

**FIN/652**

**Crawley Borough Council**

**Value for Money Interim Report**

**Year ended 31 March 2023**

**March 2024**



Crawley Borough Council  
Town Hall  
The Boulevard  
Crawley  
United Kingdom  
RH10 1UZ

1 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 (VFM) arrangements for Crawley Borough 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(s) xx/xx.

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 12 March 2024.

Yours faithfully

Elizabeth Jackson

Partner

For and on behalf of Ernst & Young LLP

Encl

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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 (<https://www.psa.co.uk/auditquality/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 Crawley Borough Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit Committee and management of Crawley 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 Audit Committee and management of Crawley 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 during the year and highlights any significant weaknesses identified along with recommendations for improvement. The commentary covers our interim findings for audit year ended 31 March 2023. The NAO has confirmed that where VFM reporting is outstanding for more than one year, the auditor can issue one report covering all years.

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 body'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 the Chief Accountant and Head of Corporate Finance ;
- information from external sources; 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 13. The interim 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. We include within the VFM commentary below the associated recommendations we have agreed with the Council.

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

In accordance with the NAO's 2020 Code, we are required to report a commentary against the 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 a 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.

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

## 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](#)



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## Value for Money Commentary

# Value for Money Commentary (continued)

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

**No significant weakness**

The Council's new corporate priorities plan 2023 to 2027 came into use in 2022/23. Crawley's six priorities set out within this are:

- Delivering value for money and modernising the way we work
- Delivering affordable homes for Crawley and reducing homelessness
- Enabling a sustainable economic recovery and improving job opportunities
- Reconnecting communities
- Providing high quality leisure and culture facilities and supporting health and wellbeing services
- Protecting the environment

As part of the next stage of this, the Council has updated its Transformation Plan which will run to 2026.

The 2023/24 budget reflects the policy objectives set out in the Budget Strategy 2023/24 to 2026/27 and was approved in February 2023. The strategy for 2022/23 to 2026/27 was prepared with the aim to deliver the Council's service delivery objectives outlined in its Corporate Priorities and Transformation Plan.

The February 2023 budget report sets out the future budget gap over the medium term period of 2032/24 to 2027/28 of c£3 million. The Council has sufficient reserves to cover this gap but has identified that the average annual savings plans over this period need to total £0.7 million a year to mitigate the gap to avoid this situation. These forecasts considered the fall in government funding combined with the impact of the pandemic of the Council's budgets. A combination of the use of reserve, efficiencies and temporary divisional savings is on track to address the 2023/24 in-year savings needed.

Permanent savings are also required to be made to meet the long term budget gap with any future waves of Covid increasing the level of savings required as this will impact on Council tax and business rates income.

The savings strategy developed by the Council has three strands:

1. Identify potential for permanent savings within the in-year savings identified.
2. Work to bring forward larger savings items identified by officers, the ones that are public facing have formed part of public consultation.
3. Undertake a number of thematic and service reviews to improve services and drive future efficiencies, these reviews are in early stages and will be reported to future Cabinet meetings.

Revenue and capital budgets are monitored throughout the financial year by the CFO and reported on a quarterly basis to the Overview and Scrutiny Commission. The 2022/23 Outturn Report reflects the efficiency of these in-year monitoring measures as the Council has again contained expenditure within the original budget levels despite facing a range of additional costs that were not part of the original budget.

# Value for Money Commentary

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

**No significant weakness**

In 2022/23 Crawley Borough Council reported an overspend of £1.58 million against a budgeted deficit of £1.96 million, giving a total drawdown from reserves of £3.5 million. However, we also note that drawing down from reserves to meet overspends in year is not sustainable and the Council needs to ensure that it reduces future overspends so as to operate within its budget envelope.

There is a future risk to the Council's financial sustainability as we note that the Council's available reserves would not be sufficient if the Council were required to bear the cost of any impact of housing the Chagossians in Crawley. We have considered the Council's arrangements for managing this financial risk in the Governance arrangements set out on page 12.

