



Mid Sussex District
Council

Value for Money report

Year ended 31 March 2023

March 2024



Mid Sussex District Council
Oaklands
Oaklands Road
Haywards Heath
West Sussex
RH16 1SS

8th March 2024

Dear Audit Committee Members

2022/23 Value for Money Report

We are pleased to attach our interim commentary on the Value for Money arrangements at Mid Sussex District Council. This commentary explains the work we have undertaken during the year and highlights any significant weaknesses identified along with recommendations for improvement. The commentary covers our interim findings for audit year 2022/23.

The Department for Levelling Up, Housing and Communities (DLUHC) has worked collaboratively with the FRC, as incoming shadow system leader, and other system partners, to develop measures to address the delay in local audit. The National Audit Office (NAO) issued a consultation on 8 February 2024 seeking views on changes to the Code of Audit Practice (the Code) to support auditors to meet backstop dates and promote more timely reporting of their work on value for money arrangements. The consultation proposes to reduce the scope of the VFM reporting up to and including the 2022/23 financial year. At this stage, we are continuing to report VFM in line with our existing responsibilities as set out in the 2020 Code.

This report is intended solely for the information and use of the Audit Committee and management. It is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss the contents of this report with you at the Audit Committee meeting on 19th March 2024.

Yours faithfully

Kevin Suter

Partner

For and on behalf of Ernst & Young LLP

Encl

Contents

01 Executive Summary



02 Value for Money Commentary



03 Appendices



Public Sector Audit Appointments Ltd (PSAA) issued the “Statement of responsibilities of auditors and audited bodies”. It is available from the PSAA website (<https://www.psa.co.uk/audit-quality/statement-of-responsibilities/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The “Terms of Appointment and further guidance (updated July 2021)” issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit Committee and management of Mid Sussex District Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to Audit Committee and management of Mid Sussex District Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit Committee and management of Mid Sussex District Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01 Executive Summary



Executive Summary

Purpose

Auditors are required to be satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We do not issue a 'conclusion' or 'opinion', but where significant weaknesses are identified we will report by exception in the auditor's opinion on the financial statements. In addition, auditors provide an annual commentary on arrangements published as part of the Auditor's Annual Report. In doing so, we comply with the requirements of the 2020 Code of Audit Practice (the Code) and Auditor Guidance Note 3 (AGN 03).

The purpose of this interim commentary is to explain the work we have undertaken for the financial year 2022/23 and highlight any significant weaknesses identified along with any recommendations for improvement.

The Department for Levelling Up, Housing and Communities (DLUHC) has worked collaboratively with the Financial Reporting Council (FRC), as incoming shadow system leader, and other system partners, to develop measures to address the delay in local audit. As part of the NAO consultation issued on 8 February 2024, there is a proposal to reduce the scope of the VFM reporting up to and including the 2022/23 financial year. However, the consultation states that where auditors have begun or already undertaken work that no longer falls under the reduced scope (if agreed once the consultation closes), they may still report on it in accordance with Schedule 4. We are continuing to report VFM in line with our existing responsibilities as set out in the 2020 Code to ensure a smooth transition to the 2023/24 audit year when auditors are required to meet the full Code reporting responsibilities.

The report sets out the following areas which have been assessed up to the point of issuing this interim report:

- Any identified risks of significant weakness, having regard to the three specified reporting criteria;
- An explanation of the planned responsive audit procedures to the significant risks identified;
- Findings to date from our planned procedures; and
- Summary of arrangements over the period covered by this report (Appendix A).

We will summarise our final view of the value for money arrangements as part of the Auditor's Annual Report once the audit report has been issued for 2022/23.



Executive Summary (continued)

Risks of Significant Weakness

In undertaking our procedures to understand the Council's arrangements against the specified reporting criteria, we identify whether there are risks of significant weakness which require us to complete additional risk-based procedures. AGN 03 sets out considerations for auditors in completing and documenting their work and includes consideration of:

- our cumulative audit knowledge and experience as your auditor;
- reports from internal audit which may provide an indication of arrangements that are not operating effectively;
- our review of Council committee reports;
- meetings with officers; and
- evaluation of associated documentation through our regular engagement with Council management and the finance team.

