



Worthing Borough Council

**Value for Money report**

Year ended 31 March 2023

March 2024



Worthing Borough Council  
c/o Worthing Town Hall  
Chapel Road  
Worthing  
West Sussex  
BN11 1HA

12 March 2024

Dear Joint Audit and Governance Committee Members

2022/23 Value for Money Report

We are pleased to attach our interim commentary on Value for Money (VFM) arrangements for Worthing Borough Council. The commentary explains the work we have undertaken during the year and highlights any significant weaknesses identified along with any 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 Joint Audit and Governance 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 Joint Audit and Governance Committee meeting on 21 March 2024.

Yours faithfully

Kevin Suter

Partner

For and on behalf of Ernst & Young LLP

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Public Sector Audit Appointments Ltd (PSAA) issued the “Statement of responsibilities of auditors and audited bodies”. It is available from the PSAA website ([Statement of responsibilities of auditors and audited bodies \(up to and including 2022/23 audits\) - PSAA](#)). 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 Joint Audit and Governance Committee and management of Worthing Borough Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to Joint Audit and Governance Committee and management of Worthing Borough 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 Joint Audit and Governance Committee and management of Worthing Borough 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, auditor's 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 period 2022/23 and highlight 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 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 to the Joint Audit and Governance Committee:

- Risks of significant weakness and procedures planned to mitigate these
- Findings of our work against the three value for money reporting criteria and the sub-criteria
- Summary of arrangements in place over the period covered by this report.

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

Our value for money procedures are based on the judgements reached from a combination of:

- our cumulative audit knowledge and experience
- our review of Council committee reports,
- meetings with the 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 risks of or actual 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 9 to 13. The commentary on these pages summarises our understanding of the arrangements at the Council based on our evaluation of the evidence obtained in relation to the three reporting criteria (See table below) throughout 2022/23 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.

In accordance with the NAO's 2020 Code, we are required to report a commentary against three specified reporting criteria. 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 no significant weakness in the body's arrangements:

Reporting Criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
<b>Financial sustainability:</b> 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
<b>Governance:</b> How the Council ensures that it makes informed decisions and properly manages its risks	No significant risks identified	No significant weakness identified
<b>Improving economy, efficiency and effectiveness:</b> 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.

We highlight the following relationships that may be reasonably considered to bear upon our objectivity and independence. However we have adopted the safeguards noted below to mitigate these threats.

Description of relationship	Related independence threat	Safeguards adopted and reasons considered to be effective
We are engaged by the Council as a reporting accountant for the Housing Benefit Assurance Process (HBAP)	Self-Interest	The service is permissible under the NAO's Auditor Guidance Note 01. because this service is required by the awarding central government department
	Self-review	The results of the AUP testing is not reflected in the amounts included/disclosed in the financial statements. The external audit conclusion is not reliant upon the conclusion of our AUP engagement. No advice will be given in relation to accounting treatment.





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## 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 2022/23 revenue budget was set as a balanced budgets and compiled within the context of the Government's Comprehensive Spending Review, the Chancellor's Budget, and the local government settlement. There has been a significant decline in overall government income in recent years with increasing amounts of income being generated locally through council tax, business rates, fees and charges, and income from commercial property. In order to achieve a balanced budget, the Council has continued to pursue savings through efficiency reviews, procurement, and base budget reviews to set a balanced budget each year. These planned savings were set out in the short-term financial plans. For 2022/23 the savings target totaled to £1,135,270. The savings target for 2023/24 increased significantly to £3,203,000. The Council's Joint Strategic Committee has maintained oversight over the financial performance of the Council, and performance against revenue budget is reported at least quarterly to the Committee. These initiatives have resulted in underspend of £778,000 compared to the budget for the year ending 31 March 2023. The final position for operational services were overspend by £3,563,000. However, the underspend is mainly due to the leisure services appeal VAT refund to the Council amounting to £2,780,000, NNDR grant reliefs of £1,336,000 and contribution from reserves of £2,385,000.

The 2nd quarter revenue monitoring report for 2023/24 has highlighted a net projected overspend of £1,541,000. The Council has budget management controls in place to control in-year spend and these are forecast to deliver further in-year savings of £735,000 in addition of the £3,203,000 savings identified in February 2023. These controls include a developed set of in-year initiatives that include tighter controls on external spend, vacancy management and agency and consultant spend. The Council has also a Budget Management Group which meets weekly to review spend requests above £25,000, and sub £25,000 requests are considered daily by a triage group. In-year initiatives are being carefully tracked to ensure delivery, and service reviews undertaken to ensure any impact is understood to support communications to staff, members and the public.