We are currently reviewing the Town Hall as a specific area of focus for 2022/23 and are aware from discussions with management that during 2022/23 the Council's major capital project to build the new Town Hall has come to a close, with an overall overspend of £1.1 million. There were disputes arising during the project and these have been reviewed by the Council and challenges have been made to the contractor. We will report our findings in the Auditor's Annual Report for 2022/23 later in the year.

**Conclusion: Based on the work performed to date, 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's Constitution sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that 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 on in October 2023.

From our meetings with officers and wider press reporting, we are aware that following advice from The Foreign, Commonwealth and Development Office (FCDO), it is expected that 3,500-5,000 Chagossians will be given the opportunity to take up UK citizenship. Currently the largest population of Chagossians based in the UK live in Crawley and the FCDO have advised that a large number of the Chagossians are likely to want to settle in Crawley. Over 1200 Chagossians have been granted citizenship to date. We note that the Council's available reserves would not be sufficient if the Council were required to bear the cost of any impact of housing the Chagossians in Crawley. This issue has been discussed at Council meetings and the Council has been lobbying the Government to highlight that if they did not receive funding alongside the requirement for services, then they would likely be put in a difficult situation. We are aware from meetings with officers that the Council has been verbally informed by the Home Office that funding will be provided to assist in covering any such costs. This is expected to be communicated in writing. This has demonstrated that the Council is aware of the wider impact of issues outside of their control and have kept members informed appropriately and have been proactive in seeking additional support from the government.

Internal audit have given reasonable assurance for 2022/23 over the frameworks of governance, risk management and management control. During 2022/23 a review of Decision Making & Accountability was undertaken concluding in a substantial assurance opinion. Internal audit asserted that, based on the work completed during the year and observations through their attendance at a variety of management and governance meetings, in their opinion the governance frameworks in place across the Council are robust, fit for purpose and subject to regular review. Internal Audit also found that a robust control framework was operating and no issues were identified with respect to the transformation programme and the surrounding governance.

There is also appropriate reporting to the Audit Committee to provide the opportunity for independent consideration and challenge including the Annual Governance Statement.

The Council published their draft 2022/23 financial statements for audit by 31 May 2023, in line with the Audit and Accounts regulations, and advertised and held an inspection period for members of the public in line with these regulations. We confirm that the 2022/23 draft financial statements were arithmetically correct, agreed to the data in the general ledger, and prepared in line with the content required by the CIPFA Code. The Council has carried out bank reconciliations during the year. Therefore, appropriate arrangements for financial reporting were in place during 2022/23.

**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

Crawley Borough Council is required to have arrangements in place to ensure proper resource management and the primary responsibility for these arrangements and reporting on the design and operation of these arrangements via the annual governance statement rests with management.

A senior management group - Corporate Project Assurance Group - ensures appropriate governance of projects and that key projects beyond the transformation programme are not adversely impacted from the constraint of capacity and resources. Performance monitoring is done by the Corporate Management Team (CMT) quarterly. This includes the major contracts such as waste and leisure. The finance team prepare fortnightly budget monitoring reports for the Corporate Management Team on the financial performance of the Council which identifies emerging issues. This feeds into the quarterly reporting of the revenue and capital budgets to the Overview and Scrutiny Commission.

The Transformation Plan, which was updated in 2023, is the forum for action to be taken when a project has been identified that generally lies outside of any single service and require impetus and additional resource/focus in order to deliver and embed that change.

In terms of partnerships, the Council has a successful capital programme with the LEP and WSCC on the Crawley Growth Programme (see quarterly monitoring), shared procurement service with three other authorities, they are part of the Greater Brighton Economic Board, Gatwick Diamond, development management partnership with Westrock. The Council is also party to a shared procurement service with Horsham District Council and Mid Sussex District Council as part of its procurement processes, with Crawley Borough Council being the lead authority. The Council has published its procurement thresholds and contract register on its website.