We completed our risk assessment procedures and did not identify any significant weaknesses in the Council's VFM arrangements.

As a result, we have no matters to report by exception at this stage of the audit and we will update our interim reporting as part of issuing the final commentary in the Auditor's Annual Report later in the year.

Executive Summary (continued)

Reporting

Our interim commentary for 2022/23 is set out over pages 10 to 12. The commentary on these pages summarises our conclusions over the arrangements at the Council in relation to our reporting criteria (see table below) throughout 2022/23.

Appendix A includes the detailed arrangements and processes underpinning the reporting criteria. These were reported in our 2021/22 Annual Auditors Report and have been updated for 2022/23.

The table below sets out the three reporting criteria, whether we identified a risk of significant weakness as part of our planning procedures, and whether, at the time of this interim report, we have concluded that there is a significant weakness in the body's arrangements

Reporting Criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services	No significant risks identified	No significant weakness identified
Governance: How the Council ensures that it makes informed decisions and properly manages its risks	No significant risks identified	No significant weakness identified
Improving economy, efficiency and effectiveness: How the Council uses information about its costs and performance to improve the way it manages and delivers its services	No significant risks identified	No significant weakness identified

Executive Summary (continued)

Independence

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Council, and its members and senior management and its affiliates, including all services provided by us and our network to the Council, its members and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1st April 2022 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

During the year to 31 March 2023 we have undertaken the following non-audit service, against which we have identified the potential threats to our independence and adopted the safeguards as shown below.

Description of service	Related independence threat	Safeguards adopted
Housing Benefit subsidy claim	Self interest	The NAO's AGN01 excludes HBAP from the PSAA and ethical standards fee caps because this service is required by the awarding central government department. In addition, the fees for this work are relatively limited.
	Self review	No advice will be given in relation to accounting treatment. The report we provide will be given solely for the purposes of the agreed upon procedures engagement and will not be used or relied upon for any other purposes.

EY Transparency Report 2023

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2023:

[EY UK 2023 Transparency Report | EY UK](#)



02 Value for Money Commentary

Value for Money Commentary

Financial Sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services

No significant weakness identified

The Council has appropriate arrangements in place to ensure financial sustainability.

The Medium Term Financial Strategy (MTFS) is updated annually, looking forward over a 4 year period.

Throughout 2022/23, the MTFS in place was the "Financial Strategy 2022/23 – 2025/26". This is known locally as the Corporate Plan and Budget 2022/23 and includes the Medium Term Financial Plan for this period. This was presented at Council in March 2022. Towards the end of 2022/23, and in line with the annual financial planning cycle, the updated MTFS was released which included the "Medium Term Financial Plan 2023/24 – 2026/27". This was presented at Council in March 2023. The four-year financial model (the Medium Term Financial Plan) forecasts are updated as part of this annual cycle to reflect current assumptions, including:

- government funding;
- council tax projections;
- projected costs; and
- planned efficiencies.

The 2022/23 MTFS included £1.3m use of reserves each year from 2023/24 to 2025/26, but this was updated in the latter MTFS, where there is no planned use of general reserves from 2023/24 to 2026/27. There are however, projected cumulative gaps in the budget as follows:

- 2024/25 = £605k
- 2025/26 = £3,233k
- 2026/27 = £3,281k

These gaps will need to be addressed by the Council in the forthcoming periods. The Council has a track record of identifying actions to close the budget gaps through its annual budget setting processes, which we anticipate will continue into the future.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2022/23 to enable it to plan and manage its resources to ensure that it can continue to deliver its services.

Value for Money Commentary (continued)

Governance: How the Council ensures that it makes informed decisions and properly manages its risks

No significant weakness identified

The Council has arrangements in place to ensure it made informed decisions and properly managed its risks.

The Council has an effective strategic risk management framework and register in place to identify, mitigate and monitor the risks to the organisation in delivering strategic objectives. This includes both financial and non-financial risks.