The Council prepares a five-year revenue budget as part of its medium-term financial planning. The budget strategy for 2022/23 to 2026/27 was prepared with the aim to deliver the Council's service delivery objectives outlined in its 3-year plan. These forecasts are updated throughout the year to give the Council a clear view of the forthcoming financial challenges and consider the fall in government funding. The Council has consequently identified significant budget reductions over the period 2022-23 to 2026-27. Due to the financial pressures the Council is facing, it needs to identify significant savings or deliver income growth over the medium term to balance the budget, particularly if it wants to deliver on its service delivery objectives. The current financial strategy including the savings strategy includes plans to:

- ▶ Increase income from commercial services
- ▶ Dispose assets and reduce the costs associated with the capital programme
- ▶ Increase income from the commercial property portfolio
- ▶ Reduce the costs associated with housing need through prevention and better commissioning
- ▶ Reduce costs through business efficiency and digital investment

Each year, a detailed schedule of the individual savings proposals is prepared and built directly into the budget. It is then monitored through the Council's Committee structure to take corrective action where necessary.

# Value for Money Commentary (continued)

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

No significant weakness identified

While the Council is managing its budget pressures, it needs to ensure that its services are on a sustainable footing. The overspend at service level of £3.5m during 2022/23 is a concern, as is the projected overspend for 2023/24. The Council needs to ensure financial sustainability of its services, and keep reviewing opportunities to ensure the general fund balance does not reduce to a level insufficient to manage future unforeseen circumstances

**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 continues to maintain adequate arrangements to monitor and assess risk and gain assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud and corruption. The Council's risk management framework guides the development of risk and opportunity management at a strategic and operational level and to ensure that risks are appropriately managed and controlled. This aids the achievement of the Council's strategic priorities, supports its decision-making processes, and protects its reputation and other assets and is compliant with statutory and regulatory obligations. These risks are identified as a routine process of all services, and these are regularly reviewed and updated. This risk management framework is supported and informed by the work of the Council's Internal Audit function.

Primary oversight of the risk management framework is the responsibility of the Council with some aspects delegated to Joint Audit & Governance Committee and Joint Strategic Committee. These committees meet on a regular basis during which key issues are raised and addressed with effective challenge from members. All decisions of the Council and these Committees are accompanied by a detailed report which details the rationale for the decision, the options considered, legal advice and financial advice. Under the constitution, all decisions may be called in by members for review prior to implementation on specific grounds. These reviews are the purview of the Overview and Scrutiny Committee.

The Council has implemented systems to ensure conflicts of interest are identified, recorded and acted upon accordingly, excluding anyone from decision-making where a conflict arises, and making public declaration of interests through its Register of Interests which is published on the Council's website and covers employees and members. Regular training is provided to members on standards issues, so all members are aware of the requirements.

**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

## Significant weakness identified

The Council's organisational performance management was undertaken via a six-monthly review of the targets, outputs and outcomes described in the Council's Plan. This approach to organisational performance was updated in year following the full delivery of the previous organisational plan (Platforms for Our Places). It was replaced in October 2022 to align with the updated 3-year Corporate Plan. Progress has since continued to be reported to the Joint Overview and Scrutiny Committee. Platform performances are reviewed, and areas of improvement implemented through multidisciplinary and directorate teams that oversee the delivery of council activities under each Platform Priority. The Council's Leadership Team takes overall accountability at an officer level for delivery of Platforms through quarterly Leadership Team Platform performance meetings. Any issues identified by internal audit are monitored via the internal audit service and reported to the Joint Audit & Governance Committee four times a year. Officers not taking sufficient action on these service improvements may be requested to report to the Committee.

Most services have performance information and standards used to compare and assess performance with other Councils or with nationally recognised performance frameworks (e.g. Housemark, Department of Work and Pensions and national planning indicators). Where a service is identified in need of improvement a transformation team is set up to support service improvement.