We are currently reviewing the Town Hall as a specific project but we are aware from discussions with management that there were (the normal) contract disputes with the builders which have been resolved.

**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.**



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## Appendices

# Appendix A - Summary of arrangements

## Financial Sustainability

We set out below the arrangements for the financial sustainability criteria covering the year ended 31 March 2023.

### Reporting criteria considerations

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

### Arrangements in place

The Council has a corporate priorities plan, in which they set out its strategic direction. The corporate priorities consist of six key headline priority objectives which are underpinned by 24 objectives, projects and initiatives and these inform its service delivery objectives for the short-term and forms the basis of its strategic planning, including its short-term and medium-term financial plans.

The Council have developed their Corporate Priorities through to 2027. As part of this, the Council is continuing to deliver its transformation plan 'embracing new ways of working, providing easily accessible and more efficient services for their customers, delivering value for money and creating a more commercial culture in order to be financially stable.'

The Council prepares an annual revenue budget as part of its short-term financial planning which compiles with the context of the Government's Comprehensive Spending Review, the Chancellor's Budget, and the local government settlement. This is approved at full Council. 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.

The Council prepares a five-year revenue budget as part of its medium-term financial planning. The budget strategy is prepared with the aim to deliver the Council's service delivery objectives outlined in its 'Corporate Priorities' and 'Transformation Plan'. These forecasts are updated throughout the year to give the Council a clear view of the forthcoming financial challenges. They then feed into the setting of the medium term financial plan and the budget, taking into account any cost pressures on the finances of the Council and setting the strategic direction to address the significant challenges for 2023/24 onwards.

These forecasts consider the fall in government funding combined with the impact of the pandemic of the Council's budgets. A combination of the use of reserve, efficiencies and temporary divisional savings is on track to address the in-year savings needed.

Permanent savings are also required to be made to meet the long term budget gap with any future waves of Covid increasing the level of savings required as this will impact on Council tax and business rates income.

Revenue and capital budgets are monitored throughout the financial year by the CFO and reported on a quarterly basis to the Overview and Scrutiny Commission. These reports culminate into the revenue and capital outturn report that is approved by the Overview and Scrutiny Commission. Any areas of concern are subject to detailed scrutiny by the relevant Portfolio holder at separate management meetings. The Overview and Scrutiny Commission can also add areas of concern to their work programme.

# Appendix A - Summary of arrangements

## Financial Sustainability (continued)

We set out below the arrangements for the financial sustainability criteria covering the year ended 31 March 2023.

### Reporting criteria considerations

### Arrangements in place

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

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

- Savings achieved through the challenge process led by the Corporate Management Team and any agreed savings that have been identified by officers.
- Savings identified by each Head of Service meeting with the Chief Exec and finance officers to identify savings in their service
- Public consultation as set out in the annual budget report
- A meeting held with members, where officers present the options for savings which would involve a cut to services currently provided to ensure governance oversight of the decisions being taken

Once the budget has been set and approved, it is monitored throughout the financial year by Corporate Management Team and reported on a quarterly basis to the Overview and Scrutiny Committee, as discussed above.

The Council's transformation plan is also taken into consideration throughout the process above.

How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities

As discussed previously, the Council has detailed its service delivery objectives detailed in its 'Corporate Priorities' and 'Transformation 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 Management Team throughout the year and through review of the quarterly finance reports, which are presented to the Overview and Scrutiny Commission, with remedial actions discussed and subsequently 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 priorities or be a new statutory obligation.

# Appendix A - Summary of arrangements

## Financial Sustainability (continued)

We set out below the arrangements for the financial sustainability criteria covering the year ended 31 March 2023.

### Reporting criteria considerations

### Arrangements in place

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

As part of the Council's short-term and medium-term financial planning process (which include their capital budgets), it develops an annual Treasury Management Strategy, which includes its capital investment strategy which is approved by the Council alongside its Revenue Budget. This Strategy is also aligned to the Council's Corporate Priorities and Transformation plans and identifies the capital investments required to achieve set service delivery objectives.

