

Public Document Pack

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A meeting of the **Corporate Governance & Audit Committee** will be held in Committee Rooms, East Pallant House on **Monday 17 July 2023 at 2.00 pm**

MEMBERS: Mr R Bates (Chairman), Mr T O'Kelly (Vice-Chairman), Mr I Ballantyne, Mr J Brown, Mr M Chilton, Ms M Corfield, Mr F Hobbs and Mr T Johnson

AGENDA

- 1 **Chairman's Announcements**
Any apologies for absence that have been received will be noted at this point.
- 2 **Approval of Minutes** (Pages 1 - 5)
The committee is requested to approve the minutes of its ordinary meeting on 27 March 2023.
- 3 **Urgent items**
The chairman will announce any urgent items that due to special circumstances are to be dealt with under the Late Items agenda item.
- 4 **Declarations of Interest**
These are to be made by members of the Corporate Governance and Audit Committee or other Chichester District Council members present in respect of matters on the agenda for this meeting.
- 5 **Public Question Time**
The procedure for submitting public questions in writing by no later than noon 2 working days before the meeting is available [here](#) or from the Democratic Services Officer (whose contact details appear on the front page of this agenda).
- 6 **EY Audit Results Report 2021-2022** (Pages 7 - 52)
The Committee is asked to consider and note the Audit results report for the year ending 31 March 2022.
- 7 **Statement of Accounts for 2021-2022** (Pages 53 - 141)
Recommendation
 - 1.1. That the Committee consider and approve the Statement of Accounts shown in Appendix 1 for the financial year ended 31 March 2022 and note the outturn position.
 - 1.2. That delegated authority be given to the Director of Corporate Services in consultation with the Chairman of the Corporate Governance and Audit Committee, to:
 - a) approve any non-material changes to the 2021-22 Statement of Accounts that arise from the final external audit work, and

b) authorise the Letter of Management Representation to be given to the Council's External Auditor.

8 **2021-2022 Annual Governance Statement and Corporate Governance Report**
(Pages 143 - 175)
Recommendation

The Committee is requested to:

Consider the draft Annual Report on Corporate Governance at appendix 1, the Annual Governance Statement 2021-2022 (appendix 2), and Internal Audit and Corporate Investigations Annual Report 2021-2022 (appendix 3), and to recommend these to the Council for approval

9 **2022-23 Treasury Management outturn report** (Pages 177 - 190)
Recommendation

The Corporate Governance and Audit Committee is asked to consider this report and provide comments to Cabinet as necessary.

10 **Progress Report - Audit Plan for 2023/24** (Pages 191 - 198)
Recommendation

The Committee is requested to note performance against the audit plan for 2023/24.

11 **2023 Fraud Prevention Report** (Pages 199 - 203)
Recommendations

1.1. The committee is requested to consider this report and the corporate approach to fighting fraud to ensure that they fulfil their stewardship role and protect the public purse.

1.2. The committee notes that the Council will actively pursue potential frauds identified through ongoing investigations by the Corporate Investigations Team (CIT).

12 **Appointment to the Strategic Risk Group** (Page 205)

The Committee is requested note the terms of reference and agree three representatives to sit on the Strategic Risk Group.

13 **Establishment of a Budget Review Group** (Pages 207 - 212)
Recommendation

That the Corporate Governance & Audit Committee recommend to Cabinet the setting up of a Budget Review Group, and the Terms of Reference as set out in Appendix 1 of the report.

14 **Housing Benefit Subsidy Report 2020-2021** (Pages 213 - 215)
Recommendation

The committee is requested to consider the contents of this report, which summarises the final Housing Benefit subsidy position for year ending 31st March 2021.

15 **Annual Partnerships Report 2023** (Pages 217 - 253)
Recommendations

- 1.1. That the Annual Partnerships report be noted.
- 1.2. It is recommended that the partnerships annual report is an appropriate mechanism for ensuring our strategic partnerships have appropriate governance measures in place and should continue reporting to Corporate Governance and Audit committee on an annual basis.
- 1.3. It is recommended that the risk assessment template for partnerships is an appropriate document and should be completed by lead officers for partnerships.

16 **Annual Corporate Health & Safety and Business Continuity Management Report** (Pages 255 - 261)
Recommendation

The Committee is requested to consider and note the Council's arrangements in place for monitoring and controlling the risks associated with health and safety and business continuity matters.

17 **Housing Covenants Report** (Pages 263 - 264)
Recommendations

- 1.1 That the Committee recommends to full Council that the Director of Housing and Communities is authorised to consider and determine applications for release of s157 covenants in respect of previous Right to Buy properties and the conditions of any release.
- 1.2 That officers develop a policy on the matter to be brought forward in due course.

18 **Exclusion of the Press and Public**

The Committee is asked to consider in respect of the following item(s) whether the public, including the press, should be excluded from the meeting on the grounds of exemption under Parts I to 7 of Schedule 12A of the Local Government Act 1972, as indicated against the item and because, in all the circumstances of the case, the public interest in maintaining the exemption of that information outweighs the public interest in disclosing the information. **The reports dealt with under this part of the agenda are attached for members of the Corporate Governance & Audit Committee and senior officers only (salmon paper).**

Or

There are no restricted items for consideration.

19 **Late items**

The committee will consider any late items as follows:

- a) Items added to the agenda papers and made available for public inspection
- b) Items that the chairman has agreed should be taken as a matter of urgency by reason of special circumstances to be reported at the meeting

NOTES

1. The press and public may be excluded from the meeting during any item of business where it is likely that there would be disclosure of “exempt information” as defined in section 100A of and Schedule 12A to the Local Government Act 1972.
2. Restrictions have been introduced on the distribution of paper copies of supplementary information circulated separately from the agenda as follows:
 - a) Members of the Corporate Governance & Audit Committee, the Cabinet and Senior Officers receive paper copies of the supplements (including appendices).
 - b) The press and public may view this information on the council’s website here [here](#) unless they contain exempt information.
3. The open proceedings of this meeting will be audio recorded and the recording will be retained in accordance with the council’s information and data policies. If a member of the public enters the committee room or makes a representation to the meeting, they will be deemed to have consented to being audio recorded. If members of the public have any queries regarding the audio recording of this meeting, please liaise with the contact for this meeting at the front of this agenda.
4. Subject to the provisions allowing the exclusion of the press and public, the photographing, filming or recording of this meeting from the public seating area is permitted. To assist with the management of the meeting, anyone wishing to do this is asked to inform the chairman of the meeting of their intention before the meeting starts. The use of mobile devices for access to social media is permitted, but these should be switched to silent for the duration of the meeting. Those undertaking such activities must do so discreetly and not disrupt the meeting, for example by oral commentary, excessive noise, distracting movement or flash photography. Filming of children, vulnerable adults or members of the audience who object should be avoided.



Minutes of the meeting of the **Corporate Governance & Audit Committee** held in Virtual on Monday 27 March 2023 at 2.00 pm

Members Present: Mr F Hobbs (Chairman), Mr J Brown (Vice-Chairman), Miss H Barrie, Mr A Dignum and Mr P Wilding

Members not present: Mr T Johnson, Dr K O'Kelly and Mr D Palmer

In attendance by invitation:

Officers present:

191 **Chairman's Announcements**

Apologies had been received from Cllrs Johnson and O'Kelly.

192 **Approval of Minutes**

The minutes of the meeting held on 9 January 2023 were agreed as a correct record.

193 **Urgent items**

The Chairman invited Mr Bennett to highlight an update he has made to the Constitution under his delegated authority as Monitoring Officer.

Mr Bennett explained to Members that the change relates to the power of officers within the planning department to issue stop notices. He noted the Constitution previously did not expressly refer to the use of temporary stop notices, an addition he asserted would insure there is no uncertainty when such emergency notices are issues. This will enable planning enforcement to be carried out quickly, efficiently, and effectively without needing to go back to Committee before issuing these notices.

The Chairman thanked Mr Bennett, and noted that this had now been expressed to Members in the public domain.

194 **Declarations of Interest**

There were no declarations of interest.

195 **Public Question Time**

There were no public questions.

196 **Accounting Policies 2022-23**

The Chairman invited Mrs Belenger to present the report.

Mrs Belenger explained this is the annual report to set out the accounting policies which are to be applied to this Council's 2022/23 accounts. She informed members that there were no major or material changes to the standards which had been introduced for this year, explaining that the Council will continue to use the policies as agreed by this Committee for the 2021/22 accounts. She drew members attention to paragraphs 4.5 to 4.7 of the report.

Responding to Cllr Wilding, Mrs Belenger confirmed that the introduction of the IRFS 16 Leases highlighted in paragraph 4.6 is expected to have little impact on CDC.

The Chairman thanked Mrs Belenger, and in a show of hand the members unanimously agreed the recommendation.

Resolved;

The Committee approved the continued application of existing accounting policies in the preparation of the Council's 2022-23 financial statements.

197 **Internal Audit - Audit Plan Progress**

The Chairman invited Mr James to present the report.

Mr James corrected the recommendation on the report at paragraph 2.1 to include the new audit plan for 2023/24, which thus reads 'That the Committee notes performance against the audit plan for 2022/23 and for 2023/24'.

He provided an update on the audit plan for 2023/24 noting that the report on debtors had been completed since the last Committee meeting. 1 medium and 1 low risk exceptions were highlighted, which are detailed in Appendix 1 on page 15 of the report.

The audit plan for 2023/24 has been prepared and considers risk value and system complexity.

Due to the number of deferred audits from 2022/23, which resulted from staff shortages, a decision was taken to review the four-year plan and bring it up to date with the high risk audits. The audit plan for 2023/24 therefore represents the first year of this new four-year plan.

Mr James was pleased to inform the Committee that as of this afternoon the team was back to full staffing capacity. Members welcomed this news.

The Chairman thanked Mr James and the Committee unanimously agreed the updated recommendation.

Resolved;

The committee noted performance against the audit plans for 2022/23 and for 2023/24.

198 **Corporate Governance and Audit Committee Work Programme 2023-24**

The Chairman invited Mrs Belenger to present the report.

Mrs Belenger explained that this report sets out what the expected work programme will be for the forthcoming year.

She noted the July meeting, by nature of being the first post the elections in May, is likely to be a busy meeting which should hopefully include the results of the 2021/22 audit.

Resolved;

The Committee considered and agreed the work programme for 2023/24.

The Chairman added that the training programme for the new Committee should be specific and focus the members on what they need to consider. Mrs Belenger agreed, explaining that she and Mr Ward had reflected on member experiences from 2019 and had reshaped the training programme accordingly.

199 **Risk Management Update**

The Chairman invited Mr James to present the report.

Mr James made a correction to Appendix 1 on page 29, noting that the previous risk score for CRR 08 – Skills/Capability/Capacity should read 9 instead of 6.

He explained that the report reflects the outcome from the last two meetings of the Strategic Risk Group. The appendices show the updated risk register and any comments from the Group.

He noted there are now 10 strategic risks, 7 of which are controlled, where the remaining 3 have controls pending. The following risk scores have changed this year:

CRR 08 Skills/Capability/Capacity – the risk score has reduced from 9 to 6

CRR 148 Local Plan – the risk score has reduced from 12 to 4.

CRR 170 Changing use of the High Street – this risk was removed from the strategic risk register and will now be monitored as an organisation risk.

Cllr Brown noted that the reason the Local Plan risk has been reduced as a result of the submission of the Plan for review. He commented that he feels there is still a potentially high risk to the Council pending the outcome of inspection of the Local Plan Review by the independent inspectors.

Resolved;

The Committee noted the updated Strategic Risk Register and the internal controls in place.

200 **Exclusion of the Press and Public**

The Chairman read the Part II resolution in relation to agenda item 11 which was proposed the Chairman and seconded by Cllr Brow. The Committee then unanimously voted to go into Part II.

201 **Report on Potential Litigation Liabilities of the Council in 2023**

The Chairman invited Mr Bennett to present the report.

Mr Bennett highlighted key areas of the report for members, and responded to questions from the Chairman and Councillors Brown and Wilding.

Resolved;

The Committee noted the contents of the Part II report and made the associated recommendations.

202 **Late items**

There were no late Items.

The Chairman thanked members and officers for their work over the past four years, concluding the final meeting of the Committee of this Council ahead of the local elections in May.

The meeting ended at 2.51 pm

CHAIRMAN

Date:

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Chichester District
Council
Audit results report
Year ended 31 March 2022

July 2023

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Agenda Item 6

EY

Building a better
working world



Chichester District Council
East Pallant House
Chichester
West Sussex PO19 1TY

19 June 2023

Dear Corporate Governance and Audit Committee Members

March 2022 Audit results report

We are pleased to attach our audit results report for the forthcoming meeting of the Corporate Governance and Audit Committee. This report summarises our audit conclusion in relation to the audit of Chichester District Council for 2021/22.

The audit is designed to express an opinion on the 2021/22 financial statements and address current statutory and regulatory requirements. This report contains our findings related to the areas of audit emphasis, our views on Chichester District Council's accounting policies and judgements and material internal control findings. Each year sees further enhancements to the level of audit challenge and the quality of evidence required to achieve the robust professional scepticism that society expects. We thank the management team for supporting this process.

This report is intended solely for the information and use of the Corporate Governance and Audit Committee, other members of the Authority and senior 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 Corporate Governance and Audit Committee meeting on 17 July 2023.

Yours faithfully

Kevin Suter

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/audit-quality/statement-of-responsibilities/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment and further guidance (updated April 2018)" 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 Corporate Governance & Audit Committee members and management of Chichester District Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Corporate Governance & Audit Committee members and management of Chichester District Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Corporate Governance & Audit Committee members and management of Chichester District Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01

Executive Summary



Executive Summary

Scope update

In our audit planning report presented at the October 2022 Corporate Governance and Audit Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan, with the following exceptions:

- Additional work performed on Pensions/IAS 19: We note that throughout the audit additional information has come to light in relation to the Triennial Valuation for West Sussex Pension Fund. We have had to perform additional procedures over the Valuation and engage with specialists to ensure the updated balances are reasonable. This additional work has involved testing membership data at the pension fund level, re-running the IAS 19 results report from the actuary and using EY pension specialists to evaluate the reasonableness of the Pension Fund actuary's gross liability calculations by comparing them to the outputs of our own auditor's actuarial model.

Status of the audit

Our audit work in respect of Chichester District Council's opinion is still ongoing. The following items relating to the completion of our audit procedures were outstanding at the date of this report:

- PPE and Investment Property Valuations
- Journals testing
- Small number of queries/documentation points on Trade Payables, S106 Creditors and Expenditure
- Receipt of the signed management representation letter (to be sent to management when audit is completed)
- Completion of procedures required by the National Audit Office (NAO) regarding the Whole of Government Accounts submission

Details of each outstanding item, actions required to resolve and responsibility is included in Appendix B.

Auditor responsibilities under the new Code of Audit Practice 2020

Under the Code of Audit Practice 2020 we are still required to consider whether the Authority has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. The 2020 Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Authority a commentary against specified reporting criteria (see below) on the arrangements the Authority has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

The specified reporting criteria are:

- Financial sustainability
How the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance
How the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness:
How the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

Status of the audit – Value for Money

In the Audit Plan, we reported that we were yet to finalise our value for money (VFM) risk assessment. We have now completed this work and have not identified any risk of significant weakness against the three reporting criteria we are required to consider under the NAO's 2020 Code. We will revisit our assessment on completion of the audit of the financial statements and to ensure that there are no additional risks of significant weakness. As a result, we have completed our planned VFM procedures and have no matters to report by exception in the auditor's report (see Section 03). We plan to issue the VFM commentary within 3 months of issuing our opinion on the accounts, as part of issuing the Auditor's Annual Report.

Executive Summary

Audit differences

Throughout the audit we have identified misstatements that have been discussed with management. Some of these have been adjusted for in the updated Statement of Accounts (see below). We also note that there have been a number suggested amends to disclosures.

Details can be found in Section 4; Audit Differences.

Adjusted

Factual:

- £135k classification misstatement of Investment Property Expenditure
- £1,585k overstatement in the recording of Debtors and Creditors in relation to Council Tax balances (identified by management)
- £180k misstatement in Creditors where a grant had been treated as Received in Advance but should have been recognised immediately
- £294k misstatement in Debtors and Creditors in relation to the recording of the year end HB subsidy (identified by management)

Unadjusted

Factual:

- £115k incorrect movement of admin costs in relation to DFG from REFCUS to Other Service Costs
- £886k overstatement of S106 Creditors (Note 1)

Projected:

- £281k understatement of bad debt provision
- £275k overstatement of S106 Creditors (Note 1)

Judgemental:

- £296k understatement of Pension Asset (we note that this relates to the original Pensions work and is therefore likely to change)
- £369k understatement of NNDR Appeals Provision

Note 1 - we note that our work on S106 Creditors is still to be finalised, including agreeing the value of the misstatement with management

Other reporting issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Authority. We have no matters to report as a result of this work.

We have not yet been able to perform the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission. This work will be performed on completion of the audit.

We will report any matters arising to the Corporate Governance and Audit Committee, and certify the completion of the audit after these procedures are completed.

We have no other matters to report.



Executive Summary

Areas of audit focus

In our Audit Plan we identified a number of key areas of focus for our audit of the financial statements of Chichester District Council. This report sets out our observations and status in relation to these areas, including our views on areas which might be conservative and areas where there is potential risk and exposure. Our consideration of these matters and others identified during the period is summarised within the "Areas of Audit Focus" section of this report.

Audit findings and conclusions: Misstatements due to fraud or error

- At the time of writing this report, the journals work in relation to this is outstanding. A sample of journals has been selected throughout the audit. EY need to review these journals and obtain evidence as required.
- We currently have no findings to report to the Corporate Governance and Audit Committee

Audit findings and conclusions: Risk of fraud in revenue and expenditure recognition, through inappropriate capitalisation of revenue expenditure

- We have no findings to report to the Corporate Governance and Audit Committee

Audit findings and conclusions: Valuation of Land & Buildings and Investment Property

- At the time of writing this report, the work in relation to this is outstanding. We have received responses to our initial queries from management. EY need to review the responses and follow up with management as necessary.
- We currently have no findings to report to the Corporate Governance and Audit Committee.

Audit findings and conclusions: Pension Asset/Liability Valuation

- Within our original work on Pensions an understatement of the Pensions Asset was identified of £296k. We note however that due to the updated information available for the 2022 triennial valuation additional work is being performed on IAS 19.

We request that you review these and other matters set out in this report to ensure:

- There are no residual further considerations or matters that could impact these issues
- You concur with the resolution of the issue
- There are no further significant issues you are aware of to be considered before the financial report is finalised

There are no matters, other than those reported by management or disclosed in this report, which we believe should be brought to the attention of the Corporate Governance and Committee or Management.



Executive Summary

Control observations

During the audit, we did not identify deficiencies in the internal control environment.

Independence

Please refer to Section 9 for our update on Independence. We have no matters to bring to your attention



02 Areas of Audit Focus



Areas of Audit Focus

Significant risk

Misstatements due to fraud or error

What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

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What judgements are we focused on?

We focused on the following:

- Understanding the risks of fraud and the controls put in place to address those risks by management and how the Corporate Governance and Audit Committee oversees management's processes over fraud.
- Considering the effectiveness of management's controls designed to address the risk of fraud.
- Determining an appropriate strategy to address those identified risks of fraud.
- Performing mandatory procedures in respect of journal entries, estimates and significant unusual transactions.

What did we do?

- Wrote to the s151 officer, Chair of the Corporate Governance and Audit Committee and the Internal Audit and Corporate Investigations Manager in this regard and reviewed their responses;
- Documented our understanding of the controls relevant to this significant risk and considered they have been appropriately designed;
- Tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in preparing the financial statements;
- Reviewed accounting estimates for evidence of management bias; and
- Evaluated the business rationale for any significant unusual transactions.

What are our conclusions?

This area is still outstanding at the time of writing the report.

Throughout the audit, we have selected a sample of journals to be tested. EY need to review these journals and obtain evidence as required.

At the time of writing this report we have not identified:

- any material weaknesses in controls or evidence of material management override.
- any instances of inappropriate judgements being applied, or of any management bias.
- any transactions during our audit which appeared unusual or outside the Council's normal course of business.
- any inappropriate journal entries



Areas of Audit Focus

Significant risk

Inappropriate capitalisation of revenue expenditure

What is the risk?

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

We have identified an opportunity and incentive to capitalise expenditure under the accounting framework, to remove it from the general fund. This would result in funding expenditure that should properly be defined as revenue, through inappropriate sources such as capital receipts, capital grants, or borrowing. The manipulation of capitalising expenditure could occur through management override of controls.

What judgements are we focused on?

We focused on the following:

- Understanding the controls relevant to this significant risk;
- For significant capital additions and revenue expenditure funded from capital under statute (REFCUS) we examined invoices, capital expenditure authorisations, leases and other data that support these additions and expenditure. We reviewed the sample selected against the definition of capital expenditure in IAS 16; and
- Whether management were inappropriately processing journals that transferred amounts from revenue to capital.

What did we do?

- Documented our understanding of the controls relevant to this significant risk and considered they have been appropriately designed;
- Amended our sample sizes when testing Property, Plant and Equipment (PPE) additions and REFCUS to reflect the existence of this risk.
- Agreed samples to source documentation to ensure that any capital/revenue split was reasonable; and
- Designed journal procedures to identify and review adjustment manual journals that moved amounts from revenue codes to capital codes.

What are our conclusions?

Based on the work completed we have not identified any inappropriate capitalisation of revenue expenditure.

We have not identified any instances of inappropriate capitalisation, however, we have identified that £115k of admin costs re. DFG had been incorrectly posted to Other Services expenditure instead of REFCUS i.e. REFCUS has been understated by £115k.





Areas of Audit Focus

Valuations of Land and Buildings and Investment Property



Further details on procedures/work performed

What is the risk/area of focus?

Valuation of Land and Buildings and Investment Property

Land and buildings is one of the most significant balances in the CDC's Balance Sheet. The valuation of land and buildings is complex and is subject to a number of assumptions and judgements. A small movement in these assumptions can have a material impact on the financial statements.

The fair value of Investment Properties and PPE represents a significant balance in the Council's accounts and are subject to valuation changes, impairment reviews and market fluctuations. Management is required to make material judgements and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.

What did we do?

We have:

- Considered the competence, capability and objectivity of the organisation's valuer;
- Considered the scope of the valuer's work;
- Ensured L&B assets have been revalued within a 5 year rolling programme as required by the Code;
- Considered if there are any specific changes to assets that should have been communicated to the valuer;
- Sample tested key inputs used by the valuer when producing valuations;
- Considered the results of the valuer's work;
- Challenged the assumptions used by the valuer by reference to external evidence;
- Tested journals for the valuation adjustments to confirm that they have been accurately processed in the financial statements;
- Tested a sample of assets revalued in year to confirm that the valuation basis is appropriate and the accounting entries are correct; and
- Reviewed assets that are not subject to valuation in 2021/22 to confirm the remaining asset base is not materially misstated.

Conclusion:

At the time of writing this report this work is still ongoing. For assets that have been revalued in year, we have reviewed the Valuer's work and have selected a sample of assets for testing. We have queried these with management and have received responses to our initial queries. EY need to review these responses and follow up with management as necessary.

For the assets that have not been subject to valuation in 2021/22, we have performed a review of these to ensure they are not materially misstated. This review has not identified any issues.



Areas of Audit Focus

Pension Asset/Liability Valuation



Further details on procedures/work performed

What is the risk/area of focus?

The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by West Sussex County Council.

The Council's pension fund asset or liability is a material estimated balance and the Code requires that this be disclosed on the Council's balance sheet.

The information disclosed is based on the IAS 19 Report issued to the Council by the actuary to the County Council. Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

What did we do?

We have:

- Liaised with the auditors of West Sussex Pension Fund, to obtain assurances over the information supplied to the actuary in relation to Chichester District Council;
- Assessed the work of the Pension Fund actuary (Hymans Robertson) including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all Local Government sector auditors, and considered relevant reviews by the EY actuarial team; and
- Reviewed and tested the accounting entries and disclosures made within the Council's financial statements in relation to IAS19
- Evaluated the reasonableness of the Pension Fund actuary's calculations by comparing them to the outputs of our own auditor's actuarial model

Impacting all unsigned audits as at 31 March 2023, we need to consider the potential impacting of the triennial valuation of the pension fund. The updated valuation has meant that Authorities have had to re-run their IAS 19 reporting and update the figures in the balance sheet to reflect the new Valuation. As per the draft financial statements, Chichester District Council had a net pension asset of £26.4m. The updated amount is £21.5m.

Due to the material movements in these figures, we have had to perform additional procedures. This work includes additional membership testing (being completed at a Fund level), obtaining updated assurances from PWC as the consulting actuaries and re-running the comparisons to our own actuarial model. At the time of writing this report, this additional work is still ongoing.

In addition to the above we have had to perform additional work over the Pension Asset Ceiling.



03 Audit Report



Audit Report

Draft audit report

Our opinion on the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHICHESTER DISTRICT COUNCIL

Opinion

We have audited the financial statements of Chichester District Council for the year ended 31 March 2022 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Movement in Reserves Statement,
- Comprehensive Income and Expenditure Statement,
- Balance Sheet,
- Cash Flow Statement
- the related notes 1 to 30.
- Collection Fund and the related notes 1 to 4

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

In our opinion the financial statements:

- give a true and fair view of the financial position of Chichester District Council as at 31 March 2022 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Authority's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the authority's ability to continue as a going concern for a period to September 2024 from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Director of Corporate Services with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the

Draft audit report

Our opinion on the financial statements

the authority's ability to continue as a going concern.

Other information

The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Director of Corporate Services is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014;
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014;
- we are not satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We have nothing to report in these respects

Responsibility of the Director of Corporate Services

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 17, the Director of Corporate Services is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local



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Authority Accounting in the United Kingdom 2021/2 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and for being satisfied that they give a true and fair view and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director of Corporate Services is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to cease operations, or have no realistic alternative but to do so.

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management. We obtained an understanding of the legal and regulatory frameworks that are applicable to the authority and determined that the most significant are:

- Local Government Act 1972,
- Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992),
- Local Government Act 2003,
- The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended in 2018 and 2020,
- Planning Act 2008 and the Community Infrastructure Levy Regulations 2010 (SI 2010/948)
- The Local Audit and Accountability Act 2014, and
- The Accounts and Audit Regulations 2015.



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Our opinion on the financial statements

In addition, the authority has to comply with laws and regulations in the areas of anti-bribery and corruption, data protection, employment legislation, general power of competence, procurement and health & safety.

We understood how Chichester District Council is complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of management, head of internal audit, those charged with governance and obtaining and reading documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations, and whether they are aware of instances of non-compliance. We corroborated this through our reading of the authority's committee minutes, through enquiry of employees to confirm authority policies, and through the inspection of employee handbooks and other information. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures had a focus on compliance with the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation.

We assessed the susceptibility of the authority's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and pressures for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise. Based on our risk assessment procedures, we identified inappropriate capitalisation of revenue expenditure and management override of controls to be our

fraud risks.

To address our fraud risk of inappropriate capitalisation of revenue expenditure we tested the authority's capitalised expenditure to ensure the capitalisation criteria were properly met and the expenditure was genuine.