This is supported by the Strategic Risk Management Policy and a Strategic Risk Register with updates to the risk register being discussed in Cabinet meetings.

An Internal Audit function is also in place and in 2022/23 their overall opinion was 'Moderate' with a total of 24 recommendations were provided. One was high priority, 16 medium priority, and seven categorised as low priority. The Council has processes in place to ensure internal audit recommendations are addressed.

The Council achieved an overall outturn surplus of £715k in 2022/23 which was substantially driven by additional interest receipts.

As at June 2023, the forecast outturn for 2023/24 was an overspend of £442k on net expenditure. However, this is before the recognition of the interest receipts which totalled £233k at that time, reducing the forecast overspend to £209k. Additional interest receipts were expected to be received through the remainder of the financial year to offset the identified service pressures. This illustrates the robustness of the Council's budget setting and their ability to manage their budget effectively.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2022/23 to make informed decisions and properly manage its risks.

Value for Money Commentary (continued)

Improving economy, efficiency and effectiveness: How the Council uses information about its costs and performance to improve the way it manages and delivers its services

No significant weakness identified

The Council has arrangements in place to improve economy, efficiency and effectiveness. These derive from the Corporate Plan, setting out the Council's priorities and objectives. The Council's Cabinet monitors progress against the key projects, budgets and performance measures on a regular basis.

To track performance and judge how well the Council is delivering services, it measures key activities and set performance targets, using performance indicators. These performance measures are split by service area and show indicators such as target, status and comparison to other periods.

Mid Sussex District Council has in place a Procurement Code. This information was laid out alongside the Constitution and sets out the procedures that must be followed in relation to the procurement and award of a contract. These are intended to promote good purchasing practice and public accountability and deter corruption.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2022/23 to enable it to plan and manage its resources to ensure that it can continue to deliver its services.



10 Appendices

Appendix A - Summary of arrangements

Financial Sustainability

We set out below the arrangements for the financial sustainability criteria covering the year 2022/23.

Reporting Sub-Criteria	Findings
How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them	<p>The Council produces an annual Corporate Plan and Budget that includes an MTFP, this MTFS covers the current and next 4 years on a rolling basis. The MTFS should have regard to the following criteria:</p> <ul style="list-style-type: none">• be constructed to resource the forthcoming Corporate Plan;• identify and quantify all known facts likely to impact on the Council's budget in the medium-term;• use the service review process to identify efficiencies if necessary to maintain a balanced budget over the medium-term;• have regard to the current and potential legislative and national financial issues; and• community needs and taxation implications. <p>This strategy sets out the key financial principles to be utilised and key actions that need to be undertaken to ensure the Council is able to continue to balance its finances over the medium-term. The purpose of the report is to update the Council's financial strategy and action plan to help guide the management of the Council's finances during a period of diminishing resources.</p> <p>Throughout 2022/23, the MTFS in place was the Corporate Plan and Budget 2022/23, covering 2022/23 – 2025/26. This was presented at Council in March 2022. Towards the end of 2022/23, the updated MTFS was released being the Corporate Plan and Budget covering the period 2023/24 – 2026/27. This was presented at Council in March 2023. The four-year financial model forecasts are updated as part of this annual cycle to reflect current assumptions, including government funding, council tax projections, projected costs, and planned efficiencies. The MTFS included £1.3m use of reserves each year from 2023/24 to 2025/26 as part of the earlier MTFS. In the latter MTFS, there is no planned use of general reserves from 2023/24 to 2026/27. The budget is balanced in 2023/24 using Treasury Receipts, with a gap emerging in later years that will need to be addressed.</p> <p>The Council's budgeting process has taken into account various known pressures and risks, such as:</p> <ul style="list-style-type: none">• more extensive inflation increases, including pay inflation and energy costs; and• increases in the costs of waste contracts. <p>These are revisited within each MTFS, and such pressures and risks included within the 2023/24 MTFS include:</p> <ul style="list-style-type: none">• Increases in inflation for energy, water, pay and other costs; and• Increases in insurance costs. <p>As noted in the report, projections over future years should be treated with caution as circumstances can change quickly and assumptions underpinning the figures may change.</p>

Appendix A - Summary of arrangements

Financial Sustainability (continued)

We set out below the arrangements for the financial sustainability criteria covering the year 2022/23.