This capital plan determines the cost of financing the required capital along with any other financial impact. The Revenue Budget is also updated to reflect the latest information regarding the delivery of the capital programme.

Members are also involved in the budget setting process, through a Budget Advisory Group or all Member Seminar and special meetings, to ensure that knowledge is brought into the process from all aspects of the Council.

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

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

- The Council publishes detailed short-term and medium-term financial plans that are aligned to its Corporate Priorities and Transformation plans and includes actions to ensure financial sustainability as discussed above
- In-year monitoring of these financial plans to identify and incorporate any unplanned changes in underlying assumptions of the Council's plans as discussed above
- Reporting of financial performance against above set financial plans on a quarterly basis to the Overview and Scrutiny Commission and Cabinet as discussed above; and
- Risk management processes to identify, monitor and address risks

The high level risks to the 2023/24 Budget and how they will be managed are shown in an Appendix to the Budget report. Risks on the Town Hall project are reported to the Audit Committee. Risks are highlighted throughout the budget report including the impacts of the pandemic on the current and unknown impacts of this on future years for both service costs and income but especially business rates, interest rates, the impact of the economic climate, ensuring planned savings are achieved, and the availability of capital resources in future years and the need to take out borrowing.

The Council also have in place mitigations, so when a meeting is cancelled, the reports are still shared with members through the Councillor information bulletin.

# Appendix A - Summary of arrangements

## Governance

We set out below the arrangements for the governance criteria covering the year ended 31 March 2023.

### Reporting criteria considerations

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

### Arrangements in place

The Council's Constitution sets out how it Council operates, how decisions are made and the procedures which are followed to ensure that 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 on in October 2023.

The Council operates an Overview and Scrutiny Commission which has its own terms of reference, as outlined in the Council's Constitution. This Commission supports the work of the Cabinet and the Council as a whole. It allows citizens to have a greater say in Council matters by holding public inquiries into matters of local concern. These lead to reports and recommendations which advise the Cabinet and the Council on its policies, budget and service delivery. The Overview and Scrutiny Commission also monitors the decisions of the Cabinet. This enables them to consider whether the decision is appropriate. They may recommend that the Cabinet reconsider or amend the decision. They may also be consulted by the Cabinet or the Council on forthcoming decisions and the development of policy.

All significant (strategic) risks are discussed regularly by the Corporate Management Team and are reported to the Audit Committee on a quarterly basis. Operational risks are managed at departmental level.

This aids the achievement of the Council's strategic priorities, supports its decision-making processes, and protect 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. Strategic risks are those 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, and mitigating measures/assurances must be put in place.

The Council also has an internal audit service in place which provides the Council with information regarding the effectiveness of the internal control environment and its arrangements to prevent and detect fraud. Regular in-year reporting at each meeting by internal audit to the Audit Committee is also in place which ensures that efficient and effective assurance arrangements are in place to assist in the management of risk and performance.

The Council has a Fraud and Investigations Team with responsibility for investigating fraud and carrying out verification work on issues such as Council Tax discount and investigations into NFI matches. This team acts to minimise the risk of fraud, bribery, corruption and dishonesty and recommends procedures for dealing with actual or expected fraud to the Council. The team also prosecutes where appropriate and is involved in fraud training and awareness.

# Appendix A - Summary of arrangements

## Governance (continued)

We set out below the arrangements for the governance criteria covering the year ended 31 March 2023.

### Reporting criteria considerations

### Arrangements in place

How the body approaches and carries out its annual budget setting process

The Annual Budget process including the responsibilities and procedures in the annual budget process is set out in Part 2: Financial and Budget Procedure Rules within the Constitution of the Council.