To address our fraud risk of management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any identified significant transactions that were unusual or outside the normal course of business. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General (C&AG) in December 2021, as to whether Chichester District Council had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Chichester District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.



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Our opinion on the financial statements

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, Chichester District Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 (as amended) to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have issued our Auditor's Annual Report for the year ended 31 March 2022. We have completed our work on the value for money arrangements and will report the outcome of our work in our commentary on those arrangements within the Auditor's Annual Report.

Until we have completed these procedures, we are unable to certify that we have completed the audit of the accounts in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of Chichester District Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.



04 Audit Differences



Audit Differences

Summary of differences

We have highlighted below (and on the following page) the following misstatements to the financial statements and disclosures which have been agreed with management. Please note that we have received updated Accounts from management but at the time of writing this report have not reviewed these in detail. We have indicated below the misstatements we believe have been adjusted. Please note that the final position may change as we conclude the audit.

Misstatements 31 March 2022	Effect on the current period:	Balance Sheet (Decrease)/Increase				
		Assets current Debit/ (Credit)	Assets non current Debit/ (Credit)	Liabilities current Debit/ (Credit)	Liabilities non- current Debit/ (Credit)	Equity components Debit/(Credit)
UNADJUSTED	£'000	£'000	£'000	£'000	£'000	£'000
Projected Misstatements:						
Understatement of Bad Debt Provision	281			(281)		
Overstatement of S106 Creditors (Note 1)					275	(275)
Judgemental Misstatements:						
Valuation of Pension Fund Asset			296			(296)
• NNDR Appeals Provision	369			(369)		
Factual Misstatements:						
• Classification misstatement of Investment Property Expenditure between REFCUS and Other Expenditure	115					
	(115)					
• Overstatement of S106 Creditors (Note 1)					886	(886)
Turnaround (Note 2):						
• Uncorrected Turnaround - Incorrect capitalisation of PPE Addition	138		(138)			
Totals	788		158	(650)	1,161	1,457

Note 1 - We note that our work on S106 Creditors is still to be finalised, including agreeing the value of the misstatement with management

Note 2 - We are required to consider how any prior period misstatement may affect the evaluation of the current period's financial statements. This is called the "Turnaround effect".



Audit Differences

Misstatements 31 March 2022	Effect on the current period:	Balance Sheet (Decrease)/Increase				Equity components Debit/(Credit)
		Comprehensive income and expenditure statement Debit/(Credit)	Assets current Debit/ (Credit)	Assets non current Debit/ (Credit)	Liabilities current Debit/ (Credit)	
ADJUSTED						
• Overstatement in the recording of Debtors and Creditors in relation to Council Tax balances			(1,585)		1,585	
• Classification misstatement of Investment Property Expenditure	136					
	(136)					
Grant treated as received in advance but should have been recognised as income	(180)				180	
Overstatement in the recording of Debtors and Creditors in relation to Housing Benefit Subsidy			(294)		294	
Totals	(180)	(1,879)		2,059		

Summary of differences

In addition to the above, we have also identified some minor disclosure errors



05

Value for Money



Value for money

Chichester District Council's responsibilities for value for money (VFM)

The Authority is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

As part of the material published with its financial statements, the Council is required to bring together commentary on its governance framework and how this has operated during the period in a governance statement. In preparing its governance statement, the Council tailors the content to reflect its own individual circumstances, consistent with the requirements set out in the CIPFA Code of Practice on Local Authority Accounting. This includes a requirement to provide commentary on its arrangements for securing value for money from their use of resources.

Risk assessment

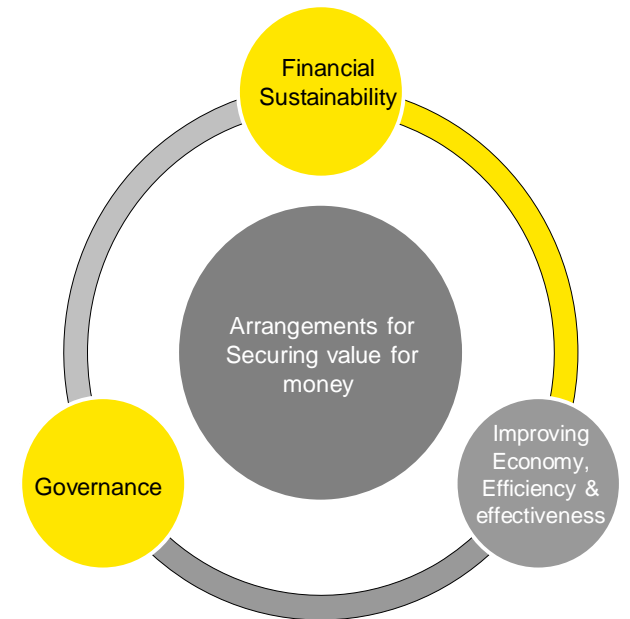
Throughout the audit we have performed a risk assessment in relation to the arrangements in place. This risk assessment looked at whether there was any risk of significant weaknesses in the VFM arrangements. No significant risks were identified throughout the risk assessment stage.

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Status of our VFM work

We have completed our planned VFM procedures and have no matters to report by exception in the auditor's report (see Section 03).

We plan to issue the VFM commentary within 3 months of giving our opinion on the accounts, as part of issuing the Auditor's Annual Report.





06 Other reporting issues

Other reporting issues

Consistency of other information published with the financial statements, including the Annual Governance Statement

We must give an opinion on the consistency of the financial and non-financial information in the Statement of Accounts 2021/22 with the audited financial statements.

We must also review the Annual Governance Statement for completeness of disclosures, consistency with other information from our work, and whether it complies with relevant guidance.

Financial information in the Statement of Accounts 2021/22 and published with the financial statements was consistent with the audited financial statements.

We have reviewed the Annual Governance Statement and can confirm it is consistent with other information from our audit of the financial statements and we have no other matters to report.

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Whole of Government Accounts

Alongside our work on the financial statements, we also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of our review, and the nature of our report, is specified by the National Audit Office.

At the time of writing this report we have not yet been able to perform the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission. This work will be performed on completion of the audit.

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Authority to consider it or to bring it to the attention of the public (i.e. "a report in the public interest"). We did not identify any issues which required us to issue a report in the public interest.

We also have a duty to make written recommendations to the Authority, copied to the Secretary of State, and take action in accordance with our responsibilities under the Local Audit and Accountability Act 2014. We did not identify any issues.

Other reporting issues

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Authority's financial reporting process. They include the following:

- Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
 - Any significant difficulties encountered during the audit;
 - Any significant matters arising from the audit that were discussed with management;
 - Written representations we have requested;
 - Expected modifications to the audit report;
 - Any other matters significant to overseeing the financial reporting process;
- Related parties;
External confirmations;
Consideration of laws and regulations; and
Group audits

We have no significant findings to communicate.



07

Assessment of Control Environment



Assessment of Control Environment

Financial controls

It is the responsibility of the Authority to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the Council has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. As we have adopted a fully substantive approach, we have therefore not tested the operation of controls. Although our audit was not designed to express an opinion on the effectiveness of internal control we are required to communicate to you significant deficiencies in internal control.

During the audit, we did not identify any deficiencies in the internal control environment.



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08

Independence

Relationships, services and related threats and safeguards

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Authority, and its members and senior management and its affiliates, including all services provided by us and our network to the Authority, 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 01 April 2022 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Services provided by Ernst & Young

The next page includes a summary of the fees that you have paid to us in the year ended 31 March 2022 in line with the disclosures set out in FRC Ethical Standard and in statute. Full details of the services that we have provided are shown below.

As at the date of this report, we have provided services as a reporting accountant for the Department of Work and Pensions Housing Benefit Assurance Process (HBAP) in respect of the subsidy claim to 31 March 2022.

Relationships, services and related threats and safeguards

Services provided by Ernst & Young

Description	Proposed Fee 2021/22 (subject to PSAA approval)	Note	Final Fee 2020/21
	£		£
Scale Fee	37,799		37,799
Proposed increase to the scale fee due to changes in work required to address professional and regulatory requirements and scope associated with risk	29,880	1	15,703
Scale fee variation	605	2	3,467
Scale fee variation - new auditing standard and Value for Money requirements	8,587	3	8,587
Scale fee variation - triennial pensions and asset ceiling	TBC	4	0
Total audit	TBC		65,556
Non-audit fees (HBAP) (Note 5)	11,320	5	48,320
Total fees	TBC		113,876

Notes:

- For 2020/21, and previous years, we submitted a proposed rebasing of the scale fee to reflect changes in work required to address professional and regulatory requirements and scope associated with risk. The value was £29,880. PSAA have determined the value for 2020/21 as shown. We note that the planned fee for this is in line with the original submission.
- The 2020/21 Code work includes an additional fee of £3,467, for additional work undertaken in relation to prior period misstatement, accounting for Covid Grants and EY Pensions internal specialist work on the Actuary's model. This additional fee has been determined by PSAA. For 2021/22, we have removed the fee in relation to the prior period misstatement and Covid Grants as these were specific to 2020/21.
- We have identified continuing requirements for 2021/22 that are not within the scale fee, being the impact of amended auditing standards for estimates, and the Code requirements for our VFM responsibilities. Additional work has been performed in these areas. The proposed 2021/22 fee provides an estimate based on what was submitted and determined by PSAA in 2020/21.
- As explained in Section 2 of this report, we have had to perform additional work over the Pension balance within the Accounts. This is due to an updated triennial valuation of the Pension Fund and additional work on the pension asset ceiling. This work is ongoing at the time of this report.
- Non-audit fees for HBAP are determined at the end of the engagement, depending on the level of errors and extended testing required in accordance with DWP's instructions. The planned fee for 2021/22 currently reflects only the baseline agreement, and is expected to increase as additional testing will be required based on the results of the 2020/21 work.

Other communications

EY Transparency Report 2022

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 1 July 2022:

[EY UK 2022 Transparency Report | EY UK](#)






09 Appendices

Appendix A

Required communications with the Corporate Governance and Audit Committee

There are certain communications that we must provide to the those charged with governance of UK entities. We have detailed these here together with a reference of when and where they were covered:

		 Our Reporting to you
Required communications	 What is reported?	 When and where
Terms of engagement	Confirmation by the Corporate Governance and Audit committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	October 2022 Audit planning report
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified. When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.	October 2022 Audit planning report
Significant findings from the audit	<ul style="list-style-type: none"> • Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures • Significant difficulties, if any, encountered during the audit • Significant matters, if any, arising from the audit that were discussed with management • Written representations that we are seeking • Expected modifications to the audit report • Other matters if any, significant to the oversight of the financial reporting process 	July 2023 Audit results report

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Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> • Whether the events or conditions constitute a material uncertainty related to going concern • Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements • The appropriateness of related disclosures in the financial statements 	July 2023 Audit Results Report
Misstatements	<ul style="list-style-type: none"> • Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation • The effect of uncorrected misstatements related to prior periods • A request that any uncorrected misstatement be corrected • Material misstatements corrected by management 	July 2023 Audit Results Report
Subsequent events	<ul style="list-style-type: none"> • Enquiry of the audit committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements. 	July 2023 Audit Results Report

Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Fraud	<ul style="list-style-type: none"> • Enquiries of the audit committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity • Any fraud that we have identified or information we have obtained that indicates that a fraud may exist • Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: <ol style="list-style-type: none"> a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements. • The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected • Any other matters related to fraud, relevant to Corporate Governance and Audit Committee responsibility. 	July 2023 Audit Results Report
Related parties	<p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> • Non-disclosure by management • Inappropriate authorisation and approval of transactions • Disagreement over disclosures • Non-compliance with laws and regulations • Difficulty in identifying the party that ultimately controls the entity 	July 2023 Audit Results Report
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> • The principal threats • Safeguards adopted and their effectiveness • An overall assessment of threats and safeguards • Information about the general policies and process within the firm to maintain objectivity and independence 	October 2022 Audit Planning Report and July 2023 Audit Results Report

Appendix A




		Our Reporting to you
Required communications	What is reported?	When and where
External confirmations	<ul style="list-style-type: none"> Management's refusal for us to request confirmations Inability to obtain relevant and reliable audit evidence from other procedures. 	July 2023 Audit Results Report
Consideration of laws and regulations	<ul style="list-style-type: none"> Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur Enquiry of the audit committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the audit committee may be aware of 	July 2023 Audit Results Report
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> Significant deficiencies in internal controls identified during the audit. 	July 2023 Audit Results Report
Written representations we are requesting from management and/or those charged with governance	<ul style="list-style-type: none"> Written representations we are requesting from management and/or those charged with governance 	July 2023 Audit Results Report
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> Material inconsistencies or misstatements of fact identified in other information which management has refused to revise 	July 2023 Audit Results Report
Auditors report	<ul style="list-style-type: none"> Key audit matters that we will include in our auditor's report Any circumstances identified that affect the form and content of our auditor's report 	July 2023 Audit Results Report

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Appendix B

Outstanding matters

The following items relating to the completion of our audit procedures are outstanding at the date of the release of this report:

Item 	Actions to resolve 	Responsibility 
Property, Plant and Equipment and Investment Property Valuations	Initial queries have been responded to by management. EY need to review the responses and follow up with management as necessary.	EY and management
Documentational points on Short Term Creditors and Expenditure	EY to complete documentation on these areas. There may be minor queries arising when doing this.	EY and management
S106 Creditors	The work on this is substantially complete. Misstatements have been identified throughout this work and the final value of these still need to be agreed with management.	EY and management
Journals Testing	EY to review journals that have been selected for testing throughout the audit and send sample to management to obtain evidence as required	EY and management
Pensions	As discussed above in section 2 – additional work is required over the updated IAS 19 valuation and asset ceiling	EY and management
Management representation letter	Receipt of signed management representation letter	Management and CG & A committee
Subsequent events review	Completion of subsequent events procedures to the date of signing the audit report	EY and management
WGA	To complete WGA procedures on completion of the audit	NAO

Until all our audit procedures are complete, we cannot confirm the final form of our audit opinion as new issues may emerge or we may not agree on final detailed disclosures in the Annual Report. At this point no issues have emerged that would cause us to modify our opinion. A draft of the current opinion is included in Section 3.

Management representation letter

Management Representation Letter – to be finalised on completion of all outstanding audit procedures

Ernst & Young LLP

Grosvenor House,

Grosvenor Square,

Southampton SO15 2BE,

This letter of representations is provided in connection with your audit of the financial statements of Chichester District Council for the year ended 31 March 2022. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the financial position of Chichester District Council as of 31 March 2022 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK and Ireland), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.
2. We acknowledge, as members of management of the Authority, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations and cash

flows of the Authority in accordance with [the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22. We have approved the financial statements.

3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
4. As members of management of the authority, we believe that the Authority has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, that are free from material misstatement, whether due to fraud or error. We have disclosed to you any significant changes in our processes, controls, policies and procedures that we have made to address the effects of the COVID-19 pandemic on our system of internal controls and the effects of the conflict and related sanctions in Ukraine, Russia and/or Belarus on our system of internal controls.
5. We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. We have not corrected these differences identified by and brought to the attention from the auditor because *[Management to specify reasons for not correcting misstatements]*
6. We confirm the Authority does not have securities (debt or equity) listed on a recognized exchange.

B. Non-compliance with law and regulations, including fraud

1. We acknowledge that we are responsible to determine that the Authority's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Authority (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:

Management representation letter

Management Rep Letter

- involving financial statements;
- related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Authority's financial statements;
- related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Authority's activities, its ability to continue to operate, or to avoid material penalties;
- involving management, or employees who have significant roles in internal controls, or others; or
- in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and all material transactions, events and conditions are reflected in the financial statements, including those related to the COVID-19 pandemic and including those related to the conflict and related sanctions in Ukraine, Russia and/or Belarus.
3. We have made available to you all minutes of the meetings of the Council and committees (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: [list date].
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Authority's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.
5. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.
6. We have disclosed to you, and the Authority has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
7. From the date of our last management representation letter (06 June 2022) through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

Management representation letter

Management Rep Letter

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent, and have disclosed in Note 20 to the financial statements all guarantees that we have given to third parties.

E. Going Concern

1. Note 1.2 to the financial statements discloses all the matters of which we are aware that are relevant to the Authority's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

F. Subsequent Events

1. Other than described in Note 8 to the financial statements, there have been no events, including events related to the COVID-19 pandemic, and including events related to the conflict and related sanctions in Ukraine, Russia and/or Belarus, subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

G. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Narrative Report and the Annual Governance Statement.
2. We confirm that the content contained within the other information is consistent with the financial statements.

H. Climate-related matters

1. We confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate-related matters has been considered including the impact resulting from the commitments made by the Authority, and reflected in the financial statements.
2. The key assumptions used in preparing the financial statements are, to the extent allowable under the requirements of CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, aligned with the statements we have made in the other information or other public communications made by us.

I. Ownership of Assets

Except for assets capitalised under finance leases, the Authority has satisfactory title to all assets appearing in the balance sheet, and there are no liens or encumbrances on the Authority's assets, nor has any asset been pledged as collateral. All assets to which the Authority has satisfactory title appear in the balance sheet.

J. Reserves

1. We have properly recorded or disclosed in the financial statements the useable and unusable reserves.

Management representation letter

Management Rep Letter

K. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the valuation of land and buildings and the IAS19 pension liability and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

I. Estimates

1. We confirm that the significant judgments made in making the valuation of land and buildings, valuation of investment property and IAS19 pensions liability (the accounting estimates) have taken into account all relevant information and the effects of the COVID-19 pandemic of which we are aware.
2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the accounting estimates.
3. We confirm that the significant assumptions used in making the accounting estimates appropriately reflect our intent and ability to carry out any specific courses of action on behalf of the entity.
4. We confirm that the disclosures made in the financial statements with respect to the accounting estimates, including those describing estimation uncertainty and the effects of the COVID-19 pandemic, are complete and are reasonable in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.
5. We confirm that appropriate specialized skills or expertise has been applied in making the accounting estimates.
6. We confirm that no adjustments are required to the accounting estimates and disclosures in the financial statements, including due to the COVID-19 pandemic.

I. Retirement benefits

1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

I confirm that this letter has been discussed and agreed by the Corporate Governance & Audit Committee.

Signed:

Position: Director of Corporate Services

Date:

Signed:

Position: Chairman of the Corporate Governance and Audit Committee

Date:

Appendix D

Implementation of IFRS 16 Leases

In previous reports to the Corporate Governance and Audit Committee we have highlighted the issue of new accounting standards and regulatory developments. IFRS 16 introduces a number of significant changes which go beyond accounting technicalities. For example, the changes have the potential to impact on procurement processes as more information becomes available on the real cost of leases. The key accounting impact is that assets and liabilities in relation to significant lease arrangements previously accounted for as operating leases will need to be recognised on the balance sheet. IFRS 16 requires all substantial leases to be accounted for using the acquisition approach, recognising the rights acquired to use an asset.

IFRS 16 has been further delayed. However, officers should be acting now to assess the authority's leasing positions and secure the required information to ensure the authority will be fully compliant with the Code when implemented. The following table summarises some key areas officers should be progressing.

IFRS 16 theme	Summary of key measures
Data collection	Management should: <ul style="list-style-type: none"> Put in place a robust process to identify all arrangements that convey the right to control the use of an identified asset for a period of time. The adequacy of this process should be discussed with auditors. Classify all such leases into low value; short-term; peppercorn; portfolio and individual leases Identify, collect, log and check all significant data points that affect lease accounting including: the term of the lease; reasonably certain judgements on extension or termination; dates of rent reviews; variable payments; grandfathered decisions; non-lease components; and discount rate to be applied.
Policy Choices	The Authority needs to agree on certain policy choices. In particular: <ul style="list-style-type: none"> Whether to adopt a portfolio approach What low value threshold to set and agree with auditors Which asset classes, if any, are management adopting the practical expedient in relation to non-lease components What is managements policy in relation to discount rates to be used?
Code adaptations for the public sector	Finance teams should understand the Code adaptations for the public sector. The Code contains general adaptations, (e.g. the definition of a lease); transitional interpretations (e.g. no restatement of prior periods) and adaptations that apply post transition (e.g. use of short-term lease exemption).
Transitional accounting arrangements	Finance teams should understand the accounting required on first implementation of IFRS 16. The main impact is on former operating leases where the authority is lessee. However, there can be implications for some finance leases where the authority is lessee; and potentially for sub-leases, where the authority is a lessor, that were operating leases under the old standard.
Ongoing accounting arrangements	Finance teams need to develop models to be able to properly account for initial recognition and subsequent measurement of right of use assets and associated liabilities. This is more complex than the previous standard due to more regular remeasurements and possible modifications after certain trigger events.
Remeasurements and modifications	Finance teams need to familiarise themselves with when the 'remeasurement' or 'modification' of a lease is required and what to do under each circumstance. A modification can lead to an additional lease being recognised. It is also important to know when remeasurements require a new discount rate is to be applied to the lease.

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ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

Chichester District Council

CORPORATE GOVERNANCE AND AUDIT COMMITTEE 17 July 2023

Statement of Accounts for 2021-22

1. Contact(s)

Report Authors:

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2. Recommendation

- 2.1. That the Committee consider and approve the Statement of Accounts shown in Appendix 1 for the financial year ended 31 March 2022 and note the outturn position.**
- 2.2. That delegated authority be given to the Director of Corporate Services in consultation with the Chairman of the Corporate Governance and Audit Committee, to:**
 - a) approve any non-material changes to the 2021-22 Statement of Accounts that arise from the final external audit work, and**
 - b) authorise the Letter of Management Representation to be given to the Council's External Auditor.**

3. Main Report

3.1. Introduction

- 3.1.1** The Council's Statement of Accounts, including the audit certificate and opinion, should have been approved by this Committee by the end of September 2022, under the Accounts and Audit (Amendment) Regulations 2021.
- 3.1.2** The Council published its unaudited accounts on 29 July 2022 and made them available for audit. Our external auditors, Ernst & Young LLP (EY), advised council officers from January 2022 that they would not be able to meet the September 2022 deadline, due to the knock on effect of the delayed completion of the 2020-21 accounts audit, since the results were only finally reported to the Committee on 6 June 2022. The reasons for the delay of the 2021-22 audit were reported to the Committee in October 2022, as part of EY's 2021-22 Audit

Planning report. A statutory notice was placed on the Council website to this effect.

- 3.1.3 The draft statements were published on the Council's website to be available for the public inspection period, which ran from the end of July 2022 to the beginning of September 2022. These statements will be replaced with the audited statements once the signed audit opinion has been received.
- 3.1.4 The external audit commenced at the beginning of December 2022 and was conducted both remotely and in person following the removal of any covid restrictions. This was a welcome improvement to the previous years' experience of remote working only. Regular meetings between council officers and the audit team took place throughout the process. Due to the experience of the previous year, the Section 151 Officer again advised EY that the timing of their audit would create difficulties for the Council's finance team, especially as it conflicted with the Council's annual budget cycle. Ultimately due to the statutory requirement to produce the Council's budget this task would have to take precedence, and despite this, our external auditors continued to proceed with their audit starting in December 2022, with its conclusion now expected by the end of July 2023, a year after the original draft accounts were produced for the external audit review.
- 3.1.5 Since this is the second year where the timing of the audit coincided with the annual budget cycle, it created significant pressure on the Council's finance team who, nevertheless, endeavoured to provide information in accordance with the auditor's requirements. Inevitably, delays in providing information did occur as other work needed to be prioritised. Due to the delays in the audit, new audit items and other technical issues meant that the external auditors had new testing areas, and the need to revisit significant areas such as infrastructure assets, pension IAS19 information etc. The potential impact of this will be increased audit fees, which have yet to be discussed or agreed through the national contract management arrangements.
- 3.1.6 Officers expect the external auditors will issue an unqualified opinion on the Statement of Accounts and the Council's arrangements for securing economy, efficiency, and effectiveness in the use of resources under their Value for Money assessment.
- 3.1.7 The Council has not received any questions or objections to its accounts from the public.
- 3.1.8 Council has delegated the approval of the Council's Statement of Accounts to the Corporate Governance and Audit Committee. However, as set out in the EY Audit Results Report, some of the external audit work is still ongoing at the time of writing this report. Consequently, it is requested that delegated authority be given to the Director of Corporate Services in consultation with the Chairman of the Corporate Governance and Audit Committee, to approve any non-material changes to the 2021-22 Statement of Accounts that arise from the final external audit work.
- 3.1.9 The Committee should note that there continues to be delays in the external audit reviews of local authority accounts across England, which has been the

subject of a Parliamentary Select Committee review. The outcome and any proposals to overcome the ongoing backlog has yet to be announced. At this time the external auditors have yet to advise the Director of Corporate Services when the audit for the 2022-23 Statement of Accounts will commence. As members are aware the Council has yet to publish its draft 2022-23 Statement of Accounts due to the delay in the finalisation of the external audit review of the 2021-22 accounts being considered now. The 2022-23 accounts will be published once the 2021-22 audit has been concluded.

3.2. The Statement of Accounts

3.2.1 The Statement of Accounts is included as a separate document in Appendix 1 and comprises:

- A Narrative Report
- Statement of Responsibilities for the Statement of Accounts
- The accounting statements
- The accounting policies on which the accounts have been prepared
- Notes to the accounts.

3.2.2 The format and content of the accounts is largely prescribed by the Chartered Institute of Public Finance & Accountancy's (CIPFA) Code of Practice, however local authorities are provided with some leeway to report Income and Expenditure on the same basis as each Council is organised, reflecting the differences in service structures between Councils.

3.2.3 The narrative report section aims to provide a readable summary of the key issues and headline figures contained within the Statement of Accounts. This also includes an assessment of any ongoing impact of the global pandemic and other world events which affects the Council's financial position, and confirms its status as a going concern.

3.3. Analysis of the 2021-22 General Fund position

3.3.1 The audited outturn position on the General Fund for 2021-22 is a surplus of £1.042m and this has been transferred to the General Fund Reserve. Appendix 2 sets out the main variances creating this outturn position.

3.3.2 Any ongoing effect of these variations not already considered when the 2022-23 budget was set, were considered as part of the monitoring, and forecasting of the 2022-23 outturn position and when setting the 2023-24 base budget.

3.4. Letter of Representation

3.4.1 The Council must issue a Letter of Representation to its external auditors at the conclusion of the audit. The letter summarises the assurances given by the council in relation to the accounts and audit and will follow the content contained in the draft letter shown in Appendix C of the EY Audit Results report. It is requested that delegated authority be given to the Director of Corporate Services in consultation with the Chairman of the Corporate Governance and Audit Committee to agree the final draft of the letter.

3.5. Carry Forward Requests

3.5.1 Council has delegated authority for the approval of budget carry forward requests to the Director for Corporate Services (the Council's S151 officer) following consultation with the Chief Executive.