Reporting Sub-Criteria	Findings
How the body plans to bridge its funding gaps and identifies achievable savings	<p>In preparation for the annual budget setting process, the Council's Financial Strategy, and the 4-year Financial Model, including the key financial principles, are reviewed. This is in order to take into account financial pressures, saving plans and the key assumptions being used for future years' forecasts. To address the impact of the financial position of the Council, saving proposals of £50k for 2022/23, then £250k per annum for the period 2023/24 to 2025/26 were approved as part of the Corporate Plan and these have remained consistent within each Corporate Plan prepared.</p> <p>The annual budget for revenue spending was approved by Full Council, as set out above, having incorporated the savings identified.</p>
How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	<p>Mid Sussex District Council has a Corporate Plan which sets out the Council's future priorities and objectives. This helps ensure that:</p> <ul style="list-style-type: none">• The Council manages its resources effectively.• Projects can be delivered by the Council's services and that enough capacity is available to deliver them.• The Council's Cabinet can plan its work.• A framework is provided for evaluating the Council's performance. <p>The Council's Management Team and Cabinet monitor progress against the key projects, budgets and performance measures on a regular basis and take action where any activities are behind schedule.</p> <p>The priorities as set out within the Corporate Plan are:</p> <ul style="list-style-type: none">• Effective and responsive services.• Sustainable economic growth.• Strong and resilient communities.• Financial independence. <p>As noted above, the Financial Strategy and Plan has regard to the Corporate Plan, therefore ensuring the consistency of financial strategy with the corporate strategy.</p>

Appendix A - Summary of arrangements

Financial Sustainability (continued)

We set out below the arrangements for the financial sustainability criteria covering the year 2022/23.

Reporting Sub-Criteria	Findings
How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system	<p>Under the umbrella of the Financial Strategy are other linked policies and strategies which assist with ensuring the robust financial management of the Council, including the Treasury Management and Investment Strategies and a Capital Strategy. We note that throughout the financial planning (i.e. budget and MTFS) consideration of other plans also takes place. The Financial Strategy and Plan incorporates the revenue effect of capital and other investment decisions, and those impacting the workforce as a whole.</p> <p>The Capital Programme is based upon the Corporate Plan which will identify the need for investment.</p> <p>The Capital Strategy implemented by Mid Sussex District Council provides a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local services and how associated risk is managed by the Council. The Council approves a Capital Programme on recommendation from the Council's Cabinet. The programme consists of significant projects that qualify as capital expenditure and a planned programme of scheduled asset replacements.</p> <p>The key driver of the Capital Strategy is the Councils' Statement of Main Purpose "To be an effective Council delivering value for money services and helping to create a strong economy, environment and community" and the accompanying priorities:</p> <ul style="list-style-type: none">• Effective and responsive services• Sustainable economic growth• Strong and resilient communities• Financial independence <p>This statement gives a strategic direction to the Council to enable it to meet the demands of the future.</p> <p>The Treasury Management Strategy is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing.</p> <p>Decisions on treasury management, investment and borrowing are made daily and therefore, are delegated to the Assistant Director Corporate Resources, who must act in line with the Treasury Management Strategy approved by Council.</p>

Appendix A - Summary of arrangements

Financial Sustainability (continued)

We set out below the arrangements for the financial sustainability criteria covering the year 2022/23.