The Council also has mechanisms to engage with the communities and has developed a consultation policy which reflects the Council's ambition to enable and empower communities to shape the places within which they live and work, influence formal decision making and make informed choices around the services they receive. The Council recognises that to be effective, this policy must inspire and support a genuine two-way dialogue with all sections of the community and other stakeholders. Therefore, in addition to the formal consultation procedures, residents have the option to engage in a dialogue through social media sites, petition schemes, stakeholder forums, tenant associations, council meetings (open to the public), and their local councillor. This process is supported by an established complaints procedure, where results are reported to the Joint Overview and Scrutiny Committee.

The Council continue to work closely with Adur District Council through the Adur and Worthing Joint Committee, and the partnership continues to enable the Council to progress against its corporate plan. The Council also engages in the Safer Communities Partnership and a number of local business partnerships.

**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.**





# 03 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

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

### Findings

The Council's service delivery objectives for 2023-2026 have been set out in their strategic plan titled "Our Plan" and forms the basis of the Council's strategic planning, including its short-term and medium-term financial plans. In this document, the Council sets out:

- It's purpose
- How they work
- Their principles
- Their foundations
- Their missions.

The Council prepares an annual revenue budget as part of its short-term financial planning. The 2022/23 and 2023/24 revenue budgets were set as a balanced budgets and compiled within the context of the Government's Comprehensive Spending Review, the Chancellor's Budget, and the local government settlement. There has been a significant decline in overall government income in recent years with increasing amounts of income being generated locally through council tax, business rates, fees and charges, and income from commercial property.

In addition to the national context, the Council's budget strategy has also taken account of pressures and risks such as inflation; income generated by the Council which may be affected by lack of demand; impact of increasing demand for such services as homelessness; and withdrawal of funding by partners, potentially losing funding for key priorities.

The Council held a working balance and other earmarked reserves to help mitigate these risks. The Council's budget strategy supports them in meeting these challenges through the following four major work streams: developing commercial income; investing in property; tackling homelessness and delivery of a new customer and digital strategy.

The Council also continued to pursue savings through efficiency reviews, procurement, and base budget reviews. These initiatives have resulted in underspend of £778,000 compared to the budget for the year ending 31 March 2023. The final position for operational services were overspent by £3,563,000. However, the underspend is mainly due to the leisure services appeal VAT refund to the Council amounting to £2,780,000, NNDR grant reliefs of £1,336,000 and contribution from reserves of £2,385,000. The 2nd quarter revenue monitoring report for 2023/24 has highlighted a net projected overspend of £1,541,000.

# Appendix A - Summary of arrangements (continued)

## 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 it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them (continued)

The Council has implemented budget management controls in place to control in-year spend and these are forecast to deliver further in-year savings of £735,000 in addition of the £3,203,000 savings identified in February 2023. These controls include a developed set of in-year initiatives that include tighter controls on external spend, vacancy management and agency and consultant spend. The Council has also a Budget Management Group which meets weekly to review spend requests above £25,000, and sub £25,000 requests are considered daily by a triage group. In-year initiatives are being carefully tracked to ensure delivery, and service reviews undertaken to ensure any impact is understood to support communications to staff, members and the public. The Council prepares a five-year revenue budget as part of its medium-term financial planning. This budget strategy covers 2023/24 - 2027/28 and was prepared with the aim to continue delivering the Council's service delivery objectives as discussed above. These forecasts were further updated in-year giving the Council a clear view of forthcoming financial challenges and taking into account pressures such as the fall in government funding, housing, HB subsidy and the impact of the pandemic on the Council's financial outlook.

Achievement of revenue and capital budgets were further monitored in-year with quarterly finance reporting thereon to the Joint Strategic Committee. Areas of concern in these quarterly reports are subject to scrutiny that culminate into the revenue and capital outturn reports that are approved by the Joint Strategic Committee and subsequently adopted by the Joint Overview and Scrutiny Committee.

The 2022/23 and 2023/24 revenue outturn report reflect the efficiency of these in-year monitoring measures as the Council contained expenditure within the original budget levels despite facing a range of unforeseen additional costs not originally budgeted for. These initiatives have resulted in underspend of £778,000 compared to the budget for the year ending 31 March 2023 and a net overspend of £1,541,000 for the year ending 31 March 2024.

How the body plans to bridge its funding gaps and identifies achievable savings

Due to the increasing financial pressures the Council needs to identify significant savings or deliver income growth over the next 5 to 10 years to balance the budget and ensure delivery on its service delivery objectives.