3.5.2 Details of all carry forwards agreed under this process are provided in the table below:

Division	Request	Amount £
Place	District Wide Visions	96,400
Health Protection	To provide funding for a backlog of food inspections funded from underspent staffing budgets. The Council's food inspection programme was suspended from March 2020 until July 2021 due to the pandemic. The Council has a statutory duty to complete the programme, so it was agreed that this budget underspend be carried forward into 2022-23 to provide for additional temporary staffing resource in order to complete the outstanding inspections.	67,400
Business Support	During 2021-22 the Council received additional new burdens funding associated with Individual Electoral Registration. This provided the opportunity to purchase several computer tablets to assist with the electoral canvassing process. The purchase also included the first year of a two-year service agreement for this equipment. It was agreed that the funding for the second and final year of the agreement be carried forward in 2022-23.	3,500
Financial Services	Due to the number of staffing vacancies and the challenging job market this carry forward will be used to have an improved marketing programme for roles and provide for any potential training needs.	19,800
Revenues and Benefits,	<p>During 2021-22 the Council received three tranches of new burdens funding (£175,828 in total) from the government towards the costs of administering the ongoing business grant schemes and the reconciliation process for each grant stream. Some of this grant was used to fund additional IT software costs, and staff overtime, however at the end of year a balance of £136,000 remained. The condition of the grant makes it clear that this funding cannot be used for any other purpose other than what it was intended for.</p> <p>The remaining grant has therefore been carried forward into 2022-23 to support the following:</p> <ul style="list-style-type: none"> Recruitment of 4 officers on a fixed term basis to bolster and support teams within Revenues and Benefits to support Money Advice, Financial Support and Debt Recovery work. 	136,000
		323,100

4. Alternatives considered

Not applicable

5. Resource and legal implications

- 5.1 The 2021-22 budget variations and outturn position were considered as part of the in-year monitoring of the 2022-23 budget, and in the preparation of the budget for 2023-24. The Council also has a statutory duty to approve and publish its audited Statement of Accounts by 30 November.

6. Consultation

- 6.1 The draft statements were published on the Council website on 29 July 2022 and subject to the required public inspection which ran from the beginning of August 2022 to early September 2022.

7. Community impact and corporate risks

- 7.1 The reputation of the Council as an organisation that manages its finances effectively may be put at risk if the external auditor issues a qualified opinion on the accounts.

8. Other implications

	Yes	No
Crime & Disorder		✓
Climate Change and Biodiversity		✓
Human Rights and Equality Impact		✓
Safeguarding and Early Help		✓
General Data Protection Regulations (GDPR)		✓
Health and Wellbeing		✓

9. Appendix

Appendix 1 - Audited Statement of Accounts 2021-22
Appendix 2 - Analysis of major variations

10. Background Papers

None

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CHICHESTER DISTRICT COUNCIL

STATEMENT OF ACCOUNTS

2021-22

(Subject to completion of the audit)

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**Chichester District Council
Statement of Accounts**

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General Information

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Council Officials

Chairman

Mrs E Hamilton

Leader

Mrs E Lintell

Deputy Leader

Mrs S Taylor

Senior Leadership Team

Mrs D Shepherd, Chief Executive (Head of Paid Service)

Mr A Frost, Director of Planning and Environmental Services

Mrs J Hotchkiss, Director of Growth and Place

Mrs L Rudziak, Director of Housing and Communities

Mr J Ward, Director of Corporate Services and Section 151 Officer

Narrative Statement

Introduction by the Director of Corporate Services

Welcome to the Council's Statement of Accounts that details the financial position of the Council for the year ended 31 March 2022. The format of these accounts is required by law to include a large amount of detail as the Council's finances are complex, with the presentation in a prescribed format. To aid the reader of the Statement of Accounts, the Narrative Statement presents an overview of the financial year and the significant issues that impacted the Council's finances and services over that period. It sets out the Council's performance in the context of its corporate priorities, the use of resources and considers the outlook on its medium-term financial plans considering the ongoing impact of the Covid pandemic and the behavioural changes affecting discretionary income streams.

A key priority of the Council's Corporate Plan is "To manage the Council's finances prudently and effectively" with two underlying main objectives, which are:

- Ensure the prudent use of the Council's resources.
- Provide value for money through efficient and effective service delivery.

In relation to these objectives the Council has strong financial management processes in place to ensure that its financial position remains sustainable and that it holds adequate levels of reserves. This approach is underpinned by the Council's strategic financial planning and key financial principles.

The Council is a low taxing authority that has over the years developed and increased discretionary income streams to help fund its key services to the community. The impact on these important sources of revenue income because of the pandemic continues to have an impact on the Council's finances, and income targets have been adjusted to minimise the financial resilience risk. The details of this can be found in the Council's budget reports for both 2021-22 and for 2022-23.

In year monitoring with regular updates were reported to members based on the Future Services Framework as part of the original Recovery Report approved by Council in July 2020. The development of a Future Services Framework template will assist members to shape and determine the types and levels of services to be provided from 2023-24. The financial year 2021-22 continued to be a challenge as the country returned to a new normal, and government support at the height of the health crisis in 2020 was more limited in 2021.

The approved budget for 2021-22 built in the first year's savings anticipated under the recovery plan amounting to £0.747m along with using £2.099m from reserves to balance the budget. The performance against the Recovery Plan and these planned savings were regularly monitored by the Overview and Scrutiny Committee. The actual savings achieved in 2021-22 was £0.911m and underpins the drive to return to a balanced budget under the medium term. Unfortunately, world events and the current cost of living crisis in 2022 continues to pose new challenges to the sector's financial resilience again.

I have structured this narrative statement to enable readers to understand the Council, its operating environment, and to assist in the understanding and interpretation of the Statement of Accounts.

This Narrative report contains the following sections:

1. Introduction to Chichester
2. Key Facts about the Council
3. Council performance
4. Current Financial Performance
5. Risks and Uncertainties
6. A forward look

1. Introduction to Chichester

As the largest district in West Sussex, Chichester District is a unique area, boasting a historic city, glorious countryside and the beautiful south coast. It has a population of 124,000 and covers over 300 square miles, stretching from Selsey in the south to Lynchmere in the north. A large part of the district falls within the area of the South Downs National Park.

Chichester District Council is involved with the majority of day to day services and activities that residents come into contact with – from emptying the bins, to dealing with planning applications.

There are 36 District Councillors representing 21 wards. The district also has 67 parishes, and a lot of parishes have their own town or parish council, or parish meeting.

The Office for national Statistics recently published the Census data for Chichester for 2021 and this can be found [here](#).

2. How we make decisions

The District Council has adopted the Cabinet model of governance with a Leader, Deputy Leader and Cabinet Members (portfolio holders).

The political make-up of the Council as at 31 March 2022 was:

Political Party	Number of Councillors
Conservative	17
Liberal Democrats	11
Independent	3
Green	2
Local Alliance	2
Labour	1
Total	36

Council

All councillors from across the district normally meet six times a year to decide the Council's overall policies and to set the budget. These meetings are normally open to the public (subject to latest Government guidance during the public health crisis), and additional meetings can be held if needed.

Cabinet

The Cabinet generally meets monthly, except in August, and involves seven of our councillors making key decisions on the plans, strategies and budget which are then approved by the Council. Each Cabinet Portfolio Holder has specific responsibilities over an area(s) of the Council's activities.

Overview and Scrutiny

The Overview and Scrutiny Committee holds the decision-makers to account and meets at least four times a year. This can involve questioning councillors, council employees and representatives of other organisations in relation to key decisions, reports, or policies. The committee then makes recommendations to Cabinet based on their findings. The committee also has an important role in looking at the wider delivery of all public services in the district.

Corporate Governance and Audit Committee

The Corporate Governance and Audit Committee meet at least four times a year to review the progress/effectiveness and probity of the corporate governance arrangements of the Council, including the external audit and internal audit arrangements and the implementation of their recommendations. The committee also considers the internal arrangements in place to identify, monitor and control corporate risks which could impact on the Council's performance. The committee considers and approves the Council's statutory annual statement of accounts.

Other Non- Executive Committees

There are also several non-executive committees which carry out a number of regulatory functions and makes decisions on matters that may not be decided by Cabinet. These regulatory committees include the Planning Committee and the General Licensing Committee, plus a Standards Committee that promotes and maintains high standards of conduct.

Officer Support

During 2021-22 Diane Shepherd, our Chief Executive, led the Strategic Leadership Team (SLT) which includes four directors. Details of the Council's current management structure can be found at: [here](#).

The wider Corporate Management Team also consisted of fourteen Divisional Managers. The Strategic Leadership Team, along with the Divisional Managers, support councillors whilst also overseeing the delivery of the Council's services. The council employs over 500 staff that are mostly based at the Council's main offices in East Pallant House (EPH) and at its Depot in Westhampnett, Chichester. Whilst for most staff East Pallant House is the main place of work, the Council continues to have flexible remote working, with staff spending 2 to 3 days of their working week in the main offices.

3. Council Performance

Corporate Plan

Our Corporate Plan sets out our vision, key priorities and objectives for the council, and the key projects to be achieved are set out in our detailed Service Plans. Both the Corporate Plan and the Service Plans are usually reviewed annually. The current full Corporate Plan is available on the Council's website [here](#). A major review of the Corporate Plan took place in January 2022 which has set out the Council's plans for the next 3 years.

Annual Governance Statement

The Council also has a statutory requirement to conduct a review at least once a year of the effectiveness of its system of internal control. An Annual Governance Statement provides assurance that the statement of accounts gives a true and fair view of the Council's financial position at the year-end and its financial performance during the year. The Annual Governance

Statement is signed and reported alongside the annual Statement of Accounts. The Corporate Governance and Audit Committee monitor the action plan of any identified governance improvement areas.

Key Achievements

To achieve quality services whilst offering value for money, we closely monitor our progress throughout the year to make sure that we deliver what we have said we will. Senior officers and Cabinet members regularly monitor key performance indicators and the progress of major projects.

Several other groups consider major infrastructure aspects in the district this includes the Chichester Growth Board, Development Plan and Infrastructure Panel (DPIP) and Chichester Vision Steering Group.

Detailed outlines of the Council's key achievements each year are published annually in the Annual Report which can be found at [here](#).

4. Current Financial performance

The Medium-Term Financial Strategy Model reported to Council in December 2020 reflected the Council's best estimate of what may occur in 2021-22 and beyond. For the first time in many years, the budget set in 2021-22 was recommending the use of £2.099m of General Fund Reserves to help the Council balance its finances. The budget built upon the work undertaken for the Financial Strategy and incorporated the first year of the efficiency savings identified in the first 2 phases of the Future Services Framework (FSF). The aim with the work under phase 3 of the FSF was a tool to aid decision making and informing council priorities to enable the gradual return to a balanced financial position without the continued use of reserves over the medium term. Thus, enabling valuable public services to be protected in the interim.

The following sections describe the actual performance against this budget and the various financial strategies that were agreed at the same Council meeting in March 2021; further details can be found on the Council's website [here](#) along with in year monitoring information which can be found [here](#).

The outturn position for 2021-22 is a surplus £1.042m that has been transferred to the General Fund Balance. The revised budget set for 2021-22 anticipated a drawn down from this reserve of some £2.117m in order achieve a balanced budget, however due to overspends and shortfalls in income amounting to £1.109m, offset by underspends and additional income of £3.687m along with additional government support of £0.581m has resulted in a more favourable position.

The Council incurs both revenue and capital expenditure. The revenue account (also known as the General Fund) shows the net operational costs relating to day to day delivery of services. Capital expenditure generates an asset that has a useful life of more than one year. Examples include the buying and selling of land, property, and other assets, building new property, major improvements and the provision of grants and loans to other bodies in line with council support activities.

The main cash flow elements of both capital and revenue are shown in the Council's cash flow statement on page 27.

The focus for the Council during 2021-22 was the recovery following the Covid-19 pandemic and providing direct support to the communities in the district via community support hubs working with a variety of other agencies, direct homelessness support etc. and any continued support to

the business community via the administration and distribution of various government funded grant schemes. In respect of delivering services during this health crisis government support of £0.57m was received. There was continued impact on the Business Rates Retention Scheme with Government giving grant funding to local authorities to compensate for the loss of Business Rates income because of reliefs given to local businesses. Details of these grants are shown in note 25. Under the required accounting treatment for the Collection Fund the deficit arising from the new reliefs will be addressed by the Retained Business Rates Equalisation Reserve which can be drawn down over the next 3 years.

Covid-19 business grants totalling £13.4m have been paid out to eligible businesses in the Chichester District during 2021-22, over the eight different schemes, plus £177k has been paid out to individuals in the Test and Trace Self Isolation Scheme. Details of these different grant schemes are listed below:

Grant	Amount Paid Out £000s	No. of Grants
Local Restrictions Support Grant Closed Addendum Nov 2020	85	41
Additional Restrictions Grant	2,105	642
Local Restrictions Support Grant Open	7	6
Local Restrictions Support Grant Closed Addendum Tier 4	28	40
Local Restrictions Support Grant Closed Jan and Feb 2021 and Closed Business Lockdown Payment	780	104
Restart Grant – Non-Essential Retail	1,463	418
Restart Grant – Hospitality and Leisure	7,402	757
Omicron – Hospitality and Leisure Grant	1,531	450
NHS Test & Trace Self Isolation Support Payments (to individuals)	177	355

The council for most of the grants was acting as a distribution point for the Government with the grant payments made in accordance with set eligibility conditions; however, for the Local Authority Discretionary Grant, the Additional Restrictions Grant, and the Local Restrictions Support Grant Open Grant schemes, the Council could decide the criteria for the applications considering local knowledge. These grants have been reflected in the Cost of Services section of the Comprehensive Income and Expenditure Account (CIES) as per CIPFA guidance.

Capital Expenditure 2021-22 - Movements in the Council's asset base

TOTAL ASSETS BROUGHT FORWARD £287m			
Purchases and sales of assets £2m	Depreciation (£2m)	Other changes in value £15m	Change in Current Assets £14m
TOTAL ASSETS CARRIED FORWARD £316m			
Property, Plant and equipment £140m	Investment Property £14m	Other Long Term Assets £64m	Current Assets £98m

Capital Expenditure Outlook

The Council has a capital and asset replacement programme of £54.1m approved in March 2022 in the period 2022-23 to 2026-27 (£65.5m including slippage from 2021-22). The major schemes currently planned for this period include:

Capital Expenditure (Planned)	2022-23 £000	2023-24 £000	Later £000
St. James' Industrial Estate Refurbishment	3,786	0	0
Disabled Facilities Grants	2,735	1,350	4,050
Playground Replacement Programme	150	290	0
Public Convenience Refurbishment programme	1,191	150	428
Vehicle Replacement Programme	3,319	559	1,722
Community Infrastructure Levy (CIL) Projects	4,723	2,672	17,458
Beach Management Plan	250	250	750

The capital programme is an estimate of the scheme's likely cost, and is always subject to amendment if, for example, a scheme cost is higher than anticipated. Due to its nature the capital programme is constantly changing, so the resource position is regularly updated and monitored to ensure that the programme remains affordable. This is an important consideration not only due to any ongoing impact of the COVID-19 pandemic, but inflationary pressures also may have a fundamental impact on the Council's future corporate objectives and the resources available for capital investment. The statement for estimating available resources for investment is reviewed and updated regularly throughout the financial year in line with the Council's key financial principles.

The Council is currently debt free and fully funds its capital programme and asset replacement programme from its own resources i.e. capital receipts and revenue reserves, plus grants and contributions from third parties and via Council Tax for the asset replacement programme. In the medium term this position is not expected to change.

Revenue Expenditure 2021-22

The Council's main elements of cash flow for revenue activities are set out below:

Council Tax including Parishes £13m	Business Rates (£5m)	Fees and charges £16m	Grant, contributions and subsidies £59m	Other £4m
Total Resources £87m				
Paid to others £28m		Providing local Services £48m		
Parish Council Precepts £4m	Housing Benefits and Subsidies £24m	Staffing costs £25m	Running costs £21m	Capital costs, incl. depreciation £2m
Net (surplus) or deficit on providing services (£11m)				

Factors influencing future cash flows

- Council Tax – Legislative restrictions on annual Council Tax increases and the requirement for local referendums.
- Business Rates – Impact of the expected localisation of the Business Rates Retention Scheme creates uncertainty not only as to when any new scheme will be implemented but also the resetting of the base level for the new scheme, and how often future resets will take place along with any additional services local authorities will be expected to take on as part of this change. Also, the potential impact of appeal refunds for this new regime and those arising from the April 2017 valuation list.
- Specific Government Grants – New Homes Bonus (NHB) grant is paid to the Council to encourage the building of new homes. The Council does not use this source of funding to balance the revenue budget but to fund capital investment or one-off projects including grants to parish councils. The NHB scheme has been subject to change in recent years, and the 2021-22 grant was for 1 year only rather than grant payments for 4 years. Looking forward there continues to be a fair degree of uncertainty in terms of future local government funding due to expected changes with the Fair Funding Review, yet this and the localisation of business rates has been delayed by both the focus post Brexit and the public health crisis. Changes are now anticipated in Government funding from 2025-26.
- Fees and charges made to service users – This is influenced by policy and service demand. The council raises over £16m income from discretionary spend service areas or those that are linked to consumer confidence and the state of the economy. Income targets for certain major income streams were further reduced in the 2021-22 budget due to continued changes in service demand. Whilst the public health crisis had a substantial impact on the Council's discretionary income streams in 2020-21, offset in part from the Government's Sales, Fees and Charges support, it is anticipated that some income streams will be affected in the longer term due to behavioural change. This will impact future service provision and demand and influence the Council's Future Services Framework assessment.
- Service Expenditure – As a service organisation, this is principally employee related. Public sector pay restraint may increase pressure where private sector pay outstrips the public sector impacting on recruitment and retention of skilled staff. A new pay structure came into effect in April 2019 where an additional £300k had been built into the Council's budget. The Council's five year financial strategy updated for 2021-22 reflected the assumptions that pay increases in 2021 to 2023 would be at 1%, and 2% for future years. However, when setting the 2021-22 budget the assumption was changed to a nil pay award, except for provision for the low paid staff to meet the expected minimum wage change. Future service provision and the Council's financial position will need to be considered in the longer term due to the impact of changes due to the pandemic, the economic and cost of living crisis currently being felt in 2022 due to other world events.
- Capital Expenditure – This is determined by policy and the Council's approved capital programme and asset replacement programme.

Cash Resources

The Council's cash resources at 31 March 2022 are shown in note 17. The approved minimum level of general fund reserves to be held at the start of the financial was £6.3m to cover

unexpected expenditure or delays in income from the sale of council assets. However, the minimum level of reserves was reduced to £4m after considering the financial impact of Covid-19 in July 2020. Whilst the council currently holds £85.26m of usable reserves, the majority of this is committed to support the capital programme or is earmarked for specific purposes. The amount of revenue reserves to support the Council's activities has continued to be assessed as part of the quarterly monitoring of its Recovery Plan including progress on the savings expected over the next 3 years. Currently in 2022-23 the target set in the budget was £267k and it is expected that these savings will be achieved. A one-off investment cost in the expansion of the Chichester Contract Services (CCS) waste service has been offset against the efficiency target to enable CCS to invest in service improvements that will generate additional efficiency savings or increased income in future years.

This Council has a good track record for achieving savings or income generation. The targets to be achieved from 2022-23 may be more challenging as most relate to new income opportunities and these may have to change considering any new Government initiatives for local authorities.

Revenue Expenditure Outlook

The Council's Medium Term Financial Strategy Model reflected the Council's best estimate of what may occur from 2022-23 and beyond. The Council's financial position was monitored monthly for the Government returns, which have now ceased in June 2022. The Finance team complete detailed quarterly monitoring. The 5 year Financial Strategy Model is reviewed and updated in year to assess the impact of financial risks, especially in light of the inflationary pressures being experienced due to world events in 2022. These updated forecasts will aid decision making to achieve a balanced budget along with the Future Services Framework tool which will be used, to ensure that the Council adheres to its financial objectives and the key financial principles.

Ultimately it has been via this medium term modelling that the Council has continued to be able to plan ahead, and implement sensible and considered efficiencies in a timely fashion. This planning has helped to avoid making severe service cuts, yet thus far enabled us to balance our budgets, and invest in new priorities. Additionally, it has enabled us to preserve the NHB funding for community benefit.

The Council's priority remains to maintain value for money front line services where possible, to enable it to continue providing important services to communities and others in Chichester District.

5. Risks & Uncertainties

The Council has a risk management policy and strategy which sets out the process for managing strategic and organisational risks in relation to the achievement of its objectives and performance targets. Normally the risk registers are the subject of bi-annual review by both the Strategic Risk Group and the Corporate Governance and Audit Committee and are reviewed regularly by the Corporate Management Team throughout the year. However, due to support resource issues the March 2022 review was delayed with the latest update considered by the Committee on 18 July 2022.

Each risk is scored in terms of the likelihood or occurrence and the potential impact. The assessment of impact reflects consideration of several concerns such as service disruption, financial loss, reputation, data security, personal safety and legal obligations. The scores are based on a range of "Major through to Minor". The assessment of likelihood, or probability, is based on a range of scores from "Almost Certain to Unlikely".

The key risks identified during the year and reported to the Corporate Governance and Audit Committee are:

Strategic Risk Description	Likelihood	Impact
<p>Financial Resilience</p> <ul style="list-style-type: none"> - Failure to maintain a robust and deliverable budget will lead to a lack of resources to fund services and council priorities, leading to reactionary decision making, and reputational consequence. - Failure to maximise efficient use of resources and so unsuccessful redirection of resources and not achieving objectives and outcomes of the council including efficiency savings identified under the Future Services Framework. - Failure to maximise income streams. - Unpredictable Government policy (e.g. localisation of business rates). - COVID-19 (Coronavirus) unpredictable economic impact. - Global inflationary pressures. 	Probable	Substantial
<p>Skills / Capability / Capacity</p> <ul style="list-style-type: none"> - Failure to have resilience in the staff structure, and so lack the right number of staff, with the right skills to deliver services, along with unrealistic expectations of services, which could lead to service failure, reputational damage and potential litigation. 	Probable	Substantial
<p>Business Continuity</p> <ul style="list-style-type: none"> - Failure to react to an incident that would adversely affect the delivery of services, including leading to a breach of the council's statutory duties under the Civil Contingencies Act and result in both inability to service the community and suffer reputational damage. 	Probable	Moderate
<p>Health & Safety</p> <ul style="list-style-type: none"> - Failure to adhere to H&S policies and procedures leading to death or serious injury of an employee or third party resulting in prosecution under H&S legislation, adverse publicity, fines and possible custodial sentences. Such failures may also lead to civil claims for compensation. 	Unlikely	Major
<p>Cyber Risk Attack Across ICT Estate</p> <ul style="list-style-type: none"> - Failure to protect the Council against a cyber-attack across the ICT estate resulting in service disruption and reputational damage. Mitigation is focussed in three areas; software designed to protect, user awareness to reduce complacency and continual updating of systems (patching). - The Principle of CIA; this provides the basis for the CIA triad – Confidentiality, Integrity and Availability – for data security. 	Probable	Substantial
<p>Southern Gateway Regeneration</p> <ul style="list-style-type: none"> - Failure to deliver the outcomes of the project leading to reputational damage and financial exposure to CDC as lead partner, and potential repayment of the Local 	Almost Certain	Substantial

Strategic Risk Description	Likelihood	Impact
<p>Enterprise Partnership (LEP) (and other funding).</p> <ul style="list-style-type: none"> - Lack of engagement or buy in by other key partners, leading to CDC being isolated and unable to deliver outcomes. - Masterplan becomes commercially unviable due to certain market sectors' changes due to the impact of the Covid pandemic. 		
<p>Local Plan</p> <ul style="list-style-type: none"> - Failure to complete Local Plan Review and submit the Local Plan in accordance with the timetable set out in the Council's Local Development Scheme (LDS). This would mean that the Council would face continued challenge that it does not have an up to date Local Plan and the impact would be: - 5 year housing land supply (HLS) would continue to be assessed against a figure derived from the Government's standard methodology for assessing housing need the objectively assessed need (OAN) for housing rather than the housing requirement figure in the adopted Local Plan, making it harder to demonstrate a 5 year HLS. - Without a 5 year HLS the presumption in favour of sustainable development would apply, assessed against the policies in the National Planning Policy Framework (ref: para. 11). - Both 1. & 2. would result in an extension to the period of time in which the Council had to rely upon the <i>Interim Policy Statement for Housing Development to guide</i> the location and form of housing development with decisions being made through the planning application and appeal process, rather than in accordance with the development plan as it would be considered to be out of date. - The ability to plan and coordinate development with the provision of infrastructure would be reduced with an unplanned approach to the location of new development. - The potential for government intervention to take plan-making decisions out of the control of the Council. - Damage to the reputation of the Council for further delays in producing a Local Plan in line with its statutory duties as Local Planning Authority. 	Almost Certain	Substantial
<p>Climate Emergency Detailed Action Plan</p> <ul style="list-style-type: none"> - Failure to achieve the Council's carbon reduction target based on area-wide target and the Climate Emergency Action Plan. - Failure to obtain base data and evidence to support projects and evidence progress, leading to little or no improvement to the environmental objectives and potential waste of resources (both staff and financial). 	Almost Certain	Moderate

Strategic Risk Description	Likelihood	Impact
Changing Use of the High Street in City and Rural Towns <ul style="list-style-type: none"> - Risk to the city and rural towns as a result of the changing use of the high street impacting their sustainability and vitality. - Failure to adapt to the changing use of the high street by consumers and businesses, impacting the local economy, and the wider financial impact on the council as a result of reduced income streams from car parks, business rates etc. 	Possible	Moderate
Crouchlands Lagoon 3 <ul style="list-style-type: none"> - Risk assessment by the Council that it has acted appropriately in considering its legal duties and in reviewing the on-going risks to the Council and the community from the site. 	Possible	Substantial
Housing – Increase in Homelessness Service demand due to increased cost of living and Ukraine Sponsorship Programme Impact <ul style="list-style-type: none"> - Failure to meet potential increase in homelessness service due to increased cost of living and Ukraine sponsorship programme. 	Possible	Substantial

6. The Forward Look

The Council has been able to react to the impact on the Council's financial position and adjust targets for the future to take account of behavioural change due to the impact of the pandemic. The most challenging aspect of financial planning is the continued uncertainty of government funding changes or the timing of some quite fundamental aspects of the local government funding pot. We continue to watch this space along with the impact of future Government plans under the Environment Bill. The current inflationary pressures both in terms of pay, fuel and utility costs have already required the 5 year model to be updated to consider not only in year pressures for 2022-23, but trying to forecast in the medium term. These new pressures currently have added a finding gap of up to £1.5m in the medium term based on key assumptions, so caveated with a health warning.

The Future Service Framework tool to aid bringing the Council back to a balanced budget will be refreshed again to aid members decision for the 2023-24 budget. It should be noted that the whole of the council is up for election in May 2023, so political uncertainties may also be part of the future uncertainties to be aware of.

In the 2022-23 the support required from the General Fund Reserve is lower at £808k, and the second year of the savings or income generation under the first two phases have been incorporated in the budget for the year. During the current evaluation process to inform the budget for 2022-23, a number of other cost pressures have been identified which are also affecting the longer term financial stability of the Council, such as the possible introduction of mandatory food waste collection. Currently these pressures are still known unknowns.

Due to the uncertainties, the Future Services Framework will be refreshed along with the 5 year model updated to help develop the budget for 2023-24. The expectation at this time is that support from revenue reserves will be required until the picture is clearer in terms of government funding, council priorities and the ongoing impact of inflationary pressures. The council will comply with the legal requirement to balance the budget with the drive to return to a sustainable footing in the use of reserves over the medium term and in line with its key financial principles.