Reporting Sub-Criteria	Findings
How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans	<p>Please see previous documentation about the annual budget setting process and MTFS.</p> <p>Throughout the preparation of each of these, risks are taken into consideration in order to see how they impact certain areas and what the financial implications of these risks might be. This includes the following implemented measures:</p> <ul style="list-style-type: none">• The Council publishes detailed financial plans that are aligned to its Corporate Plan and includes actions to ensure financial sustainability.• In-year monitoring of these financial plans, to identify and incorporate any unplanned changes in underlying assumptions of the Council's plans as discussed below.• Reporting of financial performance against set financial plans as discussed below.• Risk management processes to identify, monitor and assess risks. <p>The Council has an effective strategic risk management framework and register in place to identify, mitigate and monitor the risks to the organisation in delivering strategic objectives. This includes both financial and non-financial risks.</p> <p>Audit Committee and then Cabinet are the body responsible for the Council's strategic risk management. Audit Committee approves the Councils' strategic risks for recommendation to Cabinet, on an annual basis. The Officer Risk Champion works with Assistant Directors and, where appropriate, Heads of Service regarding the progress in managing risks. In addition, Audit Committee is responsible for:</p> <ul style="list-style-type: none">• Approving an overall direction on strategic risk management – the risk management policy.• Promoting a positive risk culture throughout the organisation including promoting its importance to other Members.• Approving an annual Strategic Risk Profile and their mitigations. <p>The Audit Committee Chair acts as the Member Risk Champion and works with the Officer Risk Champion to embed risk management into the organisation. The Management Team, including Assistant Directors, is responsible for ensuring the Council's strategic and operational risks are actively managed throughout the year.</p>

Appendix A - Summary of arrangements

Financial Sustainability (continued)

We set out below the arrangements for the financial sustainability criteria covering the year 2022/23.

Reporting Sub-Criteria	Findings
How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans (continued)	<p>In addition, the Assistant Directors and Management Team have the following responsibilities:</p> <ul style="list-style-type: none">• Implementing the strategic risk management policy.• Reviewing the management of strategic and operational risk.• Monitoring the effectiveness of controls designed to implement the chosen risk response.• Integrating risk management into the service and budget planning process is completed by the Officer Risk Champion supported by Management Team.• Promoting a robust and proactive risk culture throughout the organisation.• Ensuring that appropriate training is put in place for appropriate officers and that it is reflected in the Member Development Programme. <p>The Assistant Director Corporate Resources is recognised as the Officer Risk Champion and works with the Member Risk Champion to embed risk management into the organisation via the Audit Committee.</p> <p>These arrangements come together, linking the Corporate Plan and its risk assessment, through to the financial plans and implications, as part of the ongoing monitoring of performance and then the annual refresh associated with developing the annual budget.</p>

Appendix A - Summary of arrangements

Governance

We set out below the arrangements for the governance criteria covering the year 2022/23.

Reporting Sub-Criteria	Findings
How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud	<p>The Council has an effective strategic risk management framework and register in place to identify, mitigate and monitor the risks to the organisation in delivering strategic objectives. This includes both financial and non-financial risks.</p> <p>This is supported by the Strategic Risk Management Policy and sets out the ways in which the Council:</p> <ul style="list-style-type: none">• Identifies key strategic risks in the context of the Corporate Plan's objectives.• Assesses risks to determine the potential likelihood and impact of each risk.• Determines the response that should be made to each risk.• Develops the necessary actions, controls, and processes to implement the chosen response to each risk.• Communicates its approach to risk management and the results of risk management activity.• Deals with each risk – either avoid, reduce, share or accept it. <p>The Council maintains a strategic risk register. The register details:</p> <ul style="list-style-type: none">• The description of the risk, including the Corporate Strategic Aim that the risk is aligned to, the risk owner and the Cabinet Member.• The current mitigations.• The consequences split across the categories of "Political", "Financial", "Reputational" and "Operational".• The key causal factors.• The initial and revised risk score. <p>Updates to the risk register are discussed in Audit Committee and then Cabinet as described above.</p> <p><u>Internal Audit</u></p> <p>The Council has an Internal Audit Function in place. The Internal Audit Service provides a continuous and independent review of all internal control systems. It objectively examines, evaluates and reports upon the adequacy of such internal controls.</p> <p>The provision of Internal Audit is undertaken by Mazars LLP. The findings and recommendations are reported to the Audit Committee and an Annual Report is also prepared.</p>

Appendix A - Summary of arrangements

Governance (continued)

We set out below the arrangements for the governance criteria covering the year 2022/23.