# Appendix A - Summary of arrangements (continued)

## Financial Sustainability (continued)

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

### Reporting Sub-Criteria

How the body plans to bridge its funding gaps and identifies achievable savings (continued)

### Findings

The savings process followed for the development of the budget entails the following four stages:

- Directors are responsible for identifying proposals aimed at meeting a significant proportion of the savings targets;
- A "Budget Reference Group" consisting of joint executives consider these proposals and potential impact on delivery of the Council's priorities;
- These savings proposals are then presented to the Joint Overview & Scrutiny Committee for consideration. The Joint Overview & Scrutiny Committee may also add to the list of proposed savings with additional proposals as considered appropriate; and
- Consideration by the Joint Strategic Committee of which savings proposals are to be implemented to fund the budget shortfall.

Once these budgets have been set and approved, they are monitored throughout the financial year by the Chief Financial Officer and reported on quarterly to the Joint Strategic Committee as discussed above.

The 2023/24 budget was approved as a balanced budget by the Council on 1 February 2023 and identified the budget gaps over the medium term that needed to be addressed. The financial strategy, including the savings strategy includes plans to:

- Increase income from commercial services
- Dispose assets and reduce the costs associated with the capital programme
- Increase income from the commercial property portfolio
- Reduce the costs associated with housing need through prevention and better commissioning
- Reduce costs through business efficiency and digital investment

Each year, a detailed schedule of the individual savings proposals is prepared and built directly into the budget. It is then monitored through the regular budget monitoring process, although reporting to Committee is at a higher level such that figures are not explicitly included.

For 2022/23 the savings target totaled to £1,135,270. The savings target for 2023/24 increased significantly to £3,203,000.



# Appendix A - Summary of arrangements (continued)

## 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 finances to support the sustainable delivery of services in accordance with strategic and statutory priorities

The Council has detailed its service delivery objectives detailed in its Corporate Plan. This forms the basis for its strategic and statutory priorities on which its short-term and medium-term financial plans are developed. Progress towards achieving these objectives are monitored by the Corporate Leadership Team throughout the year. Bi-annual reporting on this progress is presented to Joint Strategic Committee with remedial actions discussed and actioned where necessary.

Short-term and medium-term financial plans detail the likely costs associated with the Council's strategic and statutory priorities; identifies any budget gaps that may arise from reduction in government funding; and planned savings strategies to bridge any gaps between available funding from taxation and the cost of services. Any new service investment made must meet either objectives within the corporate plan or be a new statutory obligation.

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

The Council develops an annual capital investment strategy as part of its short-term and medium-term financial planning process. This is approved by the Council alongside its revenue budget. This investment strategy is also aligned to the Council's Corporate Plan and identifies capital investments required to achieve its set service delivery objectives. This capital plan determines the cost of financing required capital along with any other financial impact. The revenue budget is also updated to reflect the impact to deliver this capital programme. The 2023/24 to 2025/26 Capital Programme identified capital expenditure planned over the medium term and their sources of financing which is also aligned to its 2023/24 revenue budget.

The Council had a capital expenditure amounted to £57,321,000 in 2022/23, a £4,586,000 underspent from the total revised budget of £61,906,000. This capital expenditure has been spent on the following projects:

- Redevelopment of Brooklands Park;
- Construction of a new Worthing Integrated Care Centre;
- Acquisition of the Southern House Headquarters;
- Disabled adaptations to residents' homes, Decarbonisation programme of works to improve the sustainability of the Council's buildings;
- Heat Network - Adur and Worthing Workspaces project to co-locate the NHS with the Councils;
- Improvements to the Council's digital infrastructure;

# Appendix A - Summary of arrangements (continued)

## Financial Sustainability (continued)

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

### Reporting Sub-Criteria

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 (continued)

### Findings

- ▶ Improvement to the public realm and
- ▶ Continued repairs and improvements to the multi storey car parks.

A significant proportion of the expenditure was for the acquisition of investment properties, in particular, the Southern House Headquarters, which accounted for a total spend of £22,483,000. Additionally, the Council also made a considerable investment towards the construction of a new Worthing Integrated Care Centre, with total costs amounting to £22,813,000. The capital expenditure, which encompasses the costs for the aforementioned properties and constructions, has been primarily financed through borrowings of £53,748,000, over the next three (3) year.