Further Information

Further information about the accounts may be obtained from the Financial Services Team at the Council headquarters at East Pallant House, 1 East Pallant, Chichester PO19 1TY. In addition, interested residents of the district and members of the public have a statutory right to inspect the accounts during the period advertised on the Council website.

On completion of the audit, copies of the Statements of Accounts are available at the Council headquarters and will be published on the Council's website at www.chichester.gov.uk.

If you have any questions on any of the information included in the Council's Statement of Accounts, please contact the Financial Services Team on 01243 785166 or email finance@chichester.gov.uk.

J. Ward CPFA
Director of Corporate Services

Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council that officer is the Director of Corporate Services;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the statement of accounts.

The Director of Corporate Services' Responsibilities

The Director of Corporate Services is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Director of Corporate Services has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the local authority Code.

The Director of Corporate Services has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

I declare that the Statement of Accounts presents a true and fair view of the financial position of the authority at the accounting date and its income and expenditure for the year ended 31 March 2022. I confirm that the date of this declaration is the date up to which events have been considered for inclusion within the Council's Statement of Accounts and are therefore authorised for issue.

John Ward CPFA
Director of Corporate Services (S151 Officer)

Date

Approval for the Statement of Accounts

Richard Bates
Chairman of the Corporate Governance and Audit Committee

Date

**Independent Auditor's Report to the
Members of Chichester District Council**

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2020-21			2021-22			
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
			Taxation and Non-Specific Grant Income and Expenditure (see note 25)			
0	(12,263)	(12,263)	Council tax income	0	(13,004)	(13,004)
0	10,979	10,979	Non-domestic rates (NNDR)	0	4,674	4,674
0	(3,366)	(3,366)	Capital grants and contributions	0	(12,015)	(12,015)
0	(21,256)	(21,256)	Non ringfenced government grants	0	(11,157)	(11,157)
0	(25,906)	(25,906)		0	(31,502)	(31,502)
74,915	(82,662)	(7,747)	(Surplus) or Deficit on Provision of Services	76,084	(87,676)	(11,592)
			Items that will not reclassified to the (surplus) or deficit on the Provision of Services			
		501	(Surplus) or deficit on revaluation of non-current assets			(7,791)
			Re-measurement (gains) and losses on Pension Fund assets and liabilities:			
		42,729	- Actuarial (gains)/losses on pension assets/liabilities			(10,607)
		(43,647)	- Return on Assets excluding amounts included in net interest			5,155
			Items that may be reclassified to the (surplus) or deficit on the Provision of Services			
		(417)	Other Comprehensive Income and Expenditure			(13,243)
		(8,164)	Total Comprehensive Income and Expenditure			(24,835)

Balance Sheet

The Balance Sheet shows the value as at 31 March 2022 of the Council's assets and liabilities together with the reserves held by the Council.

31 March 2021 £000		Notes	31 March 2022 £000
	Property, Plant and Equipment	11	
115,386	▪ Land and Buildings		125,128
4,917	▪ Vehicles, plant, furniture and equipment		4,343
917	▪ Infrastructure		823
28	▪ Community Assets		28
808	▪ Assets under construction		4,071
5,996	▪ Surplus Assets not held for sale		5,996
13,668	Investment Property	12	13,872
	Intangible Assets	13	
312	▪ Software		265
	Heritage Assets	14	
6,842	▪ Tangible		6,842
22	▪ Intangible		22
32,631	Long Term Investments	15	33,994
20,386	Net Pensions Asset	29	21,504
1,147	Long Term Debtors	15	985
203,060	Total Long-Term Assets		217,873
	Current Assets		
45,017	Short term investments		23,002
129	Inventories		163
27,125	Short Term Debtors	16	16,942
11,450	Cash and Cash Equivalents	17	57,297
442	Assets held for sale – current <1yr		442
84,163	Total Current Assets		97,846
	Current Liabilities		
(35,459)	Short Term Creditors	18	(40,780)
(35,459)	Total Current Liabilities		(40,780)
	Long-Term Liabilities		
(5,906)	Long Term Creditors – S106 contributions		(4,829)
(79)	Credit Arrangements – Finance Lease		(67)
(2,833)	Provisions	19	(3,063)
0	Net Pensions Liability	29	0

31 March 2021 £000		Notes	31 March 2022 £000
(1,459)	Capital Grants Receipts in Advance		(658)
(10,277)	Total Long-Term Liabilities		(8,617)
241,487	Net Assets		266,322
	Usable Reserves		
(63,988)	General Fund Reserve		(58,870)
(2,821)	Capital Receipts Reserve		(1,713)
(16,343)	Capital Grants Unapplied Account		(25,566)
(83,152)	Total Usable Reserves		(86,149)
	Unusable Reserves	20	
(58,233)	Revaluation Reserve		(65,454)
(92,742)	Capital Adjustment Account		(97,985)
6	Financial Instruments Adjustment Account		3
1,369	Pooled Investment Fund Adjustment Account		6
(696)	Deferred Capital Receipts Reserve		(642)
(20,386)	Pension Reserve		(21,504)
12,347	Collection Fund Adjustment Account		5,403
(158,335)	Total Unusable Reserves		(180,173)
(241,487)	Total Reserves		(266,322)

John Ward CPFA
Director of Corporate Services (S151 Officer)

Date

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable' reserves. The statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The net '(Increase) /Decrease in year' line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement.

		2020-21 £000										2021-22 £000				
Page 84	General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves		General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves			
		(48,038)	(1,928)	(13,279)	(63,245)	(170,078)	(233,323)	Balance brought forward	(63,988)	(2,821)	(16,343)	(83,152)	(158,335)	(241,487)		
	(7,747)	0	0	(7,747)	(417)	(8,164)	Total Comprehensive Income and Expenditure	(11,592)	0	0	(11,592)	(13,243)	(24,835)			
	(8,203)	(893)	(3,064)	(12,160)	12,160	0	Adjustments between accounting basis & funding under regulations (Note 10)	16,710	1,108	(9,223)	8,595	(8,595)	0			
	(15,950)	(893)	(3,064)	(19,907)	11,743	(8,164)	(Increase) / Decrease In year	5,118	1,108	(9,223)	(2,997)	(21,838)	(24,835)			
	(63,988)	(2,821)	(16,343)	(83,152)	(158,335)	(241,487)	Balance carried forward	(58,870)	(1,713)	(25,566)	(86,149)	(180,173)	(266,322)			

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

2020-21 £000		2021-22 £000
(7,747)	Net (surplus) or deficit on the provision of services	(11,592)
(3,228)	Adjustments to net surplus or deficit on the provision of services for non-cash	4,553
1,649	Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities	1,674
(9,326)	Net Cash flows from Operating Activities	(5,375)
	Interest	
4	Interest Paid	(13)
(1,833)	Interest Received	(1,627)
(1,829)		(1,640)
	Investing Activities	
1,996	Purchase of property, plant and equipment, investment property and intangible assets	5,294
396,073	Purchase of short-term and long-term investments	268,446
596	Other payments for investing activities	157
(671)	Proceeds from the sale of property, plant and equipment, non-current assets held for sale, investment property and intangible assets	(262)
(386,075)	Proceeds from short-term and long-term investments	(290,455)
(5,349)	Capital Grants	(10,061)
(983)	Other receipts from investing activities	(929)
5,584	Net Cash flows from Investing Activities	(27,811)
	Financing Activities	
(13,701)	Other receipts from financing activities	(21)
14,142	Other payments from financing activities	(11,009)
441	Net Cash flows from Financing Activities	(11,028)
(5,130)	Net (increase) / decrease in cash and cash equivalents	(45,847)
	Cash and cash equivalents (Note 17)	
6,320	○ at the beginning of the reporting period	11,450
11,450	○ at the end of the reporting period	57,297
(5,130)	Movement in Cash (increase)/decrease	(45,847)

Notes to the Accounts

1. Accounting Policies

1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2021-22 financial year and its position at the year-end of 31 March 2022. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22 supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

1.2 Going Concern

The requirements set out in the Accounting Code of Practice in respect of going concern reflect the economic and statutory environment in which the Council operates. These provisions confirm the Council has no ability to cease being a going concern as described by IAS 1 Presentation of Financial Statements (i.e. management deciding to liquidate the entity or cease trading).

The Council's Section 151 officer has a duty each year to provide a statement on the robustness of the Council's budget and adequacy of reserves. This statement can be found in the Council's published budget papers associated with the meeting of the Cabinet on 1 March 2022. This meeting also considered the Council's Treasury position and projections within the Council's Treasury Management strategy for 2022-23. Both these documents are underpinned by the Council's financial strategy, originally approved in November 2021 and subject to regular updates in line with Council priorities and the evolving economic picture. There has been no material deterioration on the Council's resources of liquidity since that date that would invalidate the analysis and conclusions reached by the Section 151 officer.

Conclusion

The Council has sufficient cash to ensure its liquidity and has set a balanced budget for 2022-23 whilst maintaining adequate reserve cover in line with its medium financial plan and wider financial principles. The Council forecasts that it will have sufficient revenue reserves to cover foreseeable operational activity over the next 12 months.

The Authority's section 151 officer is satisfied, pursuant to section 25 of the Local Government Act 2003, that these forecasts remain robust as at the date of authorisation of these accounts and are likely to remain so for a period extending 12 months from this date.

These accounts have therefore been prepared on a going concern basis; assessed up to 31 July 2023.

1.3 Recognition of Income and Expenditure

In recognising revenue from contracts with service recipients, the Council differentiates between:

- Exchange Transactions, in which the Council directly receives consideration of approximately equal value for the provision of assets or services, or has liabilities extinguished in return for these goods or services; and,

- Non-exchange Transactions where the Council receives value from another entity without directly giving approximately equal value in exchange; or where the Council gives value to another entity without receiving approximately equal value in exchange.

For non-exchange transactions, the Council recognise revenue when it is probable that the economic benefits associated with the transaction will flow to the authority, and the amount of the revenue can be reliably measured.

For revenues from exchange transactions arising from contracts, revenue is recognised in a way that reflects the pattern in which goods or services are transferred to service recipients and performance obligations are fulfilled, subject to the following paragraph.

For services where the recipient consumes continuing services as they are provided (generally these are the routine and recurring activities undertaken by the Council on a regular basis) the Council recognises revenue when it has a right to invoice for services or goods provided. The largest area of income that this relates to the Council's commercial and domestic waste collection services.

Where the Council makes charges in advance for individual services carried out in fulfilment of a statutory or contractual responsibility these charges will be recognised when the Council's performance obligation is discharged.

Revenue from the sale of goods not covered by the above principles is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.

Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.

Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure based on the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

1.4 Discontinued Operations

Operations may be discontinued because of an asset or disposal group being put up for sale, and not simply transferred to another part of the public sector. Transactions relating to operations that are discontinued are presented separately on the face of the Comprehensive Income and Expenditure Statement and the Balance Sheet (including prior period comparatives).

1.5 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value and held by the Council for the purpose of meeting its short-term cash requirements.

In the Cash Flow Statement, cash and cash equivalents may be shown net of any bank overdrafts that are repayable on demand and form an integral part of the Council's cash management strategy.

1.6 Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise because of a change in accounting policies or to correct a material error.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

1.7 Accounting for Taxation

Under the Code, taxation income included in the Comprehensive Income and Expenditure Account for the year is the accrued income for the year. The difference between the taxation income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to a Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

Since the collection of taxation is in substance an agency arrangement, the Council as the billing authority recognises a creditor in its Balance Sheet for cash collected from taxpayers on behalf of major preceptors but not yet paid to them, or a debtor for cash paid to major preceptors in advance of it receiving the cash from taxpayers.

1.8 Employee Benefits

i. Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Council.

ii. Termination Benefits

When the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy, these costs are charged on an accruals basis to the respective Service line in the Comprehensive Income and Expenditure Statement.

iii. Post-employment Benefits

Employees of the Council are members of the Local Government Pensions Scheme, administered by West Sussex County Council. This scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council. Scheme Liabilities are discounted to their value at current prices, using a discount rate of 2.7%. The discount rate used to value scheme liabilities is either:

- For Government bonds, yield curves provided by the Bank of England;
- For Corporate bonds; a “Hymans Robertson” corporate bond yield curve constructed based on the constituents of the iBoxx AA corporate bond index.

Separate discount rates are set for individual employers, dependent upon their own weighted average duration (or term) of their benefit obligation.

The assets of West Sussex pension fund attributable to the Council are included in the Balance Sheet at their fair value:

- quoted securities – current bid price
- un-quoted securities – professional estimate
- unitised securities – current bid price
- property – market value.

1.9 Events after the reporting period

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the statement of accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the statement of accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the statement of accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the statement of accounts.

1.10 Financial Instruments and Investments

Financial Instruments. A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes, benefits and government grants, do not give rise to financial instruments.

The Council held no material derivative financial instruments or any assets which have been materially affected by interest rate benchmark reform at 31 March 2022.

Financial Liabilities A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Council. Loans and receivables are recognised on the Balance

Sheet when the Council becomes a party to the contractual provisions of a financial instrument.

Financial Assets A financial asset is a right to future economic benefits controlled by the Council that is represented by cash, equity instruments or a contractual right to receive cash or another financial asset or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Council.

Offsetting Financial Assets and Liabilities

Financial assets and liabilities are set off against each other where the Council has a legally enforceable right to set off and it intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Classification and Measurement of Financial Assets: Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics.

There are two classes of financial assets measured at:

- amortised cost; and,
- fair value through profit or loss (FVPL).

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Expected Credit Loss Model: Expected credit losses for financial assets held at amortised cost are recognised either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables, and contract assets and trade receivables with a significant financing component.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses.

Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed based on 12-month expected losses.

For trade and contract receivables without a significant financing component the Council has applied a simplified approach consistently to calculate expected credit losses, under which impairment losses are automatically based on lifetime expected credit losses, removing the need to consider changes in credit risk since initial recognition.

In accordance with the Code of Accounting Practice, no impairment loss allowance is recognised

for monies owed by Central and Local Government bodies.

Fair Values

Fair values are shown in note 15, split by their level in the fair value hierarchy:

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities
 - For the Council's investments in externally managed pooled funds, fund values published by the fund manager have been used as these represent the prices in the principal market within which the Council would normally conduct a transaction to sell the asset.
 - For the Stable or Low Volatility Net Asset Value money market funds, the valuation used assumes that, for each £1 for every of principal invested, the fund will return £1 of principal on withdrawal by the Council, plus interest.
- Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments.
- Level 3 – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness.

Other financial instruments are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2022, using the following methods and assumptions:

- The fair values of other long-term loans and investments have been discounted where required at the market rates for similar instruments with similar remaining terms to maturity on 31st March.
- The fair values of finance lease assets and liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate corporate bond yield, except where it is judged that this is not appropriate.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the low and stable interest rate environment.

The Council has not to date designated any Financial Assets as fair value through other comprehensive income.

1.11 Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third-party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied.

Where the recognition criteria are not met, the grants or contributions are held on the balance sheet as either as grants unapplied or accrued as creditors (see also Note 1.16).

Any grants or contributions where there are no conditions to be met, will be recognised immediately as income in the Comprehensive Income and Expenditure Statement.

1.12 Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

1.13 Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Property plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the inception of the lease (or the present value of future lease rentals of the minimum lease rentals, if lower).

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal and replaced by a long-term debtor in the Balance Sheet valued on the future income due under the finance lease.

Where the Council grants an operating lease over an asset, this is retained on the Balance Sheet. Rental income is recognised in the Comprehensive Income and Expenditure statement on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. if there is a premium paid at the commencement of the lease).

1.14 Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

When new assets are first acquired and recognised on the balance sheet as a non-current asset, the total value of the asset must be over the £10,000 de minimis.

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction – depreciated historical cost
- all other assets – fair (or current) value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are re-valued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Where decreases in value are identified:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer

- infrastructure, vehicles, plant, furniture and equipment – straight-line allocation over the useful life of the asset, as advised by a suitably qualified officer

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. Only assets with a gross book value of £500,000 and over are considered for componentisation.

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is re-valued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Depreciation is not charged on Assets Held for Sale.

1.15 Revenue Expenditure Funded from Capital under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council tax.

1.16 Section 106 Developer Contributions

Section 106 advances received are initially recognised as a creditor in the Council's accounts whilst the monies remain unspent to reflect the liability the Council has to the developer if the agreement is not fulfilled. Once the conditions of the agreement are met the advances are recognised as revenue income or capital contributions. See also Note 1.11.

1.17 VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. For 2021-22 no VAT is included as expenditure in these financial statements as the Council was able to recover all input VAT incurred on its purchases under s.33 of the Value Added Tax Act 1974.

2. Impact of accounting standards adopted in 2021-22

There are no new or amended accounting standards introduced during 2021-22 that have a material impact on the Council's financial statements.

3. Accounting standards that have been issued but have not yet been adopted

There are no accounting standard changes proposed for adoption into the 2022-23 Accounting Code of practice (being the relevant year of account) that would have a material impact on the entries recorded in these financial statements.

4. Critical judgements in applying accounting policies

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There is high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired because of a need to close facilities and reduce levels of service provision.
- As the accounting treatment and disclosures for operating and finance leases are significantly different, the Council has made judgements on whether its lease arrangements for land and buildings are operating or finance leases. These judgements are made in accordance with the Council's accounting policy on leases and are based on a series of tests designed to assess whether the risks and rewards of ownership have been transferred from the lessor to the lessee.
- The government has provided a range of financial support packages throughout the COVID-19 pandemic. These include additional funding to support the cost of services or offset other income losses and grant packages to be paid out to support local businesses.

The Code requires that the accounting treatment for transactions within these financial statements has regard to the general principle of whether the authority is acting as the principal or agent, in line with IFRS 15 Revenue from Contracts with Customers. In determining the status of each grant, we made the following judgements:

- Does the Council control the amount of the award to a third party?
- Does the authority determine the criteria for entitlement?
- Is there a reconciliation process that ensures the authority is funded in full for the grants paid out?
- Is the authority responsible for any overpayments?
- Analysis of the Government grant support where we judged the Council was acting as the Government's agent is contained in Note 21.

5. Assumptions made about the future and other major sources of estimation uncertainty

The preparation of the Statement of Accounts requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for income and expenditure during the year, in particular referring to paragraphs 126, 127 and 129 to 133 of IAS 1. However, the nature of estimation means that actual outcomes could differ from those estimates.

Where there are no recently observed market prices, future-oriented estimates are necessary to measure the recoverable amount of classes of property, plant and equipment, provisions subject to the future outcome of appeals, and long-term employee benefit liabilities such as pension obligations. These estimates involve assumptions about such items as the risk adjustment to cash flows or discount rates, future changes in salaries and future changes in prices affecting other costs

The key judgments and estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Business Rates

A provision has been recognised for the best estimate of the amount that businesses have been overcharged for Business Rates up to 31 March 2022. The estimate has been calculated using the Valuation Office ratings list of appeals and the analysis of successful appeals to date and those that might occur over the life of the rating list, when providing the estimate of total provision up

to and including 31 March 2022.

The Council's share of the balance of business rates appeals provisions held at this date amounted to £3.1m (2020-21 £2.8m).

The accuracy of this estimate will vary according to (1) the outcome of existing and future appeals against rateable values (b) the level of qualifying appeals received against the 2017 rating list. It is not practically possible now to determine the range of estimates that outcomes could fall within. The evidence to date suggests the present estimation is reasonable and no significant changes to assumptions are necessary.

Pensions Liability

Estimation of the net liability to pay pensions depends on several complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.

More information can be found in Note 29 about the sensitivity to changes in assumptions in respect of the discount rate used, mortality rates, salary inflation, and rates of increase to pensions in payment.

Impairment loss allowance

The Council has provided within its financial statements an estimated impairment allowance for relevant financial assets to reflect the risk that future cash flows will not be received. This allowance is by its nature an estimate. The accuracy of this estimate will depend on several factors including:

- The effectiveness of the Council's debt recovery arrangements
- The strength of the wider economy and whether there are further systemic shocks, such as another pandemic
- The accuracy of credit ratings used and of global default levels for each credit rating band

At 31 March 2022 the Council expects credit losses will continue to be higher than historic trends. This is due to the continuing credit impact of the pandemic and the wider economic strains presently being experienced on both households and businesses. It has maintained a market conditions adjustment to expected credit losses of 2x the calculated loss using historic data.

The accuracy of this judgement depends on the effectiveness of debt recovery processes, the regulatory environment, and the effect of local, national, and global factors on the UK and local economy.

Asset Valuations and Impairments

Any asset valuation and impairment is based upon on an estimate and the Council draws on the expertise of its valuer to calculate valuations, useful lives and impairment reviews in accordance with professional guidance.

The valuations disclosed in Note 11 and Note 12 were prepared during the period up to 31 March 2022, valuing the portfolio as at 28 February 2022 or earlier.

The valuation of Assets recognises that the Covid-19 pandemic and the measures taken to tackle it continue to affect economies and real estate markets globally. Nevertheless, as at the valuation

date property markets are mostly functioning again, with transaction volumes and other relevant evidence at levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, the valuations are not reported as being subject to 'material valuation uncertainty' as they were last year. It is recognised however that there is potential for market conditions to move rapidly in response to changes in the control or future spread of Covid-19, reflecting the importance of the disclosed valuation date to any reader of these accounts.

For financial assets other than for level 1 valuations, the Council has chosen a valuation technique that it judges is reasonable and is likely to produce a materially accurate estimation of the actual fair value of the asset. Information about the valuation techniques adopted is described above (1.10).

6. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources compared to resources consumed or earned by authorities in accordance with generally accepted accounting principles (GAAP).

2020-21			2021-22		
Net Expenditure Chargeable to the General Fund	Adjustments between funding and accounting basis	Net expenditure in the Comprehensive Income and Expenditure statement	Net Expenditure Chargeable to the General Fund	Adjustments between funding and accounting basis	Net expenditure in the Comprehensive Income and Expenditure statement
£000	£000	£000	£000	£000	£000
913	42	955	849	146	995
811	670	1,481	1,946	1,795	3,741
2,447	1,648	4,095	2,261	1,530	3,791
(1,265)	1,137	(128)	(4,268)	1,023	(3,245)
1,444	408	1,852	1,536	519	2,055
5,648	1,477	7,125	4,195	2,104	6,299
5,364	731	6,095	5,885	1,557	7,442
15,362	6,113	21,475	12,404	8,674	21,078
(31,312)	2,090	(29,222)	(7,286)	(25,384)	(32,670)
(15,950)	8,203	(7,747)	5,118	(16,710)	(11,592)
(48,038)			(63,988)		
(15,950)			5,118		
(63,988)			(58,870)		

6a. Note to the Expenditure and Funding Analysis

The following table provides further information in relation to the statutory adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts. More information about that effect of these entries on the Council's reserves in respect of these items is shown in note 20.

2020-21

Statutory adjustments for:

Capital £000	Pensions £000	Other £000	Total £000	
3	39	0	42	Leader
417	253	0	670	Planning Services
1,488	160	0	1,648	Community Services and Culture
997	140	0	1,137	Growth, Place and Regeneration
198	210	0	408	Housing, Communications, Licensing and Events
906	571	0	1,477	Environment Services and Chichester Contract Services
238	493	0	731	Finance, Corporate Services and Revenue and Benefits
4,247	1,866	0	6,113	Net Cost of Services
(6,744)	(458)	9,292	2,090	Other Income and Expenditure
(2,497)	1,408	9,292	8,203	Difference between the General Fund Surplus/ Deficit and surplus or deficit on the Provision of Services

2021-22

Statutory adjustments for:

Capital £000	Pensions £000	Other £000	Total £000
3	143	0	146
1,135	660	0	1,795
1,119	411	0	1,530
680	343	0	1,023
95	424	0	519
586	1,518	0	2,104
361	1,196	0	1,557
3,979	4,695	0	8,674
(16,714)	(361)	(8,309)	(25,384)
(12,735)	4,334	(8,309)	(16,710)

Adjustments for capital purposes – this column adds in depreciation and impairment and revaluations gains and losses in the services lines; and for,

Other operating expenditure this adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets,

Financing and investment income and expenditure, the statutory charges for capital financing (i.e. Minimum Revenue Provision and other revenue contributions) are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices, and,

Taxation and non-specific grant income and expenditure, capital grants are adjusted for income and not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year without conditions or for which conditions were satisfied throughout the year. The Taxation and non-specific grant income and expenditure line is credited with capital grants receivable in the year without conditions or which conditions were satisfied in the year.

Adjustments for Pensions - this column removes pension contributions and adds IAS19 *Employee Benefits* pension related income and expenditure, for

Services this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs,

Financing and investment income and expenditure the net interest on the defined benefit liability is charged to the Comprehensive income and expenditure statement.

Other adjustments – represents other differences between amounts debited/ credited to the Comprehensive Income and Expenditure Statement and amounts payable/ receivable to be recognised under statute, for

Services this represents the movement in the year of the amount accrued for short term accumulating employee absences,

Financing and Investment income and expenditure the column recognises adjustments to the General Fund for the timing differences for premiums and discounts,

Taxation and non-specific grant income and expenditure this represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to the received at the start of the year and the income recognised under generally accepted accounting principles in the Code. This is a timing difference as any difference will be brought forward in future surpluses or deficits on the Collection Fund.

6b Segmental Income Cost of Services

This note analyses the revenue income received from external customers on a segmental basis:

	2020-21 £000	2021-22 £000
Leader	0	4
Planning Services	(2,288)	(1,799)
Community Services and Culture	(61)	(8)
Growth, Place and Regeneration	(4,559)	(7,208)
Housing, Communications, Licensing and Events	(1,350)	(1,083)
Environment Services and Chichester Contract Services	(3,426)	(4,447)
Finance, Corporate Services and Revenue and Benefits	(272)	(308)
Total Income analysed on a segmental basis	(11,956)	(14,849)

7. Expenditure and Income Analysed by Nature

The authority's expenditure and income is analysed as follows:

	2020-21 £000	2021-22 £000
Expenditure		
Employee benefits expenses	21,683	25,350
Other service expenses	46,693	44,549
Depreciation, amortisation and impairment	3,080	2,441
Interest payments	21	9
Precepts and Levies	3,438	3,735
Total Expenditure	74,915	76,084
Income		
Fees, charges and other service income	(12,940)	(15,778)
Gain on the disposal of assets	(923)	(435)
Changes in the fair value of investments (gains)	(2,880)	(1,362)
Interest and Investment income	(2,020)	(2,254)
Income from taxation	(1,284)	(8,330)
Government grants and contributions	(54,902)	(40,170)
Other grants and contributions	(7,713)	(19,346)
Total Income	(82,662)	(87,676)
Surplus or Deficit on the Provision of Services	(7,747)	(11,592)

8. Events after the Reporting Period

The Statement of Accounts was authorised for issue by John Ward, Director of Corporate Services (\$151 Officer) on xx xxxxx 2023.

Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

The Statement of Accounts will be considered at a future Corporate Governance and Audit Committee and due to the anticipated timing of the external audit this is likely to be in March 2023.

9. Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet the General Fund in 2021-22.