Reporting Sub-Criteria	Findings
How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud (continued)	<p>Their opinion for the year to 31 March 2023 was that: <i>“On the basis of our audit work, our opinion on the framework of governance, risk management, and control is Moderate in its overall adequacy and effectiveness. Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control. While there are some areas of activity where the expected levels of control have not been fully achieved, actions have been taken or are in progress in response to internal audit recommendations made.”</i></p> <p>In 2022/23 a total of 24 recommendations were provided. One was high priority, 16 medium priority, and seven categorised as low priority.</p>
How the body approaches and carries out its annual budget setting process	<p>The Council has a statutory duty to prepare a balanced annual revenue budget. The Council's budget must be constructed so as to ensure that resource allocations properly reflect the Council's priorities.</p> <p>The financial strategy is based on a rolling four-year cycle and sets the likely envelope of resources available to the Council over the following four years for both revenue and capital spending. This strategy is approved by Council, having first been considered by Cabinet.</p> <p>After considering the financial strategy and the Council's priorities, the draft budget is prepared and is approved by Council, having been recommended by Cabinet. The Council will consider the proposals of the Cabinet and may adopt them, amend them, refer them back to the Cabinet for further consideration, or substitute its own proposals in their place.</p> <p>Each of the Council's budgets are delegated to a designated budget manager. Budget managers have the responsibility to:</p> <ul style="list-style-type: none">• Only incur expenditure or budget provision for which they have approved budgets or specific authority.• Monitor and control revenue and capital expenditure and income under their control.• Submit periodic capital and revenue monitoring reports to members.• On becoming aware of a potential overspend either take remedial action to prevent such an overspend or submit a virement proposal prior to the overspend occurring.• Should a need to incur unavoidable or non-controllable expenditure be identified, a proposal for a supplementary estimate shall be submitted to Cabinet.

Appendix A - Summary of arrangements

Governance (continued)

We set out below the arrangements for the governance criteria covering the year 2022/23.

Reporting Sub-Criteria	Findings
How the body approaches and carries out its annual budget setting process	<p>In relation to financial planning, the Assistant Director Corporate Resources (S151), has a responsibility of:</p> <ul style="list-style-type: none">• Ensuring lawfulness and financial prudence of decision making.• Administration of financial affairs.• Contributing to corporate management.• Advising whether executive decisions are within the budget.• Providing advice.• Giving financial information.• Supporting the Audit Committee.
How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed	<p>Each of the Council's budgets are delegated to a designated budget manager. Budget managers have the responsibility to:</p> <ul style="list-style-type: none">• Only incur expenditure or vire budget provision for which they have approved budgets or specific authority.• Monitor and control revenue and capital expenditure and income under their control.• Submit periodic capital and revenue monitoring reports to members.• On becoming aware of a potential overspend either take remedial action to prevent such an overspend or submit a virement proposal prior to the overspend occurring.• Should a need to incur unavoidable or non-controllable expenditure be identified, a proposal for a supplementary estimate shall be submitted to Cabinet. <p>Both revenue and capital monitoring takes place regularly, reported in periods 2, 4, 6, 9 and 12 of the financial year 2022/23. From 2023/24, management have informed us that this will be on a quarterly basis.</p> <p>All budget managers have access to the Council's GL system in order to review actual performance against budget. The queries outlined below can be produced as and when required to help with budget monitoring:</p> <ul style="list-style-type: none">• Compare the annual budget with all posted income and expenditure, including commitments. The query will show the total remaining uncommitted budget.• Compare the profiled budget to show all income, expenditure, and commitments as at the end of the last completed month. This query will show the variance to date for budget monitoring purposes.• Compare the annual budget with the full year income and expenditure for the last complete financial year. <p>The Council also reviews its Treasury Management performance. The Council did not breach the operational boundary during the year.</p>

Appendix A - Summary of arrangements

Governance (continued)

We set out below the arrangements for the governance criteria covering the year 2022/23.