Government initiatives have placed emphasis on partnership working for service delivery to help meet the changing needs of customers and the cost savings authorities need to find. To achieve this goal Adur District Council and Worthing Borough Councils are part of an innovative partnership arrangement. A shared single officer structure was introduced in April 2008 and includes all of the services that were intended to operate as shared Adur and Worthing services. These shared services are managed via a Joint Committee which must meet all the accounting requirements of a public sector body. For accounting purposes, the following key processes apply:

- ▶ The Joint Strategic Committee has a separate budget;
- ▶ As each service moved across from Adur and Worthing to the Joint Strategic Committee their respective budgets and spend were pooled; and
- ▶ The net expenditure within the Joint Strategic Committee is recharged back to Adur and Worthing Councils.

The Council's financial planning process also considers the impact of this partnership working when setting its short-term and medium-term financial plans. This is inherently part of the Councils' operations for which a separate partnership budget has been developed. Each constituent Council's budget also includes the costs from partnership budgets.

# Appendix A - Summary of arrangements (continued)

## Financial Sustainability (continued)

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

### Reporting Sub-Criteria

How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans

### Findings

The Council manages its financial resilience risk through the following implemented measures:

- ▶ It publishes detailed short-term and medium-term financial plans that are aligned to its Corporate 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 explained above;
- ▶ Reporting of financial performance against above set financial plans on a quarterly basis to the Joint Strategic Committee; and
- ▶ Risk management processes to identify, monitor and address risks.

The Council has established a Risk and Opportunity Management Strategy for the 2021-23 period which leads on from the previous version which covered the 2018-20 period. This purpose of this strategy is to serve as framework for the delivery of the risk and opportunity management function and to provide guidance on developing risk and opportunity management as a routine process for all services.

Risk and management opportunities identified are monitored in-year with quarterly reporting to the Joint Audit and Governance Committee. A risk relating to continued pressures on the Council's finances has been identified and included in the Council's risk register as a very likely risk with a major impact for both of the 2022/23 and 2023/24 years. The Council continues to implement remedial actions that lead to the setting of a balanced budget in future periods, including the short and medium terms as demonstrated by the relevant forecasts. Despite this, management remains acutely aware of the financial pressures on the Council and each detailed budget includes measures to look to balance the budget without consistent reliance on the limited reserves held.



# Appendix A - Summary of arrangements (continued)

## Governance

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

### Reporting Sub-Criteria

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

### Findings

The Council's Constitution directs how it operates, decisions are made and the relevant procedures to ensure that these decisions are efficient, transparent and accountable to local people. Areas of potential change are identified, and the Constitution is amended accordingly, which has been evidenced by the recent updating of its constitution in November 2023.

The Council has a risk management framework which guides the development of risk and opportunity management at a strategic and operational level and to ensure that they are appropriately managed and controlled. This aids the achievement of the Council's strategic priorities, supports its decision-making processes, protect its reputation and assets, and ensures compliance with relevant statutory and regulatory obligations. These risks are identified as a routine process of all services and are regularly reviewed and updated. All significant risks (defined as something that may result in failure in service delivery, significant financial loss, non-achievement of key objectives, damage to health, legal action or reputational damage) must be logged on a Corporate Risk Register, profiled (as high/medium/low), and mitigating measures/assurances must be put in place. These risks are regularly monitored and reported in-year to the Council Leadership Team, Joint Audit & Governance Committee, and Joint Strategic Committee to ensure that progress in addressing these risks is monitored throughout each year.

The Council has an internal audit service in place which provides information regarding the effectiveness of the internal control environment and its arrangements to prevent and detect fraud. In-year quarterly reporting by internal audit to the Joint Audit & Governance Committee ensures that efficient and effective assurance arrangements are in place to assist the management of risk and performance.

The Council furthermore has a fraud team in place to investigate fraud and carry out verification work on issues such as Council Tax discount and investigations into NFI matches.

# Appendix A - Summary of arrangements (continued)

## 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

The annual budget process including the related responsibilities and procedures are set out in the Council's Constitution. The annual service planning and budgeting process seeks to reconcile corporate and business plans, and strategies with the relevant resources which includes the finance department. This process commences with a series of strategic initiatives with inputs from various stakeholders. Similar to the establishment of its Medium-Term Financial Plan (MTFP) and Medium-Term Capital Strategy, the Council has an implemented budgeting system which allows for the alignment of its annual budget to the priorities and commitments in its Corporate Plan.