	Balance at			Balance at			Balance at
	1 April	From	To	31 March	From	To	31 March
	2020	2020-21	2020-21	2021	2021-22	2021-22	2022
	£000	£000	£000	£000	£000	£000	£000
General Fund Balance	(15,254)	370	(1,635)	(16,519)	8,646	(1,042)	(8,915)
<u>Other Earmarked Reserves</u>							
Revenue Budget Support Reserve	0	0	0	0	0	(8,000)	(8,000)
Housing Reserve	(592)	469	0	(123)	123	0	0
Restructuring Reserve	(110)	96	0	(14)	0	(303)	(317)
Asset Reserve	(7,637)	539	(1,486)	(8,584)	507	(1,949)	(10,026)
Capital Projects Reserve	(902)	918	(501)	(485)	613	(438)	(310)
Grants and Contribution Reserve	(1,056)	935	(1,123)	(1,244)	159	(615)	(1,700)
New Homes Bonus Scheme Reserve	(15,169)	1,019	(1,585)	(15,735)	3,195	(1,556)	(14,096)
Investment Opportunities Reserve	(1,244)	0	0	(1,244)	0	0	(1,244)
Community Led Housing Grant Reserve	(1,179)	98	0	(1,081)	95	0	(986)
Investment Risk Reserve	(565)	0	(451)	(1,016)	0	(413)	(1,429)
Building Repair Reserve	(355)	42	(168)	(481)	8	(223)	(696)
Pagham Harbour Mitigation Reserve	0	0	0	0	37	(923)	(886)
Other Usable Reserves (Less than £500,000 in value)	(3,543)	1,845	(2,787)	(4,485)	1,788	(1,347)	(4,044)
Sub-Total	(32,352)	5,961	(8,101)	(34,492)	6,525	(15,767)	(43,734)
Retained Business Rates Equalisation Reserve *	(432)	432	(12,977)	(12,977)	6,756	0	(6,221)
Total General Fund Reserves	(48,038)	6,763	(22,713)	(63,988)	21,927	(16,809)	(58,870)

* The Retained Business Rates Equalisation Reserve is a reserve set up to account for the timing differences relating to the accounting transactions required under the Business Rates Retention Scheme. Under the Accounting Code any Collection Fund deficit due to a loss of Business Rates income in the year is not charged to the council's General Fund until 2022-23. As a result, the

balance on the Business Rates Equalisation Reserve will be drawn down to offset the Collection Fund deficit in 2022-23 and beyond. This reserve does not represent additional spending power taken forward into 2022-23.

10. Adjustments between accounting basis and funding basis under regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

The General Fund is statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the authority are to be met, except to the extent that the statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

Capital Receipts Reserve

The Capital receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year end.

Capital Grants Unapplied

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but have yet to be applied to meet expenditure. The balance is restricted by the grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

Adjustments between Accounting Basis and Funding basis

				2020-21			2021-22		
				General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000
Adjustments to Revenue Resources									
				Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:					
	(1,408)	-	-	• Pensions costs (transferred to/ from the Pensions reserve)	(4,334)	-	-		
	5	-	-	• Financial instruments (transferred to the Financial Instruments adjustments account)	4	-	-		
	(12,176)	-	-	• Council Tax and NDR (transfers to/ from the Collection Fund adjustment account)	6,944	-	-		
	0	-	-	• Holiday pay (transferred to the Accumulated Absences Reserve)	0	-	-		
	(839)	-	(3,064)	• Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (transferred to Capital Adjustment account)	8,199	-	(9,223)		
	2,880	-		• Reversal of changes in fair value measurement of relevant financial assets	1,362	-	-		
	(11,538)	0	(3,064)	Total Adjustments to Revenue Resources	12,175	0	(9,223)		
Adjustments between Revenue and Capital Resources									
	926	(926)	-	Transfer of non-current asset sale proceeds from revenue to the Capital Receipts reserve	564	(564)	-		
	0	0	-	Administrative costs of non-current asset disposals (funded from a contribution from the Capital Receipts reserve)	0	0	-		
	9	-	-	Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	13	-	-		
	2,400	-	-	Capital Expenditure financed from revenue (transfer to the Capital Adjustment Account)	3,958	-	-		
	3,335	(926)	0	Total adjustments between Revenue and Capital Resources	4,535	(564)	0		
Adjustments to Capital Resources									
	-	-	-	Use of the Capital Receipts Reserve to finance capital expenditure	-	1,776	-		
	-	-	-	Application of capital grants to finance capital expenditure	-	-	-		
	-	40	-	Cash payments in relation to Debtors	-	(51)	-		
	-	(7)	-	Cash payments in relation to deferred capital receipts	-	(53)	-		
	0	33	0	Total adjustments to Capital Resources	0	1,672	0		
	(8,203)	(893)	(3,064)	Total Adjustments	16,710	1,108	(9,223)		

11. Property, Plant and Equipment

	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Property, Plant & Equipment Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000
Movements in cost or values							
1 April 2020	119,085	13,918	4,500	28	6,078	235	143,844
Additions	524	455	0	0	0	573	1,552
Revaluations increases / (decreases) recognised in the Revaluation Reserve	(1,426)	0	0	0	(82)	0	(1,508)
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	(303)	0	0	0	0	0	(303)
Derecognition – disposals	0	(23)	0	0	0	0	(23)
Other reclassifications – transfers	0	0	0	0	0	0	0
31 March 2021	117,880	14,350	4,500	28	5,996	808	143,562
Additions	714	435	4	0	0	5,735	6,888
Revaluation increases / (decreases) recognised in the Revaluation Reserve	6,726	0	(9)	0	0	0	6,717
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	104	0	0	0	0	0	104
Derecognition – disposals	(1,192)	(1,184)	(3,047)	0	0	0	(5,424)
Other reclassifications – transfers	2,472	0	0	0	0	(2,472)	0
31 March 2022	126,704	13,600	1,448	28	5,996	4,071	151,847
Movements in depreciation and impairment							
1 April 2020	(2,085)	(8,336)	(3,348)	0	(30)	0	(13,799)
Depreciation charge	(1,454)	(1,116)	(235)	0	(5)	0	(2,810)
Depreciation written out to the Revaluation Reserve	897	0	0	0	35	0	932
Depreciation written out to the Surplus/Deficit on the Provision of Services	148	0	0	0	0	0	148
Derecognition – disposals	0	19	0	0	0	0	19
Reclassifications – transfers	0	0	0	0	0	0	0
At 31 March 2021	(2,494)	(9,433)	(3,583)	0	0	0	(15,510)
Depreciation charge	(1,530)	(1,006)	(90)	0	0	0	(2,627)
Depreciation written out to the Revaluation Reserve	1,071	0	1	0	0	0	1,072
Depreciation written out to the Surplus/Deficit on the Provision of Services	188	0	0	0	0	0	188
Derecognition – disposals	1,190	1,181	3,047	0	0	0	5,418
Reclassifications – transfers	0	0	0	0	0	0	0
At 31 March 2022	(1,576)	(9,258)	(625)	0	0	0	(11,458)
Net Book Value							
At 31 March 2021	115,386	4,917	917	28	5,996	808	128,052
At 31 March 2022	125,128	4,343	823	28	5,996	4,071	140,389

Depreciation

Non-current assets other than land are depreciated on a straight-line basis over their useful economic lives as identified in the table below, except where the Council believes that the useful life is so long as to make the depreciation immaterial.

Capital Commitments

At 31 March 2022 the council had entered into the following material capital commitments:

- Redevelopment of St James's Industrial Estate, Chichester (£3.2m)

Revaluations and asset lives

Valuations of land and buildings were carried out by the Council's in-house valuer in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment are based on depreciated historic cost.

Remaining Useful Life (Years)	Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets under Construction	Total
	Up to 65	Up to 45	Up to 45	Up to 988	-	-	
	£000	£000	£000	£000	£000	£000	£000
Carried at historic cost	0	4,336	819	28	0	6,543	11,726
Valued at fair value as at:							
2021-22	81,261	0	0	0	0	0	81,261
2020-21	11,711	0	0	0	17	0	11,728
2019-20	12,239	0	0	0	5,140	0	17,379
2018-19	12,461	0	0	0	838	0	13,299
2017-18	2,974	0	0	0	0	0	2,974
Total	120,646	4,336	819	28	5,995	6,543	138,367

12. Investment Properties

The following table summarises the movement in the fair value of investment properties over the year:

	2020-21 £000	2021-22 £000
Balance at start of the year	13,623	13,668
Additions:		
• Purchases	0	0
• Subsequent expenditure	0	0
• Transfer from PPE	0	0
Net gain/(losses) from fair value adjustments	45	204
Balance at end of the year	13,668	13,872

Valuation Techniques Used to Arrive at Level 2 Fair Values for Investment Property

The Estates team at the Council use market knowledge and experience gained through managing the Council's portfolio of Investment Properties. The Fair Value at Level 2 is determined by observable inputs and reflects the 'Highest and Best Use' of the asset. These include quoted prices paid for similar assets in an active market. Other techniques utilised include; analysis of existing rentals and lease periods, research into broader market rentals and yields and the covenant strength for existing tenants.

There has been no change in the valuation techniques used during the year for investment properties.

Highest & Best Use

The Fair Value of Investment Properties owned by the Council reflects the 'Highest and Best Use' of the asset. This can be further defined as the most probable use of the asset which is physically possible, appropriately justified, legally permissible, financially feasible and which results in the highest value of the property being valued. The highest and best use is their current use.

Valuers

The investment property portfolio has been valued at 31 March 2021 in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution for Chartered Surveyors. The Fair Value is assessed as Level 2 and based on observable inputs including quoted prices paid for similar assets in an active market, analysis of existing rentals and lease periods, research into broader market rentals and yields and the covenant strength for existing tenant.

13. Intangible Assets

The carrying amount of intangible assets is £265k and is amortised on a straight-line basis. Intangible assets totalling £59k were purchased in 2021-22, amortisation of £105k was charged to revenue in 2021-22.

14. Heritage Assets

The carrying value of Heritage assets is £6.864m. There were no additions or disposals during 2021-22.

Financial Assets

		Balance Sheet 31 March 2021 £000	Fair value 31 March 2021 £000	Balance Sheet 31 March 2022 £000	Fair value 31 March 2022 £000
	Level				
Financial assets held at Fair Value					
• Money market funds	1	9,500	9,500	54,400	54,400
• Pooled investment funds	1	32,631	32,631	33,994	33,994
Financial assets held at amortised cost					
• Lease receivables	3	712	2,475	716	2,346
Total		42,843	44,606	89,110	
Assets for which a fair value is not disclosed		50,074		28,250	
Total financial assets		92,917		117,360	
Recorded on the Balance sheet as:					
Long-term debtors and receivables		1,147		984	
Long-term investments		32,631		33,994	
Short-term debtors and receivables		2,671		2,082	
Short-term investments		45,017		23,003	
Cash and cash equivalents		11,451		57,297	
Total financial assets		92,917		117,360	

The fair value of short-term financial assets held at amortised cost, including trade receivables, is not materially different to the estimate fair value of these assets.

Credit Risk

The Council manages credit risk by diversifying investments across a range of counterparties with a set minimum credit rating. A counterparty limit exists covering Countries, Sectors and Company Groups that limit the Council's overall exposure to any single default or credit event.

The Council's maximum exposure to credit risk at the balance sheet date in relation to its investments with banks and other institutions is shown below. Recent experience has shown it is very rare for these entities to be unable to meet their commitments and based on the investments as 31 March 2021 no material credit loss is expected.

Credit Rating	31 March 2021 £000	31 March 2022 £000
AA-	5,000	
A+	-	6,000
Local Authorities	40,000	17,000
Unrated pooled funds	34,000	34,000
Total Investments	79,000	57,000
Cash and cash equivalents	11,451	57,297
TOTAL	90,451	114,297

The figures above are principal 'at risk' and are not adjusted for fair value movements or impairment

Liquidity Risk

The Council has access to borrowing at favourable rates from the Public Works Loan Board and other local authorities, and at higher rates from banks and building societies. There is no perceived risk that the Council will be unable to raise finance to meet its commitments and the Council has no material borrowing outstanding at the balance sheet date.

Market Risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its investments, although the effects on the Council of such movements are not considered to be material as most sums invested are at fixed interest rates for short periods.

The effect on the fair value of the Council's investments of a change in interest rates is shown below.

	31 March 2021	31 March 2022
Interest rate risk (effect of 1% increase in interest rates)	£000	£000
Decrease in the fair value of assets held at fair value	(511)	(530)
Decrease in the fair value of loans and receivables	-	
Decrease in the fair value of lease receivables	(507)	(500)

A fall in interest rates would have an equal and opposite effect.

The Council's investments in pooled investment funds are subject to the risk of changes in commercial property and equity prices together with a general risk relating to interest rates. The impact of these risks is shown in the table below:

Fund	Fair value £000	1% rise in interest rates Impact £000	5% equity price fall Impact £000	5% property price fall Impact £000
CCLA Property Fund	11,105	-	-	(526)
Pooled Funds	22,889	(470)	(378)	(48)
Money Market Funds	54,400	(59)	-	-

The Council is not currently exposed to exchange risk as all investments are denominated in £ Sterling.

Financial Liabilities

		Balance Sheet 31 March 2021 £000	Fair value 31 March 2021 £000	Balance Sheet 31 March 2022 £000	Fair value 31 March 2022 £000
Financial liabilities held at amortised cost					
• Lease payables	2	79	99	67	93
Liabilities for which a fair value is not disclosed		2,848		4,747	
Total financial liabilities		2,927		4,814	
Recorded on the Balance sheet as:					
Short term creditors		2,848		4,747	
Credit Arrangements – Finance Lease		79		67	
		2,927		4,814	

The value shown for debtors and creditors are different to the figures reported under notes 16 and 18 due to the exclusion of amounts not considered to be financial instruments.

16. Short Term Debtors

31 March 2021			31 March 2022			
Gross value £000	Provision £000	Carrying Value £000				
270	-	270	Central Government Bodies	1,010	0	1,010
2,817	(517)	2,300	Council Tax	1,271	(566)	705
14,887	(351)	14,536	Business Rates	3,911	(306)	3,605
4	-	4	Other local authorities and public bodies	661	0	661
547	(328)	219	Housing Rents	636	(587)	49
11,587	(1,847)	9,740	Other Sundry Debtors	12,205	(1,709)	10,496
30,112	(3,043)	27,069	Total short term debtors	19,695	(3,168)	16,526
		56	Payments in advance			416
		27,125	Total net Debtors & Payments in advance			16,942

Other sundry debtors comprise:

Debtors (Net)	£000
Community Infrastructure Levy	7,373
Scheduled	569
Housing Benefits	1,020
Trade and sundry	865
Capital	525
Other	144

Credit Risk: Debtors

The Council's approach to impairment of receivables is disclosed in note 1.10, above. The Council's credit risk on lease receivables is mitigated by its legal ownership of the assets leased, which can be repossessed if the debtor defaults on the lease contract.

In calculating expected credit losses, the Council either makes an assessment of specific instruments or class of instruments, or applies a loss matrix approach to calculating the expected credit loss where appropriate. The loss factors used in 2021-22 for this loss matrix approach are as follows:

Age of debt	Loss assumed after economic adjustment
0-34 days	4.2%
35-72 days	7.3%
73-102 days	23%
>102 days	37%

Loss allowances calculated using these factors are then multiplied by a factor to reflect the current and forecast economic conditions and overall collection performance. For 2021-22 this factor was 2.00 (2020-21 = 2.00). This adjustment increased our impairment provision for credit risk from £226k (based solely on the calculated percentages above) to £452k at year end.

17. Cash and cash equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

	31 March 2021 £000	31 March 2022 £000
Cash held by the Authority	2	2
Bank current accounts	1,948	2,895
Cash Equivalents	9,500	54,400
	11,450	57,297

18. Short Term Creditors (less than 12 months)

	31 March 2021 £000	31 March 2022 £000
Council Tax	375	361
Business Rates	579	637
Other local authorities and public bodies	326	1,276
Sundry Creditors	3,041	4,263
Central Government Bodies	30,152	27,947
s.106 Creditors	130	358
Housing Rents	226	185
Total	34,829	35,027
Receipts in advance	630	5,753
Total short-term creditors and receipts in advance	35,459	40,780

19. Provisions

The disclosed amount of £3,063k (£2,833k 2020-21) represents an amount set aside as the best estimate of the amount due from the Council for businesses have been overcharged business rates up to 31 March 2022. Further details can be found at note 3 to the Collection Fund.

20. Unusable Reserves

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its non-current assets.

2020-21		2021-22
£000		£000
(59,273)	Balance at 1 April	(58,233)
(3,198)	Upward revaluation of assets	(8,774)
3,699	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	984
501	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	(7,791)
538	Difference between fair value depreciation and historical cost depreciation	570
0	Accumulated gains on assets sold or scrapped	0
538	Amount written off to the Capital Adjustment Account	570
(58,234)	Balance at 31 March	(65,454)

Pooled Investment Funds Adjustment Reserve

The Pooled investment funds adjustment reserve (£7k loss) comprises the balance brought forward of (£1,369k loss) and a net unrealised gain in the year on pooled investment funds of £1,362k.

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction, or enhancement of those assets under statutory provisions.

2020-21 £000		2021-22 £000
(93,656)	Balance at 1 April	(92,742)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
2,810	• Charges for depreciation and impairment of non-current assets	2,627
155	• Revaluation losses on Property, Plant and Equipment	(292)
115	• Amortisation of intangible assets	105
2,882	• Revenue expenditure funded from capital under statute	3,719
(37)	• Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	57
5,925		6,216
(538)	Adjusting amounts written out of the Revaluation Reserve	(570)
5,387	Net written out amount of the cost of non-current assets consumed in the year	5,646
	Capital financing applied in the year:	
0	• Use of the Capital Receipts Reserve to finance new capital expenditure	(1,776)
(10)	• Statutory provision for the financing of capital investment charged against the General Fund	(13)
(2,018)	• Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(4,937)
(2,400)	• Capital expenditure charged against the General Fund	(3,958)
(4,428)		(10,684)
(45)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(205)
0	Movements in the value of assets held for sale debited or credited to the Comprehensive Income and Expenditure Statement	0
(92,742)	Balance at 31 March	(97,985)

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions.

2020-21 £000		2021-22 £000
(20,876)	Balance at 1 April	(20,386)
(918)	Remeasurements of the net defined benefit liability/(asset)	(5,452)
4,376	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	7,198
(2,968)	Employer's pensions contributions and direct payments to pensioners payable in the year	(2,864)
(20,386)	Balance at 31 March	(21,504)

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve records timing differences between gains recognised on the disposal of non-current assets and cash receipts.

Collection Fund Adjustment Account

The Collection Fund Adjustment Account records differences between the Council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement and the income calculated for the year in accordance with statutory requirements.

The balance this year represents the effect of reliefs awarded during 2021-22 and offsetting grant funding from the Government carried forward against the Council's share of the 2021-22 Council Tax and Business Rate collection fund deficits disclosed on page 67.

Under current collection fund accounting rules, this deficit will be charged against the Council's General Fund in 2023-23 and does not represent additional spending power taken forward into that year.

21. Agency Services

Following the approach set out in note 4, the following grants received during 2021-22 from Government have been excluded from the Council's revenue transactions where the Council is acting as the Government's agent.

	2020-21 £000	2021-22 £000
Balance b/f forming part of short-term creditors and debtors	0	10,333
Total receipts in year from the Government	58,482	13,590
Total payments made to businesses, taxpayers and other local organisations	(48,149)	(11,225)
Total repayments in year to the Government	0	(4,047)
Remaining balance forming part of short-term creditors and debtors	10,333	8,651

The Council provides a Planning Service on behalf of the South Downs National Park Authority (SDNPA).

	2020-21 £000	2021-22 £000
Expenditure incurred in providing a Planning Service to SDNPA	1,118	1,079
Management fee payable by SDNPA	(912)	(801)
Net (Surplus)/Deficit arising on the agency arrangement	206	277

22. Members' Allowances

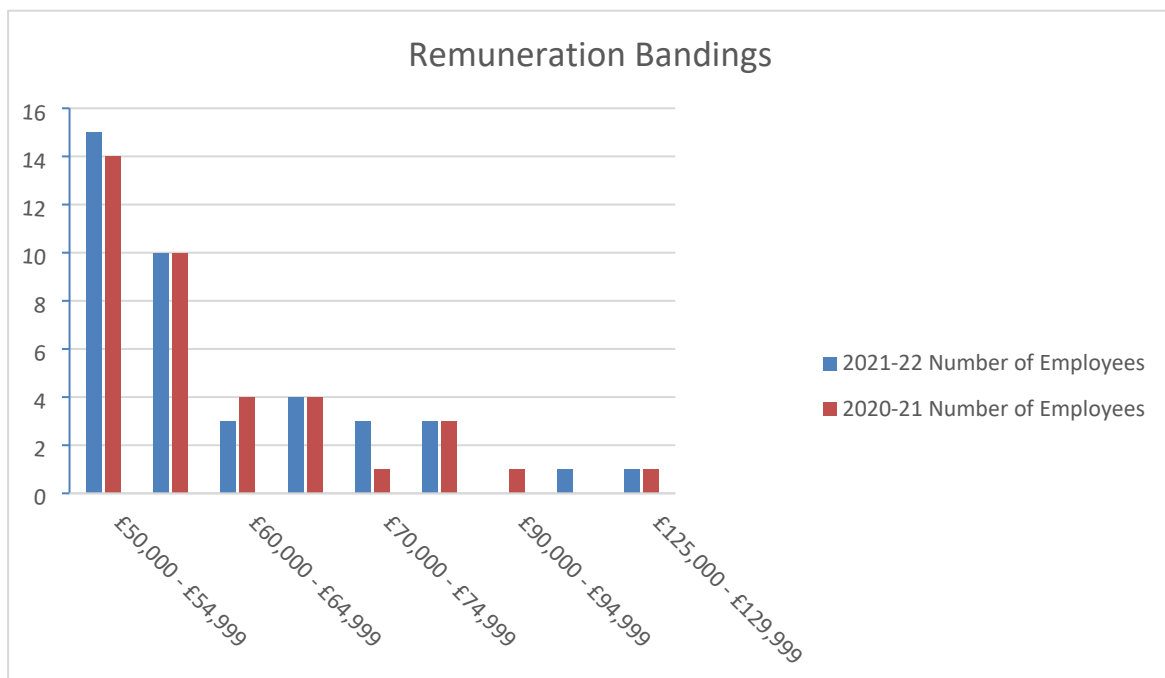
The Council paid £278k (2020-21, £273k) to members of the Council during the year. A detailed list of the allowances paid to each member can be found on the Council website.

23. Officers' Remuneration

The remuneration paid to the Council's senior employees is as follows:

Post Title	Salary, Fees and Allowances £		Pension Contribution £		Total £	
	20-21	21-22	20-21	21-22	20-21	21-22
Chief Executive	126,118	127,783	25,560	24,628	151,678	152,411
Service Director - Corporate Services / S151 Officer	93,736	95,144	18,954	18,298	112,690	113,441
Service Director - Growth & Place	88,240	89,551	17,833	17,213	106,073	106,764
Service Director - Housing & Communities Services	88,240	89,551	17,833	17,213	106,073	106,764
Service Director - Planning & the Environment	88,163	89,473	17,817	17,198	105,980	106,671
	484,497	491,502	97,996	94,549	582,493	586,051

The Council's employees, including the senior officers separately disclosed, as receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:



Salary range bandings that are zero for both financial years have been omitted. The number of exit packages with total cost per band and total cost of the compulsory and other redundancies

are set out in the table below:

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22
	£	£	£	£	£	£	£	£
£0 - £20,000	1	1	0	2	1	3	5,969	15,288
£20,001 -£40,000	0	0	1	1	1	1	32,287	31,024
£40,001 -£60,000	0	0	1	0	1	0	57,560	0
Total	1	1	2	3	3	4	95,815	46,312

To meet the Council's deficit reduction plan, services are reviewed and where necessary restructured. It is Council policy that where an employee receives compensation for the loss of their position, any resulting pension costs are deducted from the payment they are entitled to receive, subject to the statutory minimum.

24. External Audit Costs

		2020-21 £000	2021-22 £000
Fees payable to Ernst & Young LLP with regard to external audit services carried out by the appointed auditor for the year	- Planned	38	38
	- Prior Year Additional	21	42
Fees payable to Ernst & Young LLP for the certification of grant claims and returns for the year	- Planned	12	12
	- Prior year Additional	27	0
Total		98	92

25. Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2021-22.

	2020-21 £000	2021-22 £000
<u>Credited to Taxation and Non Specific Grant Income and Expenditure</u>		
Capital grants and contributions	3,366	12,015
New Homes Bonus Scheme	1,585	1,461
Business Rates Retention Scheme Grants	14,459	8,178
Sales, Fees and Charges Compensation Scheme	2,707	443
COVID-19 Local Authority Emergency funding	1,672	569
Other Government Grants	833	506
Total	24,622	23,172
<u>Credited to Services</u>		
Benefits Subsidy	26,791	23,776
Disabled Facilities Grant	1,706	1,678
COVID-19 Business Support Grants	4,707	2,112
Other Grants & Contributions	3,918	7,165
Total	37,122	34,731

26. Related Parties

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows the reader to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party’s ability to bargain freely with the Council.

Central Government

Central government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council tax bills, housing benefits). Grants received from government departments are set out in note 25.

Members and Officers

Members of the Council have direct control over the Council’s financial and operating policies. A survey of the Council’s chief and statutory officers and staff was undertaken as well as a review of the Register of Members’ Interests and the schedule of payments to suppliers greater than £500. This did not identify the potential for a member of the Council, or a Council officer to affect the policies of both the Council, and another entity, in their mutual dealings with each other.

27. Capital Expenditure and Capital Financing

Capital expenditure incurred in the year amounted to £10.672m of which £6.888m was spent on operational non-current assets (Note 11), £0.059m on Intangible Assets (Note 13) and £3.719m was revenue expenditure funded from capital under statutory provision. The expenditure total is shown in the table below together with the resources that have been used to finance it.