Reporting Sub-Criteria	Findings
How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee	<p>The Council has a number of arrangements in place to ensure that appropriate decisions are made. The decision-making process is detailed within the Council's Constitution and sets out how different decisions are made.</p> <p>The Constitution states that all decisions should be made in accordance with the following principles:</p> <ul style="list-style-type: none">• There should be clarity of aims and desired outcomes.• Proper regard should be paid to professional advice from officers.• Proper regard should be paid to internal and external consultation according to the decision in question.• There should be respect for human rights.• There should be a presumption in favour of openness.• There should be proportionality (i.e. the action should be proportionate to the desired outcome).• There should be an explanation of the alternative options considered.• There should be proper reasons for the decision which are documented. <p><u>The Full Council</u></p> <p>The Constitution sets out the role of the Full Council and explains that the Council is the policy making body from which the Policy Framework will be established.</p> <p><u>Cabinet</u></p> <p>The Cabinet is the part of the Council which is responsible for major decisions ('key decisions'). When such a decision is discussed or made, these are published in the Forward Plan in so far as they can be anticipated. If these major decisions are to be discussed at the meeting of the Cabinet, this will be open for the public to attend except where personal, exempt or confidential matters are being discussed. The Cabinet has to make decisions which are in line with the Council's overall policies and budget. If it wishes to make a decision which is outside the budget or policy framework, this must be referred to the Council as a whole to decide.</p>

Appendix A - Summary of arrangements

Governance (continued)

We set out below the arrangements for the governance criteria covering the year 2022/23.

Reporting Sub-Criteria

How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee (continued)

Findings

Cabinet consist of a number of Councillors appointed by the Leader and includes the roles of Leader and Deputy Leader. The Constitution provides for a Cabinet of a minimum of 2 and a maximum of 9 Cabinet members including the Leader and Deputy. At the time of publication the Cabinet consists of 5 members. It is responsible for almost all the functions and services of the Council but is not allowed to deal with certain matters like planning and licensing applications. These are dealt with by other Committees. Each member of the Executive has responsibility for a specific range of Council activities (portfolios) and will act as the Council's spokesman for those functions. In 2022/23, there were five portfolio areas:

- Economic Growth and Net Zero
- Leisure and Parking
- Community
- Planning
- Housing and Customer Services

Following elections in May 2023, this changed to four portfolio areas.

Whilst some decision-making powers are delegated to individual Executive members, generally the Executive makes decisions as a Committee.

Scrutiny Committees

The roles and responsibilities of the Scrutiny Committees are set out within the Constitution and are summarised below:

- Review and/or scrutinise decisions made or actions taken in connection with the discharge of relevant functions of the Council;
- Make reports and/or recommendations to the full Council and/or the Cabinet and/or any joint committee in connection with the discharge of any functions; and
- Exercise the right to call-in, for reconsideration, decisions made but not yet implemented by the Cabinet and/or any joint committee, where this is necessary and having regard to the call-in procedures as set out in the Scrutiny Procedure Rules in Part 4 of the Constitution.

Appendix A - Summary of arrangements

Governance (continued)

We set out below the arrangements for the governance criteria covering the year 2022/23.

Reporting Sub-Criteria	Findings
How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee (continued)	<p><u>Audit Committee</u></p> <p>The Audit Committee is independent of the Executive and Scrutiny functions and embedded as a key part of the Council's overall governance framework. Its terms of reference are aligned to CIPFA's best practice standards for audit committees. This Committee ensures that the Council is managing risks properly and that proper audit arrangements are in place.</p> <p><u>Transparency</u></p> <p>To allow for transparency, the Council also ensures that it publishes relevant information relating to salaries, contracts and performance data on its website (https://www.midsussex.gov.uk/about-us/open-data/). This includes:</p> <ul style="list-style-type: none">• Budget reports• A Medium-Term Financial Strategy• A Corporate Plan• Statement of Accounts• Annual Governance Statement
How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests)	<p>We have inspected the website of Mid Sussex District Council and identified the various policies in place regarding the integrity, ethical values and behaviour of key executives.</p> <p>Mid Sussex District Council have adopted a number of codes and protocols that govern the standards of behaviour expected of members and officers, including a Code of Conduct for Councillors and a separate one for staff. These Codes of Conduct form part of the Constitution and are updated on a regular basis. The Code of Conduct has been created to assist individuals with understanding the behaviour that is expected of them.</p> <p>Included within this Code of Conduct is a section on "gifts and hospitality". This guidance sets out the members' obligations to declare gifts and hospitality received in their official capacity as members of the Council. Officers also have to declare any gifts and hospitality offered and approval should be sought prior to acceptance if deemed appropriate.</p>