The Council refreshes the MTFP and agrees the budget strategy for the forthcoming year in July. Managers are then tasked to review their budgets for its appropriateness and to confirm details for additional income or savings plans through a detailed financial planning exercise. Subsequently, the overall savings plan is checked and consulted on prior to initial consideration by the Joint Overview and Scrutiny Committee in December and then subsequent approval by the Joint Strategic Committee in the following January, which also includes an updated MTFP. The Council will then consider the overall budget and options for Council Tax setting which is then subject to approval by the respective Councils in February.

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

The Council's processes and systems in place to ensure budgetary control have been set out in its Constitution. Each budget line has been assigned a budget manager who is responsible for managing the related budget. Monthly budget monitoring packs are produced and shared with managers to assess current financial performance shortly after each month end. Financial officials meet with budget managers to review related budgets and identify both areas of financial pressure and underspending. The Council may also hold a series of contingency budgets which are available to meet pressures identified if needed.

The Corporate Leadership Team further produces and evaluates monthly reports on the financial performance of the Council to identify emerging issues. This feeds into the quarterly reporting of the revenue and capital budgets to the Joint Strategic Committee. This budget management process is also subject to regular internal audit review to ensure that the system is fit for purpose.

The efficiency of these controls is evidenced by the overall outturn position of position of £778,000 underspend for 2022/23 and a £1,541,000 net overspend for 2023/24.

# Appendix A - Summary of arrangements (continued)

## 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/Joint Audit and Governance Committee

### Findings

Primary oversight is the responsibility of the Council with some responsibilities delegated to Joint Audit & Governance Committee and Joint Strategic Committee. These committees meet on a regular basis during which key issues are raised and addressed with effective challenge from members. All Council and Committee decisions are accompanied by a detailed report which details its rationale, the options considered, legal advice and financial advice. A set corporate template is also used to ensure that all of advice needed to make a decision is provided. Under the constitution, all decisions may be called in by members for review prior to implementation on specific grounds. These reviews are the purview of the Overview and Scrutiny Committee.

To allow for transparency, the Council also ensures that it publishes relevant information relating to salaries, business interests and performance data on its website; has a procurement team who provide advice and issue clear guidelines for procuring goods and services; publishes information to the Council and its Committees as part of established accountability mechanisms; prepares an Annual Governance Statement; and prepares a Corporate Plan as discussed above.

The Council is furthermore committed to the publication of transparent performance information on its website, which includes: budget reports; operational performance reports; a Medium-Term Financial Plan; a Corporate Plan; Statement of Accounts; Annual Governance Statement; and Information as required under the Local Government Transparency Code.

There is also evidence of good arrangements in place to monitor the implementation of internal audit recommendations by the Joint Governance Committee. Internal audit progress reports are presented on a quarterly basis throughout the year to monitor implementation of recommendations by internal audit and to implement corrective actions where necessary.

# Appendix A - Summary of arrangements (continued)

## Governance (continued)

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

### Reporting Sub-Criteria

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)

### Findings

The roles of both members and officers of the Council are outlined in the Code of Conduct included within its Constitution and is approved by the Joint Audit & Governance Committee.

If any member breaches the Code of Conduct, there is a resolution and complaints process administered by the Council's Monitoring Officer and potentially involving a hearing of the sub-Committee of the Joint Audit & Governance Committee.

The Council is transparent about how decisions are taken and recorded by:

- ▶ Ensuring that decisions are made in public and recorded. Those decisions and relevant information are publicly available (except where that information is exempt under the provisions of the Local Government Act or determined as being confidential by Government) and
- ▶ Having rules and procedures which govern how decisions are made.

The Council has implemented systems to ensure conflicts of interest are identified, recorded and acted upon accordingly, excluding anyone from decision-making where a conflict arises, and making public declaration of interests through its Register of Interests which is published on the Council's website and covers employees, governing body members and members of panels/committees and sub-committee.

The Council maintains a register of member interests which is available to the public and published on its website. Regular training is provided to members on standards issues ensuring that all members are aware of the requirements. Each member and officer are also expected to complete a return on any gifts of hospitality.