As mentioned above, the Annual Budgeting process of the Council seeks to reconcile corporate and business plans and strategies with the relevant resources which includes the finance department. This process starts with a series of strategic initiatives with inputs from the various stakeholders, for example, the establishment of the Council's Medium-Term Financial Plan and Medium-Term Capital Strategy, the Council has an implemented budgeting system that allows for the alignment of its annual budget to the priorities and commitments in its 'Corporate Priorities' and 'Transformation Plan'. The Council refreshes the medium term financial plan and agrees the budget strategy in advance of the forthcoming year in November. Budget holders meet with finance officers and update their budgets in the CP (Collaborative Planning) module in the finance system. CP is updated before this to incorporate any known changes that are in the MTFS, including inflation. Subsequently, the overall savings plan is checked and consulted on prior to initial consideration by the Corporate Management Team and the Overview and Scrutiny Commission in February. As set out above, the savings are then put to 'All Members seminars' with the proposals that resulted in a public consultation and the results, which then go through to Cabinet for approval. Note that the Overview and Scrutiny Commission is not a decision making body. 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 processes and systems in place to ensure budgetary control have been set out in Part 2: Financial and Budget Procedure Rules within the Constitution of the Council.

Furthermore, each cost centre has an assigned budget manager. There are monthly meetings with budget managers, but unless there is a major variation, the reporting is only done quarterly. This is a standing item on CMT agenda every two weeks. Contingency budgets include Covid expenditure and there are other reserves available to meet pressures as outlined in the budget report and budget strategy.

The finance team prepare fortnightly budget monitoring reports for the Corporate Management Team on the financial performance of the Council which identifies emerging issues. This feeds into the quarterly reporting of the revenue and capital budgets to the Overview and Scrutiny Commission. This budget management process is also subject to regular internal audit review to ensure that the system is fit for purpose.

# Appendix A - Summary of arrangements

## Governance (continued)

We set out below the arrangements for the governance criteria covering the year ended 31 March 2023.

### Reporting criteria considerations

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

### Arrangements in place

Primary oversight is the responsibility of the Full Council. There are certain decisions which are reserved for the Full Council, either by legislation or through its own choice, and as such these will only be taken by the Full Council.

All decisions of the Council 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 Commission.

These committees meet on a regular basis during which key issues are raised and addressed with effective challenge from members.

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 Priorities 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.

Internal audit progress reports are presented on a regular basis throughout the year to monitor implementation of recommendations by internal audit and to implement corrective actions where necessary.

# Appendix A - Summary of arrangements

## Governance (continued)

We set out below the arrangements for the governance criteria covering the year ended 31 March 2023.

### Reporting criteria considerations

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)

### Arrangements in place

The roles of both members and officers of the Council are outlined in the Code of Conduct included within its Constitution. If any member or officer 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 Council's 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 Councillors' financial and other interests' which is published on the Council's website and covers employees, governing body members and members of committees.

Regular training is provided to members on standards issues, so all members are aware of the requirements. Each member and officer is 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

## Improving economy, efficiency and effectiveness

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the year ended 31 March 2023.

### Reporting criteria considerations

### Arrangements in place

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

The Transformation Plan was revised in 2023, with six key themes and activities to deliver against the corporate priorities. The Transformation Board at Corporate Management Team level brings together and provides oversight at a high level plan to ensure coherence, manage interdependencies and change, allocate resources and ensure delivery. The Transformation Board meets monthly and monitors progress at regular intervals reporting back to the organisation through Portfolio Briefings, Chief Executive Inform and Q&A sessions, Team Brief, via the intranet and at the annual update to the Overview and Scrutiny Commission. Furthermore, any issues identified by internal audit are monitored and reported to the Audit Committee regularly. Officers not taking sufficient action on these service improvements may be requested to report to the Committee.

How the body evaluates the services it provides to assess performance and identify areas for improvement

As discussed above, the Council's service delivery objectives are detailed in the Corporate Priorities and Transformation Plan. Overview of the delivery of the Transformation Plan is the responsibility of the Transformation Board. Most services have performance information and standards used to compare and assess performance with other Councils or with national 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 consideration is given for including this within the transformation plan to support service improvement.