Where capital expenditure is financed by a credit arrangement (e.g. borrowing), the expenditure results in an increase in the Capital Financing Requirement (CFR) being the value of unfinanced capital expenditure incurred historically. The CFR is ultimately financed from annual amounts set aside from revenue in accordance with the Council’s policy for Minimum Revenue Provisions (MRP). The CFR is analysed as follows:

	2020-21 £000	2021-22 £000
Opening Capital Financing Requirement	(1,434)	(1,360)
Capital investment in year	4,502	10,672
Financed by:		
Capital Receipts	0	(1,776)
Government grants and other contributions	(2,018)	(4,937)
Sums set aside from revenue	(2,400)	(3,958)
Minimum Revenue Provision	(10)	(13)
Closing Capital Financing Requirement	(1,360)	(1,372)

28. Leases

Council as Lessor

Finance Leases

The Council has gross investments in leases for sporting facilities and a crematorium. The sums comprise the minimum lease payments expected to be received over the remaining terms and the residual values anticipated for the properties when the leases come to an end. The minimum lease payments comprise settlement of the long-term debtors for the interest in the properties acquired by the lessee and finance income that will be earned by the Council in future years whilst the debtor remains outstanding. The gross investment is made up of the following amounts:

	31 March 2021 £000	31 March 2022 £000
Finance lease debtor		
• Current	53	57
• Non-current	642	586
Unearned finance income	22,197	22,112
Unguaranteed residual value of property	17	17
Gross investment in the lease	<u>22,909</u>	<u>22,772</u>

The gross investment in the lease and the minimum lease payments will be received over the following periods:

	Gross Investment in the Lease		Minimum Lease Payments	
	31 March 2021 £000	31 March 2022 £000	31 March 2021 £000	31 March 2022 £000
Not later than one year	156	156	139	139
Later than one year and not later than five years	556	492	556	492
Later than five years	22,198	22,123	22,198	22,123
	<u>22,910</u>	<u>22,771</u>	<u>22,893</u>	<u>22,754</u>

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

Operating Leases

The Council leases out property and equipment under operating leases for the following purposes:

- For the provision of community services, such as sports facilities, tourism services and community centres
- For economic development purposes to provide suitable affordable accommodation for local businesses

The future minimum lease payments receivable under non-cancellable leases in future years are:

	31 March 2021	31-Mar-22
	£000	£000
Not later than one year	2,900	2,788
Later than one year and not later than five years	9,669	9,514
Later than five years	96,280	97,230
	<u>108,848</u>	<u>109,533</u>

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

Council as Lessee

Finance Leases

The Council has acquired 19 Multi-functional printer devices under a finance lease. These are carried as Property, Plant and Equipment in the balance sheet. The value of the obligation to make payments under this lease is disclosed in note 15.

Operating Leases

The Council access several pieces of land that are classified as operating leases. The minimum lease payments payable at the balance sheet date are £346k (2020-21 £376k) with 57% of this sum due later than five years from the balance sheet date.

29. Defined Benefit Pension Schemes

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until the employees retire, the Council has a commitment to make the payments (for those benefits) and to disclose them at the time that the employees earn their future entitlement.

The Council operates a defined benefit pension scheme that is administered by West Sussex County Council. This is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

The West Sussex County Council pension scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Pensions Panel of West Sussex County Council. Policy is determined in accordance with the Pension Fund Regulations.

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute.

The figures disclosed have been provided by Hymans Robertson, the Actuary to the West Sussex County Council Pension Fund.

Further information about the scheme and its financial position can be found in West Sussex

County Council's Pension Fund's Annual Report which is available upon request from the Corporate Finance Section, County Treasurer's Department, West Sussex County Council, County Hall, Chichester, West Sussex PO19 1RG, or by visiting www.westsussex.gov.uk.

Discretionary Post-retirement Benefits

Discretionary post-retirement benefits on early retirement are an unfunded benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

Transactions Relating to Post-employment Benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against Council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Account and the General Fund Balance via the Movement in Reserves Statement during the year:

	2020-21 £000	2021-22 £000
<u>Comprehensive Income and Expenditure Statement</u>		
Cost of Services:		
Service cost comprising:		
• current service cost	4,831	7,559
• past service cost	3	0
• (gain)/loss from settlements	0	0
Financing and Investment Income and Expenditure:		
Net interest expense	(458)	(361)
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services (reversed in the Movement in reserves statement)	4,376	7,198
Remeasurement of the net defined benefit liability comprising:		
• Return on plan assets (excluding the amount included in the net interest expense)	(43,647)	5,155
• Actuarial (gains) and losses arising on changes in demographic assumptions	414	(9,632)
• Actuarial (gains) and losses arising on changes in financial assumptions	44,067	(8,738)
• Other experience (gains) or losses	(1,752)	7,763
Total Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statement	(918)	(5,452)
Actual amount charged against the General Fund Balance for Pensions in the Year:		
Employer's contributions payable to scheme	2,968	2,864

The amount included in the Balance sheet arising from the authority's obligation in respect of its defined benefit plan is as follows:

Movements in the Fair Value of Scheme Assets

	Local Government Pension Scheme	
	2020-21 £000	2021-22 £000
Scheme Assets		
Opening fair value of scheme assets	180,769	227,625
Interest income	4,144	4,540
Remeasurement gain/(loss):		
• the return on plan assets, excluding the amount included in the net interest expense	43,647	(5,155)
Contributions from employer	2,968	2,864
Contributions from employees into the scheme	949	1,032
Benefits paid	(4,852)	(4,835)
Other experience (gains) or losses	0	1,886
Fair value of plan assets	227,625	227,957
Less: Scheme Liabilities		
Opening balance of scheme liabilities at 1 April	159,893	207,239
Current Service Cost	4,831	7,559
Interest Cost	3,686	4,179
Contributions from scheme participants	949	1,032
Actuarial (gains)/losses arising from changes in demographic assumptions	414	(9,632)
Actuarial (gains)/losses arising from changes in financial assumptions	44,067	(8,738)
Other experience (gains) or losses	(1,752)	9,649
Past service cost	3	0
Benefit paid	(4,852)	(4,835)
Liabilities extinguished on settlements		
Present value of the defined benefit obligation	207,239	206,453
Net (liability)/asset arising from defined benefit obligation	20,386	21,504

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The fund liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, estimates for the fund being based on the latest full valuation of the scheme at 31 March 2022.

The significant assumptions used by the actuary have been:

	Local Government Pension Scheme	
	2020-21	2021-22
Long-term expected rate of return on assets in the scheme:		
Equities, Bonds, Property and Cash	2.00%	2.70%
Mortality assumptions		
Longevity at 65 for current pensioners:		
Men	22.1	22.3
Women	24.4	24.7
Longevity at 65 for future pensioners:		
Men	23.1	23.2
Women	26.1	26.5
Financial assumptions		
Rate of inflation	2.85%	3.20%
Rate of increase in salaries	3.35%	4.70%
Rate of increase in pensions	2.85%	3.20%
Rate for discounting scheme liabilities	2.00%	2.70%

As at the date of the most recent valuation, the duration of the Council's funded obligations is 20 years.

Sensitivity Analysis

The estimation of the defined obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all other assumptions remain constant.

Change in assumptions at year ended 31 March 2022	Approximate % increase to Employer Obligation	Approximate monetary Amount (£000)
0.1% decrease in Real Discount Rate	2%	3,790
1 year increase in member life expectancy	4%	8,258
0.1% increase in the Salary Increase Rate	0%	475
0.1% increase in the Pension Increase Rate	2%	3,281

Projected Pension Cost for the period to 31 March 2023

	31 March 2023	
	% of pay	£000
Projected Current Service Cost	43.8%	6,385
Interest Income on Plan Assets	-42.1%	(6,140)
Interest Cost on Scheme Liabilities	38.5%	5,609
Total	40.2%	5,854

The Actuary estimates the Council's Employer's contributions for the period to 31 March 2023 will be £2,682,000.

The contributions paid by the Employer are set by the Fund following an actuarial valuation. For

further details on the approach adopted to set contribution rates for the Employer, please refer to the latest formal valuation report and Funding Strategy Statement.

30. Contingent Liabilities

The Council also has several potential claims relating to ongoing legal matters. At this time the Council's best estimate of the contingent liability associated with these issues is £150k.

Collection Fund Statement

The Collection Fund (England) is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers of Council tax and national non-domestic rates and its distribution to local authorities and the Government.

Collection Fund Income and Expenditure Account	Year to 31 March 2021			Year to 31 March 2022		
	Business Rates	Council Tax	Total	Business Rates	Council Tax	Total
	£000	£000	£000	£000	£000	£000
INCOME						
Council Tax Receivable		100,084	100,084		106,715	106,715
Reliefs charged to the Council's General Fund		336	336		379	379
Business Rates Receivable	18,972		18,972	34,794		34,794
Transitional Protection payment	175		175	-		-
Total Income	19,147	100,420	119,567	34,794	107,094	141,888
EXPENDITURE						
Apportionment of Previous Year Estimated Surplus / (Deficit)						
Central Government	120		120	(15,336)		(15,336)
West Sussex County Council	(26)	412	386	(3,610)	(884)	(4,494)
Chichester District Council	96	66	162	(12,269)	(141)	(12,410)
The Police and Crime Commissioner for Sussex		57	57		(123)	(123)
	190	535	725	(31,215)	(1,148)	(32,363)
Precepts, Demands and Shares						
Central Government	23,772		23,772	23,769		23,769
West Sussex County Council	4,754	77,884	82,638	4,754	81,546	86,300
Chichester District Council	19,018	12,414	31,432	19,015	12,956	31,971
The Police and Crime Commissioner for Sussex		10,822	10,822		11,601	11,601
	47,544	101,120	148,664	47,538	106,103	153,641
Charges to the Collection Fund						
Transitional Protection payment	0		0	65		65
Increase / (Decrease) in Bad Debts Provision	0	532	532	57	591	648
Increase / (Decrease) in Bad Debts Provision (prior year)	0		0	207		207
Increase / (Decrease) in Provision for Appeals	730		730	576		576
Cost of Collection Allowance	199		199	202		202
Disregarded amounts	137		137	137		137
	1,066	532	1,598	1,244	591	1,835
Total Expenditure	48,800	102,187	150,987	17,567	105,546	123,113
Surplus / (Deficit) arising during the year	(29,653)	(1,767)	(31,420)	17,227	1,548	18,775
Surplus / (Deficit) b/fwd 1 April	(897)	(380)	(1,277)	(30,550)	(2,147)	(32,697)
Surplus / (Deficit) c/fwd 31 March	(30,550)	(2,147)	(32,697)	(13,323)	(599)	(13,922)

Notes to the Collection Fund Account

1. General

This statement reflects the statutory requirement for the Council, as the billing authority for the Chichester District, to maintain a Collection Fund that is separate from the main accounts of the Council. The Collection Fund accounts for the income relating to Council tax and non-domestic rates on behalf of those bodies for which the income has been raised. The costs of administering the collection of this income are accounted for in the General Fund.

2. Income from Business Rates

The Council collects national non-domestic rates (NNDR) for its area based upon the rateable values provided by the Valuation Office Agency (VOA), multiplied by a uniform business rate multiplier set national by the government. The total non-domestic rateable value at the 31 March 2022 was £128,854,102 (compared with £129,559,785 on 31 March 2021). The national multipliers for 2021-22 were 51.2p for the standard non-domestic rating multiplier, and 49.9p for qualifying small businesses. Both these figures remain unchanged from 2020-21.

NNDR receipts are shared between central government, the District Council (40%), West Sussex County Council (10%) and Central Government (50%).

The surplus or deficit on the Collection Fund for business rates at the end of the year is required to be distributed to or made good by contributions from the Council, West Sussex County Council, and the Government in relation to business rates in a subsequent financial year.

3. Provision for RV and list amendment appeals

The participants in the NDR collection fund are liable for refunding ratepayers who have successfully appealed against the business rates charged to their businesses in their proportionate share. The best estimate of the amount that businesses may have been overcharged up to 31 March 2022 is £7.7m. During 2021-22 £1.2m was charged against the existing provision for appeals and a charge against the collection fund of £1.8m was made for future potential liabilities, resulting in a net movement on the provision in year of £0.6m.

4. Council Tax

Council Tax derives from charges raised according to the value of residential properties which have been classified into nine valuation bands (A-H). Individual charges are calculated by estimating the amount of income required to be taken by the Collection Fund for the forthcoming financial year and dividing this by the Council Tax base (i.e. the equivalent number of Band D dwellings).

For Council tax setting purposes, the number of dwellings in each valuation band, converted to Band D equivalents and allowing for a collection rate 99.0%, was estimated to be as follows:

Council Tax Band	No. of Chargeable Dwellings	Ratio to Band D	Chargeable Base
Disabled Band A	4.3	5/9	2.4
Band A	2317.4	6/9	1544.9
Band B	5,164.8	7/9	4,017.0
Band C	12,914.8	8/9	11,479.8
Band D	10,804.8	9/9	11,086.6
Band E	7,976.3	11/9	9,748.8
Band F	5,524.3	13/9	7,979.5
Band G	5,318.0	15/9	8,863.3
Band H	1,156.5	18/9	2,313.0
Total	51,180.9		57,035.3

Adjustments required as per Regulations

Classes A & B (Second homes)	1,810.4
Class C (Exempt properties)	147.5
Tax base reduction for Council tax support	(4,464.1)
Tax Base	54,529.1
Adjusted for assumed collection rate of 99%	53,983.8

The surplus or deficit on the Collection Fund for Council tax at the end of the year is required to be distributed to or made good by contributions from the Council, West Sussex County Council and The Police and Crime Commissioner for Sussex in a subsequent financial year.

Glossary of Terms

Accrual

This concept recognises income and expenditure as it is earned or incurred, not as the money is received or paid.

Asset

An asset is a present economic resource controlled by the authority as a result of past events. Tangible assets include land and buildings, plant and machinery, and fixtures and fittings. Intangible assets include goodwill, computer software licenses, copyright and patents.

Actuarial Gains & Losses Re-measurement of Net Defined Benefit Liability (Pension)

Actuaries assess financial and non-financial information provided by the Council to project levels of future pension fund requirements. Changes in actuarial surpluses or deficits can arise leading to a loss or a gain due to:

- events have not coincided with the actuarial assumptions made for the last valuation
- the actuarial assumptions have changed

Agency Services

These are services that are performed by or for another Authority of public body where the principal (the Authority responsible for the service) reimburses the Agent (the Authority carry out the work) for the costs of the work.

Appointed Auditors

Public Sector Audit Appointments Ltd is regulates the appointment of external auditors to every local authority from one of the major firms of registered auditors. Ernst & Young LLP is the Council's appointed auditor.

Billing Authority

The local authority responsible for administering the collection fund. In shire areas the District Council is the billing authority.

Capital Expenditure

Expenditure on the acquisition or construction of non-current assets or expenditure that adds to and not merely maintains the value of an existing non-current asset that has a long-term value to the authority e.g. land and buildings.

Capital Adjustment Account (CAA)

A book-keeping reserve which forms part of the capital accounting system and is not available for use. It represents amounts set aside from revenue resources or capital receipts to finance expenditure on non-current assets or for the repayment of external loans.

Capital Programme

The authority's plan of capital projects and spending over future years. Included in this category is the purchase of land and buildings, the construction of new buildings, design fees, and major items of equipment.

Capital Receipts

Income from the sale of land or buildings which can be (partially) used to finance new capital expenditure, or to repay outstanding debt on assets originally financed from loan.

Carrying Amount

The cost or value less depreciation.

CIPFA

The Chartered Institute of Public Finance and Accountancy.

Community Assets

Assets that the Council intend to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal.

Contingent Liability

A liability that, at the balance sheet date, can be anticipated to arise if a particular event occurs. A typical example is a court case pending against the Council, the outcome of which is uncertain, but if the judgement were to be awarded against the Council the contingent liability would be required.

Creditors

A creditor is an organisation, body or individual from whom the Council has purchased goods or services but the payment for which has not been made.

Current Service Cost

The increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Curtailement

Curtailements show the cost of the early payment of pension benefits if any employee has been made redundant in the previous financial year.

Debtors

Organisations, bodies or individuals who have received goods or services from the Council for which the payment has not been received.

Deferred Credit

This is income that has been received before the period or periods to which it relates. The income is shown in the Balance Sheet.

Deficit

A deficit will arise where expenditure exceeds income. A deficit can be financed by reserves.

Depreciation

An annual charge made in the Council's revenue account to reduce the value of an asset held on the balance sheet over a period of years.

Economic resource

A right that has the potential to produce economic benefits, service potential, or both

Existing Use Value

This is a method of valuing property that achieves a valuation based on the current use of the asset.

Expenses

Expenses are decreases in economic benefits or service potential in the form of outflows or consumption of assets or increases of liabilities that result in decreases in reserves. Expenses include expenses that arise during the ordinary activities and losses such as revaluation of property, plant and equipment.

Fair Value

Fair Value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arms-length transaction. For land and buildings it is the amount

that would be paid for an asset in its existing use.

Finance Lease

A finance lease is a lease that transfers substantially all the risks and rewards of ownership of a fixed asset to the lessee.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. In a simple terms it covers both financial assets and financial liabilities such as trade debtors and trade creditors, to the more complex of derivatives e.g. swaps, and embedded derivatives e.g. debt instruments with embedded swaps.

General Fund

The main revenue fund of the Council that contains the net cost of all services provided by the District Council financed by local taxpayers and government grants.

Gross Book Value (GBV)

The GBV of a non-current asset is the purchase or re-valued value before depreciation has been deducted.

Heritage Asset

An asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

Historic Cost

The carrying amount of an asset as at 1 April 2007 (the date the revaluation reserve was created) or at the date of acquisition, whichever date is the later, and adjusted for subsequent depreciation or impairment (if applicable).

IFRS

International Financial Reporting Standards. These are defined accounting standards that must be applied by all reporting entities to all financial statements to provide a true and fair view of the entity's financial position, and a standardised method of comparison with financial statements of other entities.

Impairment Loss

A significant decline in the value of an asset that is specific to that asset.

Income

Income is increases in assets, or decreases in liabilities, that result in increases in reserves. Income includes both revenue arising in the normal operating activities of an authority and gains such as the revaluation of property, plant and equipment.

Infrastructure Assets

Assets that form the fabric of the land and provide a valuable service such as land drainage channels, footpaths, and roads.

Intangible Asset

These assets lack physical substance and represent purchased software and software licences.

Investment Property

An asset that is solely used to earn rentals, for capital appreciation, or both.

Irrecoverable Surplus (Pension)

The employer may not control or be able to benefit from the whole of a surplus – it may be so

large that the employer cannot absorb it all through reduced contributions. The amount recoverable through reduced contributions reflects the maximum possible to be recovered without assuming an increase in the number of employees covered by the scheme.

Liability

An obligation to transfer economic resource (usually money) because of a past transaction, for example the purchase of services will generate a liability to pay that supplier for the services received.

Market Value

This term is generally applied to the valuation of non-current assets. The market Value is the value that could be achieved if the asset were offered for sale with no restrictions that could affect its value.

Materiality

An item would be considered material to the financial statements if, through its omission or non-disclosure, the financial statements would no longer show a true and fair view.

National Non-Domestic Rates (NNDR) or Business Rates

This is a levy (or tax) charged on the rateable value of non-domestic properties (business properties) based upon a national rate in the pound set by the Government applicable to all local authorities. The proceeds are collected by the Council and then redistributed to preceptors in accordance to the proportions (shares) prescribed in the Business Rate Retention Scheme.

Net

This term is used where income for a service has been taken into account (i.e. offset against expenditure) thus reducing the total cost of that service.

Net Book Value

The purchase value or revalue of an asset less depreciation that has been applied to the asset since its purchase or revaluation.

Net Current Replacement Cost

Gross current replacement cost reduced to reflect obsolescence and environmental factors.

Net defined benefit liability (*asset*) (Pension)

The present value during the period in the net defined benefit liability obligation less the fair value of the plan assets (adjusted for the asset ceiling).

Net interest income (*expense*) (Pension)

The change during the period in the net defined benefit liability (asset) that arises from the passage of time. This includes allowance for interest on the current service cost.

Net Realisable Value

The existing use value of the (non-current) asset less any additional costs likely to be incurred in getting the assets into the ownership of the customer.

Non-Current Assets

Tangible and Intangible assets that yield benefits to the authority for a period of more than one year e.g. land and buildings.

Non-distributed Costs

This mainly relates to retirement benefits and charges in relation to non-operational assets.

Obligation

An obligation is a duty or responsibility that an authority has no practical ability to avoid. An obligation is always owed to another party (or parties), which could be one or more persons or entities, or society at large. It is not necessary to know to whom the obligation is owed.

Outturn

Total income and expenditure in the financial year.

Past Service Cost (Pension)

The change in the present value of the defined benefit obligation for employee service in prior periods, resulting from a plan amendment (the introduction or withdrawal of, or changes to, a defined benefit plan) or a curtailment (a significant reduction by the entity in the number of employees covered by the plan).

Precept

The levy (demand) made by the County Council, Parish and Town Councils, on the District Council's Collection Fund for their net expenditure requirements.

Present value of defined benefit obligation (Pension)

The present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

Property, Plant and Equipment

Assets held, occupied, or used or consumed by the Council in the direct delivery of the services for which it has either a statutory or a discretionary responsibility.

Provisions

Amounts set aside to meet liabilities or losses which are likely to occur, or certain to occur in the future, but where the exact amounts and/or dates are uncertain.

Reserves

Reserves represent the residual interest in the assets of the authority after deducting all its liabilities.

Revenue Expenditure

Day to day expenditure on the running of services. Includes staff costs, utility charges, rent and business rates.

Revenue Expenditure Funded from Capital under Statute (REFCUS)

Expenditure incurred in the year that may be capitalised under statutory provision but that does not result in the creation of a non-current asset that has been charged as expenditure to the Comprehensive Income and Expenditure Statement.

Revaluation Reserve (RR)

A reserve that over time will be built up by the upward revaluations of individual assets of the Council.

Settlement (Pension)

Settlement occurs when the Council enters into a transaction that eliminates all further legal or constructive obligation for part or all of the benefits provided under a defined benefit plan, for example, when a lump-sum cash payment is made to, or on behalf of, plan participants in exchange for their rights to receive specified post-employment benefits.

Surplus

A surplus will be generated where income exceeds expenditure. In some cases, a surplus will be transferred to an appropriate reserve.

Treasury Management

This is the process by which the Council controls its cash flow and its borrowing and lending activities.

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Statement of Accounts for 2021-22

Analysis of major variations

The outturn position for 2021-22 is a surplus of £1.042m against the original budget that is transferred to the General Fund Reserve.

Reconciliation of the outturn position to the financial statements

	<u>£000</u>	<u>£000</u>
(Surplus) or Deficit on Provision of Services		
Comprehensive Income and Expenditure Statement (CIES) on page 23, and shown as Total Comprehensive Income and Expenditure in the Movement in Reserves Statement on page 26		(11,592)
Adjustments between accounting basis & funding under regulations		
The reversal of accounting transactions contained within the CIES required in accordance with proper accounting practice but under statutory provisions not met by the resources of the Council. As per Note 10 on page 46, and shown as Adjustments between accounting basis & funding under regulations in the Movement in Reserves Statement on page 26		<u>16,710</u>
Net (Increase) / Decrease on the General Fund before transfer to or (from) Earmarked Reserves		5,118
Transfer to or (from) Reserves:		
As per the Note 9 on page 44		
Transfers from the General Fund to Earmarked Reserves	(8,646)	
Transfers from Earmarked Reserves	(6,525)	
Transfers to Earmarked Reserves	<u>15,767</u>	
		596
Transfer from Retained Business Rates Equalisation Reserve		(6,756)
(Surplus) / Deficit for the year on the General Fund Balance		<u><u>(1,042)</u></u>

The main variances between the General Fund latest approved budget and the outturn position in 2021-22 are as follows:

Ref	Overspends / Shortfall in Income	£000
1	Planning Applications	394
2	Provision for bad debts - Bed and Breakfast Accommodation	218
3	Correction to the accounting treatment for asset disposal costs	124
4	Vehicle Hire	151
5	Car Parks Service and Maintenance of Equipment	80
6	Provision for Bad Debts - Council Tax	72
7	Waste Services fuel	70
	Sub-total	1,109
Ref	Underspends / Additional income	£000
8	Leisure Centre Support	(390)
9	Insurance	(314)
10	Car Parks Pay and Display	(302)
11	Housing Benefit Overpayment	(269)
12	Investment interest	(255)
13	Estates rents	(217)
14	Bed and Breakfast Accommodation	(208)
15	Trade Waste	(153)
16	Green Waste	(137)
17	Rent Allowances	(121)
18	On Street Parking	(115)
19	Planning Performance agreements	(82)
20	Housing Contingency Fund	(81)
21	Public Conveniences NNDR	(77)
22	Provision for bad debts - Rent Allowances	(75)
23	Housing Benefits Court Costs income	(73)
24	Vehicle Workshop	(66)
25	Mileage/Public Transport	(64)
26	Car Parks Season Ticket income	(60)
27	Car Parks licence income	(51)
	Other variations less than £50,000 (net)	(494)
	Sub-total	(3,604)
	Total Service Variations	(2,495)
	Corporate Variations	
28	NNDR and council tax credits	(83)
	Total Corporate variations	(83)
	Total variation before additional Government Support	(2,578)
	Additional Government Support	
29	Sales, fees and charges compensation scheme	(274)
30	Business Rates Retention Scheme (BRRS)	(257)
31	Non ringfenced Government grants	(50)

	Total additional government support	(581)
	Total budget variations	(3,159)
32	Budgeted deficit on the General Fund	2,117
	(Surplus) / Deficit for the year –	(1,042)

The following paragraphs provide an explanation by the budget manager for the main variances:

Overspend / Shortfall in Income

1. Planning applications income - shortfall in income £393,700
This variance is due to the lack of high value applications during the year. This will be reviewed as during the 2023-24 budget process.
2. Provision for bad debts - Bed and Breakfast Accommodation - Additional cost £218,600
The bad debt provision was erroneously not increased in line with Housing debts increasing. As a result, there is a need for the budget to be increased to reflect the need for an adequate bad debt provision. Additionally Housing debt is being focussed on during 2022-23 to ensure sufficient management of it moving forward.
3. Correction to the accounting treatment for asset disposal costs – Additional cost £124,000
An error relating to the treatment of disposal costs for council assets held for sale was identified during the closedown of accounts for 2021-22. This error dates back over many prior financial years whereby an allowance from the income generated by sale of these assets to offset the costs of disposal had been accounted for before the sale had been realised. This error has now been corrected.
4. Vehicle hire - Additional cost £150,700
Vehicle hire has increased due to the current fleet breaking down more often than expected. The fleet is nearing its end of life and will be replaced shortly. We have also gained the school waste contract and added an additional route for trade and green waste. This has put additional strain on current resources which have been unreliable again resulting in additional vehicle hire. As the fleet gets replaced unexpected hire costs will reduce allowing the expenses to be more predictable. The total life costs of Refuse Collection Vehicles are also being reviewed to ensure the vehicle replacement occurs at the appropriate time.
5. Car Parks - Service and Maintenance of Equipment - Additional Cost £80,400
There has been an increase in cost of maintenance of parking payment machines as they have been in place for several years and starting to require more maintenance. Some of the element of cost is recharged to WSCC. Some of the overspend has been absorbed into underspends on Building Works and Contract Payment to give a net variance of £80,400.

6. Provision for bad debts - Council Tax additional Cost £71,700
Council Tax collection rates are being impacted by the wider economic pressures faced by households, leading to a potential rise in bad debts.
7. Waste Services fuel - Additional Cost £70,300
Waste Services fuel overspend caused by increased cost of fuel and additional rounds.