The Council has a published Whistleblowing Policy and provides protection to individuals raising concerns. This policy is periodically reviewed in line with guidance.

The Council also ensures that effective, transparent and accessible arrangements are in place for dealing with complaints. The website contains guidance for submitting complaints against the Council by the public and processes are in place to progress any complaints that are made.



# Appendix A - Summary of arrangements (continued)

## 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

How financial and performance information has been used to assess performance to identify areas for improvement

### Findings

Organisational performance management is undertaken through a six-monthly review of the targets, outputs and outcomes described in the Council's Plan. Information is gathered through various performance management arrangements to produce the "6 monthly Platforms Performance Report" and is presented to the Joint Strategic Committee and Joint Overview & Scrutiny Committee bi-annually.

Platform performances are reviewed, and areas of improvement implemented through multidisciplinary and directorate teams that oversee the delivery of council activities under each Platform Priority. The Council's Leadership Team takes overall accountability at an officer level for delivery of Platforms through quarterly Council Leadership Team Platform performance meetings.

This process halted in year following the full delivery of the previous organisational plan titled "Platforms for Our Places" and was replaced in October 2022 with the updated 3-year Plan. Progress continued to be reported to the Joint Overview & Scrutiny Committee.

Each head of service works within the above arrangements and is responsible for assisting in the process of both identifying and addressing areas of improvement within their service areas. Where services are linked and have shared Platform outcomes, officers deliver performance improvements through multidisciplinary arrangements. These performance arrangements described above are integrated with financial management and budget forward planning arrangements.

Any issues identified by internal audit are furthermore monitored via the internal audit app and reported to the Joint Audit & Governance Committee four times a year. Officers not taking sufficient action on these service improvements may be requested to report to the Committee.

The Council's service delivery objectives are detailed in its 3-year Corporate Plan. Most services have performance information and standards used to compare and assess performance with other Councils or with nationally recognised performance frameworks (e.g. Housemark, DWP, national planning indicators).

Internal audit and customer feedback are also used to inform which services require improvement. Where a service is identified in need of improvement a transformation team is set up to support service improvement.

# Appendix A - Summary of arrangements (continued)

## Improving economy, efficiency and effectiveness (continued)

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 Council has developed a consultation policy which reflects its ambition to enable and empower communities to shape the places within which they live and work, influence formal decision making and make informed choices around the services they receive. This policy is available on the Council's website. To be effective this policy aims to inspire and support a genuine two-way dialogue with all sections of the community and other stakeholders. There are several ways people can get involved and connect with the council. Residents have the option to engage in a dialogue through social media sites, petition schemes, stakeholder forums, tenant associations, council meetings (open to the public), and their local Councillor.</p> <p>Internally, a consultation toolkit has also been developed to guide council staff through the consultation process. The agreed process ensures that engagement activity is relevant, accessible, transparent and responsive. To increase awareness, consultations are proactively promoted. A list of current district-wide consultations is available on the Council website.</p> <p>There is a clear and transparent complaints procedure for dealing with complaints. The Council operates a three-stage complaints procedure and promises to acknowledge complaints within 5 working days and respond fully within 10 working days for first-stage complaints, and 15 working days for second-stage complaints. If complainants remain dissatisfied, they have the right to refer the matter to the Local Government Ombudsman.</p> <p>The Council operates one significant partnership (Adur and Worthing Joint Committee) although it participates in other partnerships across the Council. There is a governance framework for the Adur / Worthing partnership whereby decisions are made through a series of joint committees. This is set out in the Council's Constitution. There are also separate budget and management accounts for the Joint Committee which is reported as part of the overall budget monitoring and outturn processes.</p>

# Appendix A - Summary of arrangements (continued)

## Improving economy, efficiency and effectiveness (continued)

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 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>The Councils have published Contract Standing Orders as part of its Constitution which detail how it procures services. The Council also has a team of qualified procurement officers supplemented by support from the larger procurement team at Orbis.</p> <p>In line with the above-mentioned standing procedures, any procurement over £25,000 must be referred to the Council's procurement team to ensure that the proposed procurement will deliver the expected outcome, and to ensure that the Council is complying with relevant legislation. All contracts are referred to legal, who will ensure that the procurement process has been complied with prior to approving the form of contract. The Council will also commission external expert advice where a proposed procurement is particularly complex or difficult.</p>

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