# Appendix A - Summary of arrangements

## Improving economy, efficiency and effectiveness (continued)

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the year ended 31 March 2023.

### Reporting criteria considerations

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

### Arrangements in place

A senior management group - Corporate Project Assurance Group - ensures appropriate governance of projects and that key projects beyond the transformation programme are not adversely impacted from the constraint of capacity and resources.

The Transformation Plan is the forum for action to be taken when a project has been identified that generally lies outside of any single service and require impetus and additional resource/focus in order to deliver and embed that change.

#### Consultation and engagement

The Council has a Consultation section on its website, which enables the public to get involved with helping the Council to make good, informed decisions and provide the best service to the town. There is a new service with local public can sign up to, to keep informed of new consultation to enable them to take part.

The Council consult on their budget each year, especially in areas impacting services as set out above.

#### Complaints

There is also a clear and transparent complaints procedure for dealing with complaints as set out above. Complaints are included in performance monitoring report to CMT.

#### Partnership working

Performance monitoring is done at CMT quarterly. This includes the major contracts such as waste and leisure.

The Council has a successful capital programme with the LEP and WSCC on the Crawley Growth Programme (see quarterly monitoring), shared procurement service with three other authorities, they are part of the Greater Brighton Economic Board, Gatwick Diamond, development management partnership with Westrock.

# Appendix A - Summary of arrangements

## Improving economy, efficiency and effectiveness (continued)

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the year ended 31 March 2023.

### Reporting criteria considerations

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

### Arrangements in place

As set out in the Constitution, the Council's Procurement Code governs the way officers acquire goods, works and services, and ensure that their processes are consistent, transparent, legally compliant, and that they treat suppliers fairly.

The Council has published its procurement thresholds and contract register on its website. The Council is party to a shared procurement service with Horsham District Council and Mid Sussex District Council as part of its procurement processes, with Crawley Borough Council being the lead authority.

In line with the above-mentioned standing procedures, any procurement over £20,000 must be referred to the shared 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. Furthermore, the council will commission external expert advice where a proposed procurement is particularly complex or difficult.

# Appendix B – Summary of recommendations

## Recommendations brought forward from 2021/22

The table below sets out the recommendations arising from the value for money work in 2021/22 and progress made in 2022/23. All recommendations have been agreed by management.

Issue	Recommendation	Management response
Financial statements: Quality of accounts preparation  Value for Money: Governance	The Council needs to put in place more robust processes in relation to the quality verification of the preparation of the financial statements. This includes the preparation of the financial statements in line with the CIPFA guidance and accounting standards, quality of working papers to support the balances and transactions disclosed, documentation of judgements made by management in preparing the financial statements and the final review process by management before publishing them on the Council's website as ready for audit.	
Financial statements: Asset valuations	<ol style="list-style-type: none"> <li>1) Wilks Head &amp; Eve's valuation methodology continues to use a gross yield rather than a net yield in determining property valuations on behalf of the Council. We do not consider this is in line with open market practice. A gross yield does not consider relevant purchase costs attributable to the property. If the Council were to sell the asset, any purchaser would reflect their purchase cost within the price offered. The Council should continue to challenge this approach when taken by their specialist.</li> <li>2) When testing the valuation of the Council's other land and building assets valued on an EUV basis, we identified that the floor plan measurements used by Wilks Head &amp; Eve (WHE) in calculating the valuation of these assets were not always in line with the floor plan evidence provided by the Council. We therefore recommend management to verify measurements used by WHE and challenge the valuation in case of incorrect measurements being used.</li> </ol>	
Value for Money: Governance	The Council should ensure that all cyber security training is up to date to minimise the risk of cyber security risks and unintentional breaches of the regulations.	

Note we have not made any recommendations in the work completed to date for the 2022/23 interim VFM reporting.

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