

ANNUAL GOVERNANCE STATEMENT 2021/22

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 2022 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 as required and was last fully considered 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. In January 2022 the Council adopted the Local Government Association Members Code of Conduct with that decision taking effect on 1st March 2022. Training is being organised for all members starting with the Standards Committee itself.

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. Calls can be made on these decisions although none has been enacted 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 Community, Customer Services and Service Delivery ; the last instance being in February 2022. 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 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, which was not actioned last 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 a structured and incremental way although this has yet to fulfil the promise which was expected;
- 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 work of the corporate Joint Procurement Board partnered with Horsham DC, Crawley BC and Mole Valley DC which is working to update the procurement processes as the legislative framework changes following the departure of the UK from the EU;
- The Council's internal audit coverage (purchased from Mazars via a Croydon LBC framework), 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;
- The changes made to the Planning Committees in 2020 to reduce the number of meetings have bedded in well.

Work of the Standards Committee to deal with Code of Conduct complaints and promoting the adoption of the Local Government Association Members Code of Conduct following the report of the Committee for Standards in Public Life from January 2019.

5. Significant governance issues

Once again, the Covid-19 pandemic has provided the context within which all business at the authority has been conducted during 2021/22. Further national grant schemes have been introduced and the increase in demand for some services such as homelessness has not abated. Remote working has become the norm and 'new ways of working' with increased dependence on digital solutions has been widely adopted both at Mid Sussex and across the sector.

Members have continued with virtual meetings throughout the year where legally possible, which has enabled scrutiny and decision making to continue to a high standard, although as may be expected, there is now an appetite to return to the more established face to face ways of working. With new equipment installed in the refurbished Council Chamber all our meetings are now live streamed.

In that context, which may have increased the possibility of risk of governance issues, there do not appear to be systemic governance issues on which to report. There are however two specific areas where governance has been tested through the year, and which represent issues to be addressed for the future.

Firstly, as with all local authorities, the departure of the United Kingdom from the European Union will have a particular impact on the procurement regime for local government. Previously the EU procurement regime had set rules that impacted on public procurement across all member states. In the UK these arrangements are now being dismantled in areas such as "state aid". Once the new domestic arrangements are fully established staff will need to have comprehensive training on the implications of the changes to the Councils approach to procurement.

Secondly, as mentioned elsewhere, we must take seriously the growing threat of cybercrime given our increasing reliance on Cloud- based line of business systems; and a programme of training and risk assessment is to be undertaken in the coming year.

These specific issues identified as part of the assurance processes detailed above have been addressed or are included in action plans for the relevant managers.

A handwritten signature in black ink, appearing to read 'Jonathan Ash-Edwards', written in a cursive style.

Cllr Jonathan Ash-Edwards
Leader of Council
July 2022

A handwritten signature in black ink, appearing to read 'Kathryn Hall', written in a cursive style with a horizontal line underneath.

Kathryn Hall
Chief Executive
July 2022