Underspends / Additional Income

8. Leisure Centre support - Underspend (£390,300)
Leisure Management support less than estimated due to better performance than forecast and the receipt of National Leisure Recovery Funding.
9. Insurance - Underspend (£314,000)
This underspend occurred because of:
 - The outcome of the procurement exercise for Insurance services.
 - The move to an 18-month insurance period for the initial period; and,
 - The budget not reflecting the contract period change.
10. Car Parks Pay and Display - Additional income (£302,000)
Pay and Display income received performed better than the budget as things begin to return to normal.
11. Housing Benefit Overpayments - Additional income (£269,300)
Recovery from invoices (debtors) during 2020-21 was paused due to the Covid pandemic. Recovery from ongoing benefit deductions continued. This attributed to a reduction in overpayments recovered for 2020-21. As a result in 2021-22 total recovered Housing Benefit overpayments increased. Recovery is expected to stabilise during 2022-23 to pre-pandemic levels although it is difficult to be certain of this and will be regularly monitored to inform future budget requirements.
12. Investment interest - Additional income (£255,000)
Investment return performance for pooled funds was expected to be affected negatively by the pandemic. In reality some were affected, others less so. The biggest variations between budget and actual relate to funds with an equity investment component which overperformed the budget by £180k between them. In effect, company distributions appear to have been more resilient to the effects of the pandemic than we expected. The Local Authority Property Fund (LAPF) also proved more resilient than expected (favourable variance £80k). Outside of this, there was a bump up in interest returns from the portfolio during the last quarter of the year as the base rate began its continuing rise.
13. Estates rents - Additional income (£217,200)
Originally budgeted for was an overall shortfall of £90k in property rents. The actual shortfall across all budget lines is now estimated at £34k to year end, giving a £56k surplus. In addition, there is unbudgeted income from completed rent reviews £70k, and additional income secured from a new lease £91k.
14. Bed and Breakfast Accommodation - Net underspend (£208,000)
The usage of nightly paid accommodation has not been as high as had been anticipated. Whilst Freeland Close units became available in March 2022 the reliance on nightly paid accommodation is unpredictable and is expected to remain

so due to the cost of living increase and potential implications of this on housing need.

15. Trade Waste - Net surplus (£153,100)
Increase in trade waste business as new contracts secured in 2021-22.
16. Green Waste - Net surplus (£136,800)
Additional income received due to an increase in green waste customers.
17. Rent Allowances - Net underspend (£120,800)
Expenditure for Rent Allowances was less than estimated. This is always difficult to predict as estimates are based on reduced expenditure because of migration to Universal Credit. This doesn't always follow the national picture at local level. This underspend represents a 0.5% variation when compared to the budgeted cost of housing benefit payments to claimants of some £24.5m.
18. On Street Parking - Additional Income (£114,900)
More running costs have been reimbursed than estimated for the Civil Parking Enforcement (CPE) 'on street' service, where the costs of the CPE service are split between (WSCC) 'on street' patrolling and (CDC car parks)'off street'. The sharing of costs is dependent upon on how many penalty charge notices issued either 'on street' in CDC car parks or 'off street' on the streets and highways.
19. Planning Performance Agreements - Additional income (£82,400)
Additional Planning Performance Agreement (PPA) income received due to strategic scale applications submitted. This will continue into 2022-23 to be reviewed as part of the 2023-24 budget process.
20. Housing Contingency Fund - Underspend (£80,900)
There was £144,100 spent from the Housing Contingency Fund leaving an unallocated amount of £80,900. The intention was to use this amount to cover Housing salary overspends but in 2021-22 we received the Homeless Prevention Grant which was ringfenced to be spent within the current financial year so this grant was drawn down upon instead and there was no call to use the Housing Contingency Fund.
21. Public Conveniences National Non Domestic Rate (NNDR) - Underspend (£77,000)
Public Conveniences have been granted 100% business rates relief back to 1 April 2020, so a refund was received in 2021-22 for 2020-21.
22. Provision for bad debts - Rent Allowances - Underspend (£120,800)
Bad debt provision for Housing Benefit overpayments – As a result of the amount of Housing Benefit overpayment debt reducing, the bad debt provision held has been lowered to reflect this.
23. Housing Benefits Court Costs income - Additional income (£72,900)
Due to the Covid pandemic recovery action suspended in 2020-21. This resulted in more debts being rolled forward and collected in 2021-22 and as a result an increase in court costs.

24. Vehicle Workshop - Underspend (£66,000)

An additional £100k was added to the Budget 2021-22 for vehicle repairs, as the current aging fleet cost an additional £100k in repair costs during 2020-21. In 2021-22 only essential works have been carried out on fleet vehicles where they are due to be replaced in 2022-23.

25. Mileage/Public Transport- Underspend (£64,500)

The introduction of flexible working arrangements and a change to the way of working during and after the pandemic has led to a reduced need for officers to travel either by car or public transport to perform their role. Many meetings and training events are now held virtually rather than in person resulting in an underspend on travelling costs across council services. This budget was reduced as part of the 2023-24 budget process.

26. Car Parks Season Ticket income - Additional income (£60,000)

Pay and Display income received performed better than the budget as things begin to return to normal.

27. Car Parks licence income - Additional income (£50,900)

This relates to Car Parks and some of this is due to ad hoc requests such as temporary access licences, use of parking bays for skips or shopmobility vans parking up for day and is therefore difficult to accurately predict. For 2022-23 there has been a £20,000 budget increase to try and reflect this reoccurring trend.

Corporate Variations

28. Write off of CTAX & NNDR credits - Additional income (£83,000)

Council tax and business rate accounts that are overpaid are monitored to ensure that all steps are taken to refund the account holder. If after a period of six years attempts to make a refund have failed, these sums are transferred to the general fund. This task is performed annually with an estimate of £30,000 being provided in the base budget for these transactions. In 2020-21 this work was not undertaken as staff resource was focussed on the Council's response to the pandemic. This work was subsequently performed as part of the process for 2021-22.

Additional Government Support

29. Sales fees and charges compensation scheme - Additional income (£274,000)

As a consequence of lock downs, government restrictions and social distancing measures the government set up a scheme to compensate local authorities for irrecoverable and unavoidable lost income from sales, fees and charges generated in the delivery of services that was provided for in their 2020-21 budgets. Under the scheme authorities must absorb losses of up to 5% of its planned 2020-21 income from sales, fees and charges, with the government compensating them for 75p of every pound of relevant loss thereafter. This scheme was extended to include the first three months of 2021-22, and an estimate of £227k was included in the base budget. The actual sum claimed under this scheme for 2021-22 was £501k, £274k above the estimate.

30. Business Rates Retention Scheme (BRRS) - Additional income (£257,100)

BRRS has been subject to significant variability due to the pandemic and the Government response in terms of additional reliefs and grants. The outturn variation of £256,729

represents a 7.8% difference to the £3.25m estimate for BRRS in the 2021-22 base budget.

31. Non ringfenced Government grants - Additional income (£50,000)

The government provided the council with additional non ringfenced funding support during the financial year. This includes:

- Council Tax Annexe Discount grant of £42k, and,
- Transparency code set up grant of £8k.

These grants have been used to support the general fund in 2021-22.

32. Budgeted deficit on General fund

When the base budget was agreed by Council in March 2021, it included a sum of £2,099,300 that was to be transferred from the council's general fund to provide for the forecasted budget deficit for the year. During the year this sum was increased to £2,116,700 as commitments to and from the general fund changed. This budgeted deficit is therefore included within the overall surplus on the fund for the financial year.

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Chichester District Council

CORPORATE GOVERNANCE AND AUDIT COMMITTEE

17th July 2023

**2021-2022 Annual Governance Statement
and Corporate Governance Report**

1. Contacts

Report Author:

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2. Recommendation

The Committee is requested to:

- 2.1. **Consider the draft Annual Report on Corporate Governance at appendix 1, the Annual Governance Statement 2021-2022 (appendix 2), and Internal Audit and Corporate Investigations Annual Report 2021-2022 (appendix 3), and to recommend these to the Council for approval.**

3. Main Report

- 3.1. Members are being asked to recommend the Annual Governance Statement for 2021-2022 for approval to Council. This report has been delayed due to the fact that there have been holdups with signing off the Council accounts for this period by the Councils External Auditors (Ernst & Young).
- 3.2. All members have a responsibility for corporate governance. However, this committee is charged with identifying and looking at key risk areas in greater depth. This is to provide assurance to the Council and members that its business is conducted in accordance with the law and proper standards; that public money is safeguarded and properly accounted for, and used economically, efficiently, and effectively.
- 3.3. Under its terms of reference, the Committee is required to report each year, or at any time where significant issues or concerns are raised on corporate governance and the internal arrangements in place to monitor and control risks.
Attached at Appendix 1 is a draft report to the Council to fulfil this requirement which the Committee is requested to consider.
- 3.4. In order to sign up to such a statement, members of the Committee will need assurance that key systems are in place within the Council. As such the Council's Internal Audit Service has the responsibility to independently review and report to the Committee, appendices 2 and 3 set out their findings.

4. Background

4.1. Not Applicable

5. Outcomes to be achieved

5.1. Not Applicable

6. Proposal

6.1. Not Applicable

7. Alternatives that have been considered

7.1. Not Applicable

8. Resource and legal implications

8.1. Not Applicable

9. Consultation

9.1. Not Applicable

10. Community impact and corporate risks

10.1. Not Applicable

11. Other Implications

Are there any implications for the following?		
	Yes	No
Crime and Disorder		√
Climate Change		√
Human Rights and Equality Impact		√
Safeguarding		√
Other (please specify)		

12. Appendices

12.1. Appendix 1 – Annual Report of Corporate Governance and Audit Committee

12.2. Appendix 2 – Annual Governance Statement 2021-2022

12.3. Appendix 3 – Internal Audit and Corporate Investigations Annual Report 2021-2022

13. Background Papers

13.1 None

Chichester District Council

Report of Corporate Governance and Audit Committee to Full Council

Background

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively.

To this end members and senior officers are responsible for ensuring that proper arrangements exist for the governance of the Council's affairs and stewardship of its resources.

The Corporate Governance & Audit Committee considered the Strategic and Organisational Risk Registers to ensure the adequacy of the Council's actions to control and manage risks.

During 2021/2022 the ten highest risks identified in the Corporate Risk Register were:

- **Southern Gateway:** Failure to deliver the outcomes of the project leading to reputational damage and financial exposure to CDC as lead partner, and potential repayment of the Local Enterprise Partnership and other funding.
- **Climate Emergency Detailed Action Plan:** Failure to have a Climate Emergency Action Plan in place.
- **Financial Resilience:** Failure to maintain a robust and deliverable budget will lead to a lack of resources to fund services and council priorities, leading to reactionary decision making, and reputational consequences. Failure to maximise income streams.
- **Business Continuity:** Failure to react to an incident that would adversely affect the delivery of services, including leading to a breach of the Council's statutory duties under the Civil Contingencies Act and result in both inability to service the community and reputational damage.
- **Cyber Risk across ICT Estate:** Failure to protect the Council against a cyber-attack across the ICT estate resulting in service disruption and reputational damage.
- **Local Plan:** Failure to complete the Local Plan Review and achieve an adopted Local Plan. This would mean that the Council would face challenge that it does not have an up to date Local Plan and the impact it would have.

- **Housing - Potential Increase Homelessness Service Demand due to Increased cost of living and Ukraine Sponsorship programme impact:** Failure to meet potential increase in homelessness service demand due to increased cost of living and Ukraine sponsorship programme.
- **Skills, Capability, Capacity:** Failure to have resilience in the staff structure, and so lack the right number of staff with the right skills to deliver services, along with unrealistic expectations of services, which could lead to service failure, reputational damage and potential litigation.
- **Crouchlands Lagoon 3:** Failure to take appropriate Planning Enforcement and Emergency Planning action.
- **Health & Safety:** Failure to adhere to H&S policies and procedures leading to death or serious injury of an employee or third party resulting in prosecution or other enforcement action under H&S legislation, adverse publicity, fines and possible custodial sentences. Such failures may also lead to civil claims for compensation.

The 5-year Financial Model is a medium term forecast of the financial position of the Council at a moment in time, which has been updated to reflect current assumptions; which includes Government funding, council tax projections, as well as projected costs and previous planned efficiencies. It also contains the second of the three-year programme of efficiency savings to be adopted to address the budget deficit as a result of Covid-19 impact, taking into account any changes required from previous assumptions taking into account the achievements against those built into the 2021-22 approved budget.

It was noted that the model reflects a high-level forecast of the potential financial position of the Council over the medium term, using known changes, plus a lot of assumptions using information available at the time of its approval in November each year. Therefore, as we are in a period of a high degree of uncertainty, this makes the strategic forecasting very difficult.

It was necessary to use reserves to help balance the budget in the medium term, whilst the efficiencies and policy options under the Future Services Framework are implemented over the short to medium period. This approach is to take into account that the scale of the reductions will be challenging for officers to implement and adopt into their services, so the process needs to be carefully managed.

The model reflects 75% of the proposed savings and policy options to allow some flexibility in the implementation of the proposals as some are aspirational, relate to income generation opportunities, or are to an extent outside of the Council's direct control. Ultimately being prudent in the model will help to mitigate some of the risk that the required savings will not be realised.

The model will also take in account known cost pressures which the Council has no choice in budgeting for; some of which will impact not only the current year but the budget for 2022-23 and beyond i.e. pay award for 2021-22, higher NI costs along with market premia to address high demand skill shortages (HGV drivers), rising fuel and utility costs.

The Fair Funding Review and the localisation of Business Rates (BR) have again been delayed by the Government with no detail as to when these reviews will impact the local government financial settlement. Expectation is that some of these changes will not occur in this Parliament. The delay in resetting the Baseline for Business Rates continues to be good news, as the Council continues to benefit from the growth achieved so far. The

anticipated impact of the Baseline reset is that the Council will retain approximately £1.5m less per annum under this funding regime change. The exact timing of this change is currently unknown; so, it has been assumed in the model that this change may occur from 2023-24. Potentially the provisional local government settlement for 2022-23 announced in December '21 may give an indication of the timing of this change.

Annual Governance Statement

The Annual Governance Statement as attached at appendix 2 has been prepared in accordance with the CIPFA / SOLACE guidance on "Delivering Good Governance in Local Government". The Statement is attached and clearly sets out the 7 fundamental principles of good governance (A to G) as identified below:

- A Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- B Ensuring openness and comprehensive stakeholder engagement.
- C Defining the outcomes in terms of; sustainable economic, social and environmental benefits.
- D Determining the interventions necessary to optimise the achievement of the intended outcomes.
- E Developing the entity's capacity, including capability of its leadership and the individuals within it.
- F Managing risks and performance through robust internal control and strong public financial management.
- G Implementing good practices in transparency reporting, and audit to deliver effective accountability

Other Potential Risk Issues

The drafting of the Annual Governance Statement has highlighted some risks that are ongoing and receiving attention from those charged with governance. These can have common themes and may overlap with other areas of risk that have been identified. They are being monitored to track whether there are any changes in their risk score.

Other than those areas set out above, which are themselves subject of further on-going review, members of the Committee are assured that key systems are in place within the Council. This is supported by the internal audit service, which has the responsibility to review independently and report to Committee.

Cllr Bates
Chairman of Corporate Governance & Audit Committee

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Annual Governance Statement 2021/2022

What is the Annual Governance Statement?

Legislation requires local Authorities to prepare and publish the Annual Governance Statement, in order to report publically on the effectiveness of the Council's governance arrangements. The statement provides an overview of the current governance framework and a summary of the review of the effectiveness of Chichester District Council's governance framework for 2021/2022 (which coincides with the annual statement of accounts). The statement communicates significant governance issues that have been identified during the review and sets out how the authority will secure continuous improvement in these areas during the coming year.

What do we mean by Governance?

By governance, we mean the arrangements that are put in place to ensure the intended outcomes for local people are defined and achieved. It comprises the systems and processes, culture and values, by which local government bodies are directed and controlled. Good governance is about making sure the Council does the right things, in the right way for the right people, in a timely inclusive, open honest and accountable manner.

Scope of Responsibility

Chichester District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. It also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, Chichester District Council is responsible for putting in place proper arrangements for the governance of its affairs, and facilitating the exercise of its functions, which includes arrangements for the management of risk.

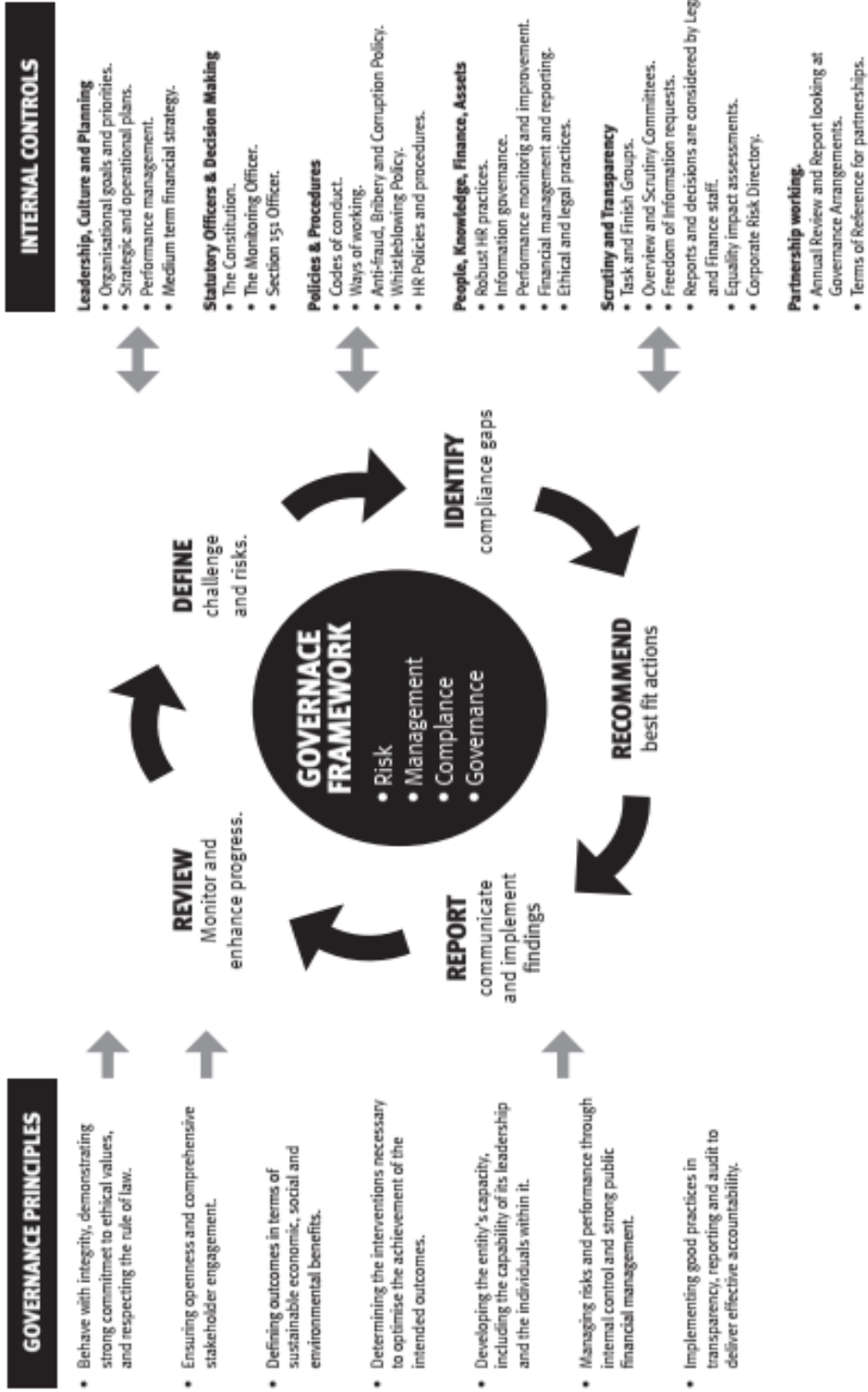
About the Council

Chichester District Council comprises 36 Councillors who represent 21 wards across the district. The District Council operates under a Leader and a Cabinet structure with Cabinet Members responsible for individual portfolios.

The Council employs around 564 full and part-time members of staff and provides a range of services to residents. The Head of Paid Services, The Monitoring Officer, The Section 151 Officer and the Electoral Registration and Returning Officer make up the statutory roles within the Council.



Chichester District Council



CIPFA/SOLACE Good governance principles and the local code of governance

In 2016 CIPFA/SOLACE issued revised best practice guidance for 'Delivering Good Governance in Local Government'. The framework sets out seven principles that should underpin the governance of each Local Authority. The following sections look at how the Council is held to account for these seven principles.

A. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.

The Constitution

The constitution sets out how the Council operates; the roles and responsibilities of members, officers and the scrutiny and review functions; how decisions are made; and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people.

Head of Paid Services

The role of the Chief Executive, also known as the Head of Paid Services is appointed in accordance with Section 4 of the Local Government and Housing Act 1989 to ensure that all the authority's functions are properly co-ordinated as well as organising staff and appointing appropriate management.

The Monitoring Officer

The Monitoring Officer is a statutory function and ensures that the Council, its officers, and its elected members, maintain the highest standards of conduct in all they do. The Monitoring Officer is assisted when required by appointed deputies. The Monitoring Officer ensures that the Council is compliant with law and regulations, as well as internal policies and procedures. He is also responsible for matters relating to the conduct of Councillors and Officers, and for monitoring and reviewing the operation of the Council's Constitution. The Monitoring Officer for Chichester District Council is Nicholas Bennett, the Divisional Manager Legal & Democratic Services.

Section 151 Officer

Whilst all council members and officers have a general financial responsibility Section 151 of the Local Government Finance Act 1972 specifies that one officer in particular must be responsible for the financial administration of the organisation and that this officer must be CCAB qualified. The Section 151 Officer for Chichester is John Ward, the Director of Corporate Services.

Codes of Conduct

When joining the Council, members and officers are provided with a contract outlining the terms and conditions of their appointment. All staff must sign a code of

conduct and declare any financial interests, gifts and hospitality on a public register. Additionally, members are expected to declare any interests at the start of every meeting that they attend in accordance with Standing Orders. Members and officers are required to comply with the approved policies.

Anti-Fraud & Corruption Policy

The Council takes fraud, corruption and maladministration very seriously. The culture of the Council sets the foundation for the prevention of fraud and corruption by creating an environment that is based upon openness and honesty in all council activities. The Council's Anti-Fraud and Corruption Policy was last updated April 2018.

Whistleblowing Policy

The Council is committed to high standards of openness and probity and accountability in all of its practices. The policy encourages employees and others to raise serious concerns within the Council rather than ignoring a problem or raising the matters externally. The Policy was last updated in February 2022. Any disclosures should be made in writing to the Council's Monitoring Officer.

Corporate Governance & Audit Committee

The Corporate Governance & Audit Committee has responsibility for reviewing reports that deal with issues that are key to good governance and undertakes the function of an Audit Committee. The committee has an agreed set of terms of reference which sets out their roles and responsibilities of its members. The committee normally meets four times a year and is made up of 8 members from 3 political parties and a local alliance.

B. Ensuring openness and comprehensive stakeholder engagement

Engagement and Communication

It is recognised that people need information about what decisions are being taken locally, and how public money is being spent in order to hold the Council to account for the services they provide.

Consultations

The Council has a number of consultation projects in operation and invite feedback from members of the public on a number of subjects. The Council also operate a Let's Talk Panel which members of the public can sign up to. Each time there is a new survey members of the panel are emailed to see if they would like to participate. The Council promotes the Let's Talk Panel and surveys that are active on social media channels to encourage people to take part.

Complaints

There is a complaints procedure in place for the Council to receive and investigate complaints made about service delivery and against its members or staff. Details of which can be found on the Council's website. Results of complaints investigated together with the report on all complaints dealt with by the Local Government Ombudsman are reported annually to the Corporate Governance and Audit Committee.

Partnership Working

There are 10 strategic level partnerships that the council is involved with to deliver improved outcomes for the residents of the District Council. Some of the partnerships do not have exit strategies in place. This is because we do not lead or manage these partnerships and we are limited in what governance can be put in place, but officers are satisfied with how the partnerships are being run. All Council run partnerships have robust governance in place.

C. Defining outcomes in terms of sustainable, social and environmental benefits

The Council measures its key priorities by a range of performance indicators which are set out within the Corporate Plan and monitored through Pentana, the Council's performance monitoring software. Reports on the progress of these performance indicators are available on the Council's website.

Corporate Governance & Audit Committee (CG&AC), Cabinet and then Council agreed the key financial principles of the 5-year financial strategy, which included continuing to review the Council's costs in order to find further savings or income generation opportunities. As part of the budget process a Task and Finish Group meets once a year to discuss the forthcoming budget, reviewing what is happening in the current year for any impact or opportunities in the new financial year, and any changes in priorities or service demands.

The Council publishes its Annual Statement of Accounts in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) guidelines and International Financial Reporting Standards. As uncertainty continues to surround the current economic and financial climate and in particular public sector spending plans, it is clear that central funding cuts of local councils will continue. The Council is therefore committed to delivering its own services more effectively in the light of these planned reductions.

The Council continues to track national events, quantifying local impact and taking early action to manage the impact. The objective is to put the Council in the best possible position to deal with the financial and other challenges it faces whilst still protecting the most vulnerable members of the community. It is important that the issues and the scale of the financial position are understood, and the Council is

committed to finding solutions and options. The Financial Strategy sets out the current financial position, the challenges and uncertainties faced by the Council, and the principles to be used to address the issues identified and the actions required, whilst adhering to the key financial principles.

The 5-year Financial Model is a medium term forecast of the financial position of the Council at a moment in time, which has been updated to reflect current assumptions; which includes Government funding, council tax projections, as well as projected costs and previous planned efficiencies. It also contains the second of the three-year programme of efficiency savings to be adopted to address the budget deficit as a result of Covid-19 impact, taking into account any changes required from previous assumptions taking into account the achievements against those built into the 2021-22 approved budget.

It was noted that the model reflects a high-level forecast of the potential financial position of the Council over the medium term, using known changes, plus a lot of assumptions using information available at the time of its approval in November each year. Therefore, as we are in a period of a high degree of uncertainty, this makes the strategic forecasting very difficult.

It was necessary to use reserves to help balance the budget in the medium term, whilst the efficiencies and policy options under the Future Services Framework are implemented over the short to medium period. This approach is to take into account that the scale of the reductions will be challenging for officers to implement and adopt into their services, so the process needs to be carefully managed.

The model reflects 75% of the proposed savings and policy options to allow some flexibility in the implementation of the proposals as some are aspirational, relate to income generation opportunities, or are to an extent outside of the Council's direct control. Ultimately being prudent in the model will help to mitigate some of the risk that the required savings will not be realised.

The model will also take in account known cost pressures which the Council has no choice in budgeting for; some of which will impact not only the current year but the budget for 2022-23 and beyond i.e. pay award for 2021-22, higher NI costs along with market premia to address high demand skill shortages (HGV drivers), rising fuel and utility costs.

The Fair Funding Review and the localisation of Business Rates (BR) have again been delayed by the Government with no detail as to when these reviews will impact the local government financial settlement. Expectation is that some of these changes will not occur in this Parliament. The delay in resetting the Baseline for Business Rates continues to be good news, as the Council continues to benefit from the growth achieved so far. The anticipated impact of the Baseline reset is that the Council will retain approximately £1.5m less per annum under this funding regime change. The exact timing of this change is currently unknown; so, it has been assumed in the model that this change may occur from 2023-24. Potentially the provisional local government settlement for 2022-23 announced in December '21 may give an indication of the timing of this change.

D. Determining the interventions necessary to optimise the achievement of the intended outcomes

The Council is responsible for reviewing the effectiveness of its governance framework. The review of the effectiveness is undertaken by the work of the Corporate Management Team (which is the Strategic Leadership Team (SLT) and Divisional Managers) who have responsibility for the development and maintenance of the governance environment. The Internal Audit & Corporate Investigations Manager's annual report and comments made by the External Auditor also adds to the effectiveness of the governance framework at the Council.

