etc) control the risks of fraud or error, and this framework is reviewed by Internal Audit. Partnership working is governed by agreements, protocols or memoranda of understanding relevant to the type of work or relationship involved. The Council's legal services and procurement teams ensure that all are fit for purpose and the Council's interests are protected.

The Audit Committee is responsible for monitoring the effective development and operation of corporate governance in the Council. It provides independent assurance of the adequacy of the Council's governance arrangements, including the associated control environment, the authority's financial (and non-financial) performance to the extent that it affects the authority's exposure to risk and weakens the control environment, oversight of the financial reporting process and scrutiny of the treasury management strategy and policies.

It is planned as part of the action plan arising from the Governance Review (see below) to further align the Audit Committees' general oversight with the guidance from CIPFA on the 'Role of the Audit Committee in Local Government' and allow it to review the management of Strategic Risks on an annual basis. This is subject to an amendment to the constitution to follow in the year.

#### 4. Review of effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the Council who have responsibility for the development and maintenance of the governance environment, the Internal Audit annual report, and by comments made by the external auditors and other review agencies and inspectorates. The process that has been applied in maintaining and reviewing the effectiveness of the governance framework includes the following in the last year:

- A review of governance across the authority during late winter and early spring 2021 by a respected and expert independent third party, the report from which has been positively received and is being implemented in accordance with its Action Plan.
- The Council's internal management processes, such as performance monitoring and reporting; the staff performance appraisal framework; monitoring of policies, such as the corporate complaints and health and safety policies; and the corporate budget challenge process;
- The oversight of the Department for Business, Energy and Industrial Strategy (BEIS) of our processes in administering and awarding some £40m of Covid grants, delivered at pace and against a changing suite of guidance.
- The work of the corporate Joint Procurement Board partnered with Horsham DC and Crawley BC;
- The Council's internal audit coverage (purchased from Crawley BC under a shared service arrangement), which is planned using a risk based approach. The outcome from the internal audit coverage helps form the Chief Internal Auditor's opinion on the overall adequacy of the Council's internal control framework, which is reported in their annual report.
- The Chief Internal Auditor's annual report on anti-fraud and corruption activities, including the use of the National Fraud Initiative data matching exercise;
- The annual review of the effectiveness of the internal audit function;
- External audit review of the work of the internal audit service and comment on corporate governance and performance management in their Annual Audit Letter and other reports;
- Workforce assessments and accreditation where appropriate and affordable;
- The External Auditor's opinion on the Council's financial statements;
- The work of the Audit Committee, which reviews the outcomes from the annual audit plan and the annual report of the audit function;
- The work of the Scrutiny Committees;
- An annual review of the constitution by the Constitutional Review Group, which recommends amendments to the Constitution, where appropriate, for agreement by the Council. The last review, reported to, and agreed by, Council in May 2020 reduced the number of planning committees to two per month on regular Thursdays to align better with the level of business and the number of meetings held at similar District Councils. This change has worked well to date.
- Work of the Standards Committee, which includes monitoring the operation of the Members' Code of Conduct and the Member and Officer Protocol.

## 5. Significant governance issues

The Covid-19 pandemic has provided the context within which all business at the authority has been conducted during 2020/21. It has necessitated working at speed to provide new services, such as national grant schemes, as well as provide extended services in areas of higher demand such as Housing and Homelessness. Remote working has been instituted and adopted very quickly and staff teams have had to adapt to this new way of working without recourse to physical resources such as paper files and meeting spaces.

Similarly, Members have adapted to virtual meetings throughout the year, which has enabled scrutiny and decision making to continue to a high standard.

Importantly, an independent Governance Review has been undertaken during this year and it provides a helpful, external perspective on the Council's Governance arrangements.

The Review has confirmed that the Council's formal governance meets statutory requirements. It also makes some helpful recommendations. They are in two phases; the first focussing on improving cross party working within the Council and the knowledge and familiarity of all members with the Council's governance arrangements. The second phase recommends a review of the Scrutiny, Council and working group arrangements with a view to reducing cost and increasing impact. The Review also made a number of minor suggestions to strengthen the Council's Governance. The Review's Action Plan allocates clear responsibilities for implementing all the changes recommended.

The report of the external reviewer has been shared with all members and discussed at a private workshop. A report on the Review will be considered by Council at its meeting in September.

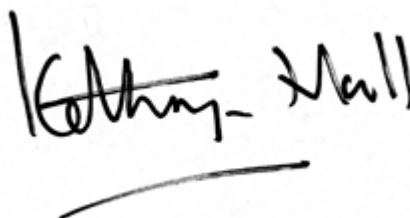
There was one call in during the year concerning a decision of Cabinet to close Clair Hall in Haywards Heath. The Scrutiny Committee decided that no further consideration by the Cabinet was necessary. However, subsequently a judicial review was issued by a local resident against the Council regarding the decision to close Clair Hall which resulted in a consent order being agreed by the parties to conclude the proceedings ahead of a preliminary court hearing and in accordance with that consent order the Council is now undertaking consultation and engagement regarding the future of Clair Hall.

This started in June 2021 and will run for 12 weeks after which Cabinet will reconsider the future of the Clair Hall site.

Specific opportunities for improvements in governance and internal controls identified as part of the assurance processes detailed above have been addressed or are included in action plans for the relevant managers.



Cllr Jonathan Ash-Edwards  
Leader of Council  
July 2021



Kathryn Hall  
Chief Executive  
July 2021