Appendix A - Summary of arrangements

Improving economy, efficiency and effectiveness

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the year 2022/23.

Reporting Sub-Criteria	Findings
How financial and performance information has been used to assess performance to identify areas for improvement	<p><u>Corporate Plan</u></p> <p>Mid Sussex District Council implement a Corporate Plan which sets out the Council's future priorities and objectives. This helps to ensure that:</p> <ul style="list-style-type: none">• The Council manages its resources effectively.• Projects can be delivered by the Council's services and that enough capacity is available to deliver them.• The Council's Cabinet can plan its work.• A framework is provided for evaluating the Council's performance.
How the body evaluates the services it provides to assess performance and identify areas for improvement	<p>The Council's Cabinet monitor progress against the key projects, budgets and performance measures on a regular basis and take action where any activities are behind schedule.</p> <p>The priorities as set out within the Corporate Plan are:</p> <ul style="list-style-type: none">• Effective and responsive services• Sustainable economic growth• Strong and resilient communities• Financial independence <p>As noted above, the Financial Strategy and Plan has regard to the Corporate Plan, therefore ensuring the consistency of financial strategy with the corporate strategy.</p> <p><u>Performance Information</u></p> <p>To track performance and judge how well the Council are delivering their services to customers, they measure their key activities and set performance targets using performance indicators. These performance measures are split by service area and show indicators such as target, status and comparison to other periods.</p>

Appendix A - Summary of arrangements

Improving economy, efficiency and effectiveness

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the year 2022/23.

Reporting Sub-Criteria	Findings
How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve	<p>The Constitution states that the Council is able to:</p> <ul style="list-style-type: none">• Enter into arrangements or agreements with any person or body;• Co-operate with, or facilitate or co-ordinate the activities of, any person or body; and• Exercise on behalf of that person or body any functions of that person or body. <p>To manage these arrangements, the Council may appoint joint committees with the other party to oversee and make decisions in relation to the arrangement.</p> <p>In the ordinary business of Council meetings, Council is to receive reports, and receive questions and answers, on the business of any joint arrangements. This enables the effective monitoring of these arrangements and ensures that Council are held accountable by any stakeholders.</p>
How the body ensures that commissioning and procuring services is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits	<p>Mid Sussex District Council has in place a Procurement Code and Contract Procedure Rules. This information is laid out alongside the Constitution and sets out the procedures that must be followed in relation to the procurement and award of a contract. These are intended to promote good purchasing practice and public accountability and deter corruption.</p> <p>The Standing Orders go through each step of the contract process, detailing the minimum requirements for all contracts taken out by the Council.</p> <p>Officers undertaking procurement exercises on behalf of the Council are supported by the Procurement Service to aid compliance. In addition to this, any necessary training, including updates or refresher training, is given to these Officers to ensure that these individuals have up to date skills and knowledge to perform these procurement exercises.</p>

EY | Building a better working world

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit ey.com.

Ernst & Young LLP

The UK firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited.

Ernst & Young LLP, 1 More London Place, London, SE1 2AF.

© 2022 Ernst & Young LLP. Published in the UK.
All Rights Reserved.

UKC-024050 (UK) 07/22. Creative UK.

ED None

Information in this publication is intended to provide only a general outline of the subjects covered. It should neither be regarded as comprehensive nor sufficient for making decisions, nor should it be used in place of professional advice. Ernst & Young LLP accepts no responsibility for any loss arising from any action taken or not taken by anyone using this material.

ey.com/uk