The Council adopted a Constitution to ensure it is efficient, transparent and accountable to local people. Some of these processes are required by law; others are based on decisions made by the Council. It is the responsibility of the Council's Monitoring Officer to review the Constitution as and when required to ensure that it continues to operate effectively.

The performance of key projects by exception is undertaken by SLT and Cabinet Members. Financial Monitoring is also undertaken throughout the year and is reported to Members quarterly, and as part of the transparency agenda is available on the Council's website, and where necessary action can be taken where appropriate.

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it

Recruitment and Induction

The Council operates a thorough interview and selection process to ensure that Officers are only appointed if they have the right level of skills and experience to effectively fulfil their role. If working with vulnerable adults, they will be subject to an enhanced DBS check prior to appointment. New officers once appointed must attend an induction with HR which cover things such as Staff Handbook, Safeguarding and Health & Safety to name but a few. All members are invited to attend a comprehensive induction training session at the start of their term in office. This would range from general housekeeping issues to Constitutional and Executive Issues to Safeguarding to Finance & Budgets. Where a Councillor is appointed a member of a committee specific training is given relating to that Committee.

Training & Development

Officers are required to complete a number of mandatory e-learning courses including health & safety equalities and diversity and information governance. Compulsory training is provided for members who sit on committees. Other training is available to Councillors through Democratic Services.

Specific Training / Workshops is arranged annually for members of Corporate Governance & Audit Committee to understand the Treasury Management function and strategy. This is delivered mainly by the Council's Treasury advisor, Arlingclose.

F. Managing Risks and performance through robust internal control and strong financial management

Risk Management

The Council has a Risk Management Strategy and Policy. The Strategic Risk Group (SRG) reviews the strategic and programme board and updates risk registers annually and the high scoring organisational risk register bi-annually. The Group's membership is drawn equally from the Cabinet and the Corporate Governance & Audit Committee. The outcomes of the reviews are reported to the Corporate Governance & Audit Committee. The SRG meet twice a year. The Strategic Leadership Team review the register every six months to discuss new and emerging risks.

Performance Management

Projects and performance indicators are set out each year in Service Plans. This process is led by Divisional Managers, with sign off by Directors, Cabinet and Portfolio holders. All content from Service Plans is loaded onto performance management software Pentana, from where it can be monitored and reported on. The Service Planning process allows for review of current projects and performance indicators as well as identification of new ones.

Divisional Managers all have access to reports for their section from Pentana. These show current progress on projects and current performance on performance indicators. Reports are available for monitoring content relevant to the various programme boards and these are reported at their meetings as required.

In addition, reports on certain key performance indicators are generated quarterly from Pentana and published on the Council's website (<http://www.chichester.gov.uk/corporateplan>).

A half- yearly progress report on key projects relevant to the Corporate Plan is also reported from Pentana and taken to Overview and Scrutiny Committee (OSC), generally in November.

The Corporate Improvement Team also puts together the Council's Annual Report – an overview of work on key projects and performance on performance indicators looking back over the previous year and some key items identified for next year. This is reported to Cabinet, annually in July and is informed by content from Pentana, supplemented by information from Services.

The Council publishes the Annual report which details the Council's achievement which can be found on the Council's website (<http://www.chichester.gov.uk/annualreport>).

Financial Management

The S151 Officer is responsible for the delivery of good financial management. This Officer is responsible for ensuring that:

- That public money is safeguarded at all time.
- Budgets are robust and agreed in advance.
- Value for money is provided by services.
- That the finance function is fit for purpose.
- The key financial assumptions and financial risks that the Council face are identified.

The S151 Officer advises on financial matters to both Cabinet and full Council and is involved in ensuring that the authority's strategic objectives are delivered in line with long term financial goals. The S151 Officer together with finance staff ensure that new policies or service proposals are accompanied by a full financial appraisal and are fully funded.

The S151 officer has a statutory duty to report any unlawful financial activity or failure to set or keep to a balanced budget. He also has a number of statutory powers in order to allow this role to be carried out, such as the right to insist that the council makes sufficient financial provision for the cost of Internal Audit.

The council's financial management arrangements conform to the government's requirements of the CIPFA Statement on "The role of the chief financial officer in Local Government (2010)". The Director of Corporate Services (Chief Financial Officer and S151) works with the Chief Executive and CMT helping to develop and implement strategy and deliver the strategic objectives.

The Director of Corporate Services has an input into all major decisions, and advises on financial matters to the Cabinet.

Data Management

Following the introduction of General Data Protection Regulations the council has tested compliance against these regulations. The council has a designated data protection officer (Divisional Manager Democratic Services Nicholas Bennett) and clear and established processes for ensuring data is handled appropriately. There is regular reporting to the Corporate Governance & Audit Committee on matters of information governance.

G. Implementing good practices in transparency, reporting and audit to deliver effective accountability

Transparency

The Council and its decisions are open to the residents of the District, service users, partners and its staff. The Council has a number of formal committees these can covers the right of councillors and public to ask questions, also a Committee to look at councillor's conduct.

Transparency can be found in processes that govern how the Council operates and also the formal roles that are held by officers and Councillors.

The Freedom of Information Act (FOI) gives anyone the right to ask information held by a public authority, which includes Chichester District Council, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so.

All reports that require a decision are considered by the relevant department with expertise in the particular function, also the Director of Corporate Services and the Divisional Manager Democratic Services including Legal before they are sent to the relevant committee. Equality impact assessments are carried out on all major services, functions, projects and policies in order to understand whether they impact on people who are protected under the Equality Act 2010 in order to influence decision making. An annual Equality Report is produced in July of each year.

Effective Scrutiny

The Council operates a number of Tasks and Finish groups which are established by the Overview and Scrutiny Committee which gives each Group its Terms of Reference. Topics which are chosen to be scrutinised are looked at in depth by a cross party panel of Councillors. They assess how the Council is performing in that particular area and whether improvements can be made, and where a service is being scrutinised whether they are providing the best possible, cost-effective service for people of the District. Cabinet can establish task and finish groups that report to it.

Effectiveness of Governance Arrangements

The Council's governance framework includes decision-making processes that are set out in the Council's Constitution; this is continually being reviewed together with the rules.

Procedures are in place for maintaining and reviewing the effectiveness of the Council's governance arrangements throughout the year, these include the following:

- **Elected Members** – Make decisions in accordance with the Constitution and in accordance with the aims and objectives of the Council.

- **Overview and Scrutiny Committee** – Has the ability to scrutinise decisions made and maintains an overview of Council activities.
- **Standards Committee** – Meet to consider any complaints against Councillors and to review policies and procedures for maintaining high ethical standards.
- **Internal Audit Section** - Has a four year audit plan which is flexible and enables internal audit to respond to changing risks and priorities of the organisation.
- **Corporate Governance & Audit Committee** – Reviews, monitors and scrutinises governance arrangements and finances of the Council, and also discusses the findings of audit reports and any other issues that relate to governance and risk management.
- **Corporate Management Team** – Review and update governance arrangements, identify and review new and emerging risks and review existing risks.
- **Strategic Risk Group** – Regularly reviews, updates and reports on the Risk Registers.
- **Internal Audit Annual Report & Opinion** – This will be presented to the Corporate Governance & Audit Committee on the 17th July 2023 in conjunction with this document which contains an assurance statement regarding internal control.
- **Divisional Manager - Democratic Services (Monitoring Officer)** - Ensures that the Council's operations are carried out lawfully.

Conclusion

Whilst the impact of the War in Ukraine and the rising cost of living has proved challenging for the Council our opinion that Corporate Governance, along with supporting controls and procedures, remain very strong within the Council.

Ref	Governance Issues	Source	Action taken	Responsible Officer	Timescale
1	Southern Gateway Regeneration	Risk Management	<p>Rising inflation is having an impact on the project and updated valuations have been sought.</p> <p>Coast to Capital have agreed an extension to the funding agreement until March 2025 and the outputs to be delivered by March 2027.</p> <p>WSSC have completed the demolition of the school building and are undertaking a feasibility study for the development of the health hub.</p> <p>Stagecoach, design for the relocation site have been produced and pre app advice has been obtained. The traffic consultant has designed the re-provision of the bus stops and Stagecoach have agreed the sites.</p> <p>Traffic safety audits and modelling are being undertaken. The data collection has been completed and the modelling is now being undertaken.</p>	Director of Growth & Place	On-going
2	Financial Resilience	Risk Management	<p>The Council's Financial Strategy and 5 year model have been updated to reflect the current situation in 2022-23 was approved by the Council at their November meeting. The strategy is set against a background of the long term effects of the pandemic, the uncertainty within the economy and the inflationary pressures being experienced. There is also uncertainty regarding future local government funding and the continued delay in the Government's funding review and any significant changes to Business Rates Retention Scheme. The model assumes that changes may occur for 2025-26 in the Business Rates Retention Scheme. Since the impact of the issues experienced from 2020 has meant that the council may have had to use the general fund reserves to set a balanced budget. However, the situation has</p>	Director of Corporate Services	On-going

			<p>changed significantly since setting the budget in March, and now we are forecasting to use around £2m, which are due to those costs that are outside our control plus the council have decided to invest in priority areas. These are generally one-off items and will not impact future year's budgets, amounting to £1.136m. The Financial Strategy currently shows that we have an underlying deficit going forward of about £500,000 per annum. However, there are lots of uncertainties related to the assumptions made. These uncertainties are detailed in the report to Cabinet on 1 November. In summary, if all of the uncertainties go in our favour, we still think we will need to make further savings of around £500,000. However, should any of the significant risks go against us we could easily find ourselves having to find savings running into £1m - £2m. No new policy options were built into this forecast which also assumed a £5 council tax increase based on previous referendum criteria from Government in the financial settlement for local government funding. The strategy predicted a small surplus for 2023 of £99,000. And the budget developed for 2023-24 has a surplus position based on the draft budget of £150,000, where it has been proposed that this sum is allocated for measures to help address the cost-of-living crisis in addition to the £300,000 that Council allocated last year to the "Supporting You" programme. Demonstrating the Council's commitment to protecting those in its community who are most vulnerable. The draft budget including the allocation of the £150,000 surplus was considered at Council in March when setting the council tax for the coming year.</p>		
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			<p>The settlement was better than anticipated in a number of areas:</p> <ul style="list-style-type: none"> • Firstly, a new Funding Guarantee Grant worth £704k • Secondly, the Services Grant which was expected to be withdrawn has been retained but at a reduced level. This is worth £91k. • Rural Services Deliver Grant of £222k up from the £198k previously anticipated. • Finally, there has been another year of New Homes Bonus allocation worth £811k. <p>Looking forward it is unclear if the Funding Guarantee Grant will be awarded again in 2024-25, reduced, or removed altogether. Members will need to bear in mind that while the Financial Strategy predicted a surplus in 2023, it also predicted a deficit position by 2025 and beyond. Also, in the settlement the Council is expected to receive £170k of funding to provide a further round of Council Tax Reduction Support to help those most in need. The budget assumes that the council tax will increase by 2.99% which equates to £5.26 on the council tax Band D average, or just 10 pence per week. The Council continues to offer up to 100% support under the Council's Council Tax Reduction Scheme so the most vulnerable residents will be protected from this increase.</p>		
3	Business Continuity	Risk Management	<p>There are different threats that can create a business continuity incident - this assessment considers the key threats but has to summarise our overall level of risk. Whilst the internal controls are good for business</p>	Director of Planning & Environment	On-going

			<p>continuity management, the risk score remains fairly high as the likelihood of a business interruption is currently more likely with the current issues around the Ukraine conflict and the impacts that has on energy and fuel. For example, there is an increased risk of interruptions to power over the remaining winter period. We are still experiencing a low level of interruption in terms of staff illness at the depot in relation to covid. The majority of CCS staff cannot work from home if suffering from covid. The risk of a concurrent event, e.g. a cyber-attack is again probable. This is because CDC, like many large organisations, continually fights against potential attacks on our IT systems. We have good mitigation against cyber-attacks; however there remains a risk due to the frequency of attempted attacks and the changing nature of cyber threats. Physical mitigation controls against loss of IT or building/s are good and would be 'unlikely' and therefore less of a risk. We have excellent mitigation for the loss of the physical IT infrastructure based at EPH since the commissioning of the off-site server room based at the Westhampnett depot. Should the servers located within EPH fail for any reason then the majority of the council's IT systems can be reinstated within a matter of hours. The threat of losing EPH due to a fire, for example, is no longer deemed significant as resilience is good in terms of staff being able to carry out their work from home. The Westhampnett Depot also provides a location for office-based activities to be relocated to. The Novium and a reciprocal mutual aid arrangement with WSCC provides a location for face to face council business to be conducted, if necessary. The BIA (Business Impact Assessment) continues to be refreshed annually by SLT – the last review took</p>		
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			place on 14 November 2022. BC plans continue to be refreshed on a 6-monthly basis – the last review was completed in October 2022.		
4	Cyber Risk Attack Across ICT Estate	Risk Management	This year we have completed the roll out of Microsoft 365 (for staff) which has introduced enhanced security through the introduction of In Tune and multi factor authentication. We have completed testing and commissioned our new corporate Disaster Recovery Server facility and have had a successful annual IT Health Check. Historically linked to maintaining access to the Public Sector Network (PSN), this annual evaluation is commissioned to cover our entire network. The cyber threat landscape has, since the beginning of this year, been totally transformed by the Eastern European conflict between Russia and Ukraine. The MI5 Security Service threat level is currently at SUBSTANTIAL (an attack is likely) and The National Cyber Security Centre (NCSC) continue to issue weekly advice notices across the Public Sector. Although they maintain that they are not aware of any specific cyber threats to the UK, they are urging organisations to prepare for the long haul. We remain vigilant and are actively monitoring their weekly communications.	Director of Corporate Services	On-going
5	Local Plan	Risk Management	Agreement by Council on 24 January 2023 to publish the Pre-submission plan for consultation and then submit for examination. Consultation closes on 17 March 2023. Following this there will be a need to collate and consider and representations received. Any necessary changes would then be submitted alongside the Pre-submission plan as modifications. Submission is anticipated to be May/June 2023 with examination to follow late	Director of Planning & Environment	On-going

			<p>2023. Following successful examination, adoption is likely to be mid 2024. Good progress has been made in filling key roles within the team. Temporary cover has been used to fill vacant posts that have been hard to recruit to previously, however further efforts are being made to recruit permanently to a vacant planning officer post and a senior neighbourhood planning officer post. As the Local Development Scheme (LDS) timetable has recently been updated the programme as set out in the LDS is on track. Although the Council is now much closer to submission of the Plan for examination, it will remain the position for at least a year that the Council will not have an up-to-date local plan. Additionally, the Council can currently only evidence a 4.7 year housing land supply. So whilst the Council is currently on track to meet the timetable set out in the latest LDS, there remain risks to development outside of the Council's control through application of the 'tilted balance'. Nonetheless, as the Council's new emerging plan progresses it will gain weight in the determination of applications and appeals. A current consultation on changes to the National Planning Policy Framework (NPPF), including transitional arrangements for Councils to only have to demonstrate a 4 year housing land supply (for a period of 2 years) where plans are at an advanced stage of preparation, may have the effect of giving the Council greater control over the planning application decision making process, while the plan progresses through examination. Until the outcome of the consultation is known (likely by May 2023) the council cannot rely upon this in assessing the risk to uncontrolled development, however the provisions in the draft NPPF are likely to be delivered in some form, and the Council's progression of its Plan to regulation 19,</p>		
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			increases the likelihood that it will benefit from any such interim position. It is therefore considered that the likelihood of a loss of control over development reduces to 2. With the continued use of the Interim Position Statement for Housing Development it is considered the impact is reduced to 2.		
6	Health & Safety	Risk Management	<p>The consequences of a serious accident or incident at work have the potential to be 'major', i.e. death of a member of staff, contractor or member of the public. Therefore, the severity of impact in the risk score is always going to be high. However, the Council operates an effective H&S management system with good controls in place to reduce the likelihood of such an incident. Despite having good systems and procedures in place, CCS remains the highest risk operation within the Council due to the nature of the work.</p> <p>H&S compliance of CDC's biggest service contractor, Everyone Active, is monitored through a programme of audits carried out by the Safety & Resilience team on an annual basis.</p>	Director of Planning & Environment	On-going
7	Potential Increase in Homelessness Service Demand due to Increased Cost of Living and Ukraine Sponsorship programme Impact	Risk Management	<p>Liaison meetings continue with WSCC whereby we monitor the impact of the Ukrainian scheme. To date we've seen very minimal impact from this. We have also committed to the Local Authority Housing Fund with two registered providers to provide the accommodation requirements for the Ukrainian scheme and Afghanistan resettlement scheme and we will review things if any further funding is made available later on in the year. At present we have committed to delivering what is required given the timescale of November 2023. The Supporting You team started in November 2022. Early indications of</p>	Director of Housing & Communities	On-going

			what this is delivering is encouraging and the outcomes are being reported to a Steering Group and members.		
8	Skills, Capability, Capacity	Risk Management	Increased use of premia payments (market supplements) for those areas with long term established recruitment issues and the use of the relocation package has aided recruitment for some service areas. Premia payments are subject to review every 2 years (review for implementation in April 23 recently completed), which is in line with the new procedure governing these as agreed with the Staff Side / Unison. However, there are still recently been some significant recruitment and retention issues in some services including Planning, Environmental Health, HGV drivers and Building Services, who will continue to work with HR to ensure that appropriate resources and incentives are in place; these include further recruitment attempts including recruitment payments, flexible use of staff across the service, improved advertising of jobs and marketing of the Council as an employer, using head hunters and temporary (agency) staff, where required. It should be noted that this risk is linked to the national issue of shortage of labour in some sectors and our ability to control or mitigate this is limited. Review of Workforce Development Plan underway with a greater focus on the need to grow and develop our own staff.	Director of Corporate Services	On-going
9	Climate Emergency Detailed Action Plan	Risk Management	The Council approved the Climate Emergency Detailed Action Plan in January 2021. The progress of the plan is reported bi-annually to Environment Panel and annually to Full Council. The 2nd update to Full Council occurred on 31 January 2023. The action plan		

		<p>now contains 64 actions related to either the internal or the district wide target. The status of which is summarised below;</p> <p>Status</p> <p>Number of actions</p> <p>On-going 38</p> <p>Waiting for input from others 6</p> <p>May not be initiated/completed on time 0</p> <p>Not initiated/completed on time or not expected to be 3</p> <p>Completed 13</p> <p>Not due to be started yet 4</p> <p>Total number of actions in plan 64</p> <p>Focussing on the behind-schedule actions, the 1st relates to a public event on sustainability, delayed in 2022 due to staff resource but now scheduled for 2023 following recruitment of an officer for district wide work. Reduction of Westgate emissions has not materialised due to equipment supply delays however the project is near completion now. The 3rd action is</p>		
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			not progressing the establishment a district wide sustainability fund. Securing grant has not been a problem, however, staff resources to promote available grant to residents has resulted in little uptake by residents to date. This should be rectified by the new member of staff in the team.		
10	Crouchlands Lagoon 3	Risk Management	<p>Planning Enforcement Following the failure of the landowner to comply with the requirements of the Planning Enforcement Notice by 21 May 2021, officers are actively engaged in assessing options for possible further action. Direct action to remediate the site is an option open to the Council but will only need to be considered once the outcome of a prosecution is known. And then due to the responsibilities of other parties (owner, other partner agencies) and the likely complexity and cost of remediation (estimated to be between £1-2m), this option will require full consideration through the Council's normal governance process.</p> <p>Emergency Planning The findings of the 21st October 22 multi-agency site visit were that there had been no significant change at the site from either the bund or the cover and that the risk from the lagoon had not altered and remained low. No factors that may increase the risk from the lagoon as detailed above are currently occurring and officers are keeping in regular contact with the landowner and partner agencies as to the current state of play. The next multi agency inspection is due in April 23. No factors that may increase the risk from the lagoon as detailed above are currently occurring and officers are</p>		

			keeping in regular contact with the landowner and partner agencies as to the current state of play.		
11	Use of B & B Accommodation	Internal Audit	A series of actions have been agreed in response to this audit	Divisional Manager Revenues Benefits & Housing	On-going reporting through and audit follow up report
12	Rent in Advance – Deposit Guarantee	Internal Audit	A series of actions have been agreed in response to this audit	Divisional Manager Revenues Benefits & Housing	On-going reporting through and audit follow up report
13	Discretionary Housing Payments	Internal Audit	A series of actions have been agreed in response to this audit	Divisional Manager Revenues Benefits & Housing	On-going reporting through and audit follow up report

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Internal Audit and Corporate Investigations

Annual Report 2021/2022

1 Introduction

1.1 The main purpose of this report is as follows:

- To summarise the effectiveness of Internal Audit
- Comment on the work undertaken by Internal Audit during the year
- Provide management and members with an opinion on the adequacy and effectiveness of the Council's arrangements; risk management and systems of internal control.

2 Audit Planning

2.1 The Internal Audit Section works on a four-year strategic audit plan; this is produced following consultation with the Director of Corporate Services/S. 151 Officer and the Divisional Manager Financial Services (Deputy S.151) and is approved by the Corporate Governance & Audit Committee. The Plan is prepared where possible using a risk-based assessment which can be linked to the Council's Corporate Risk Register and is designed to review all the major areas and systems on a cyclical basis. Suggestions are also made by Divisional Managers. Any areas and systems considered to be fundamental to the Council's operations are reviewed annually.

2.2 The Annual Audit Plan for 2021/2022 represented the first year, of a four year plan. Each of the audits is undertaken on an operational risk-based approach following discussions with the Divisional Managers/Departments.

2.3 The Annual Internal Audit Plan is a live document and is updated with emerging risks as and when required. Any changes to this plan are reported to the Corporate Governance and Audit Committee.

3 Staffing

3.1 During 2021-22 the Internal Audit Section operated 2.25 fte's of audit staff until December, which reduced to 1.60 fte's, also 2.0 fte's Corporate Investigations staff Auditors have the requisite experience to effectively fulfil their responsibilities and execute duties to the required professional standard under PSIAS (Public Sector Internal Audit Standards).

3.2 Corporate Investigations is part of the Internal Audit team and the Corporate Investigations Officer (CIO) is responsible for investigating and reporting on, any offences against or within the council. An Annual Report is taken to Corporate

Governance & Audit Committee, this report details the work undertaken by the Corporate Investigations Team during the 2021-2022 financial year.

3.3 Internal Audit is responsible for reviewing the internal controls annually, in order to give assurance to those charged with governance that the control environment within the Council is robust and regularly reviewed by both Internal and External Audit.

4 Performance against the Internal Audit Plan

4.1 The Internal Audit Section completed the following Audits /Reviews during 2021/2022:

Completed Planned Audits

- Housing Benefits
- Community Safety
- Cash & Bank
- IT Review Starters/Leavers----
- Treasury Management
- Payroll
- Debtors
- Rent in Advance
- Use of B&B accommodation
- Parks Inspection and monitoring
- Council Tax
- Business Rates
- Creditors
- Land & Buildings – Follow Up
- Travel & Subsistence – Follow Up
- Destruction of IT Equipment – Follow Up
- Credit card Usage – Follow Up - position statement
- Corporate Debt recovery – Follow Up – position statement
- Loan if IT Equipment – position statement

Key Financial Systems (reviewed annually)

- Bank Reconciliation (Cash and Bank)
- Creditors
- Council Tax
- Debtors
- Housing Benefit
- NDR
- Payroll
- Treasury Management
- Fixed Asset Register

4.2 The Audit Section undertook annual testing on all the Key Financial Systems; that is the main financial systems that feed into the Council's statutory financial statements, in order to identify and ensure that the appropriate levels of internal control were in place. In addition, there are a number of controls which are tested by Internal Audit that are based upon agreed criteria with the External Auditors, Ernst and Young.

4.3 In addition to the planned work, Internal Audit continues to respond to requests by the Council's services and departments, where and when advice and assistance is required, whilst remaining impartial. A number of minor issues were addressed by Internal Audit during the year.

Planned Reviews not completed

4.4 During 2021/2022, eight audits from the original audit plan were not undertaken and were deferred due staffing issues within the Internal Audit Team and across the wider organisation, but they will be transferred into the 2022/2023 Audit Plan.

5 Reporting

5.1 All internal audit reports were reviewed by the Internal Audit & Corporate Investigations Manager prior to publication and being reported to the Corporate Governance & Audit Committee which met 5 times in 2021-22. A report showing progress against the audit plan is also taken to each Corporate Governance and Audit Committee meeting.

5.2 A number of recommendations were raised and reported on during 2021-22, all of which had been agreed by management and then reported to Corporate Governance & Audit Committee. A number of follow up reviews were also carried out during the year; in order to ascertain whether the recommendations made, had been implemented and deadlines met together with position statements. Where recommendations were not implemented they were brought to the attention of the Corporate Governance & Audit Committee as part of the follow-up process. During 2021/2022 all recommendations made had been agreed by management.

6 Opinion on the Control Environment

6.1 Based upon the Internal Audit work undertaken during the year 2021-22, the overall opinion is that 'satisfactory' assurance can be given, and generally that there is a sound system of internal control.

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Chichester District Council

Corporate Governance and Audit Committee

17 July 2023

2022-23 Treasury Management outturn report

1. Contacts

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2. Recommendation

- 2.1. The Corporate Governance and Audit Committee is asked to consider this report and provide comments to Cabinet as necessary.

3. Background and Outcomes

- 3.1. This is a summary of Treasury Management activity for the year to 31 March 2023. The objective is to demonstrate the effectiveness of Treasury activities undertaken and compliance with the Council's Treasury Management Strategy and Policy statement.

4. Treasury management activity

- 4.1. On 31 March 2023, the Council had investments of £96.9m (table 1, below). Investment balances remained relatively high across the year, as the Council still held COVID funds which were returned to the Government when requested.

Table 1: Treasury Management Summary

Investments £000	Balance 01/04/2022	Movement	Balance 31/03/2023
Short term Investments	23,000	10,000	33,000
Money Market Funds	54,400	(30,500)	23,900
Total liquid investments	77,400	(20,500)	56,900
Long term Investments	-	-	-
Pooled Funds – External	24,000	6,000	30,000
Pooled funds – Local Authority	10,000	-	10,000
Property fund			
Total investments	111,400	(14,500)	96,900

Note: the figures in the table above exclude any movements in Fair value.

- 4.2. The challenge throughout the year in a rising interest market was the balance between liquidity achieved by using money market funds for short term investments. Against lending to other local authorities with fixed terms offered,

with a growing trend to request deals in advance of the actual investment date. Ultimately in this type of environment, it can be a challenge to assess if the offered interest rate will be competitive at the date of the investment. Where deals were assessed as competitive in the latter part of the year greater use of lending to local authorities has taken place. The recent Base Rate rise in June 2023 underlines this point, as the market were only pricing in a 25bps increase, whereas the Bank of England sought to halt the inflationary pressures by increasing the rate by 50bps.

- 4.3. Also, as part of the approved strategy for the year the Council invested in longer term investments as a further £6m was invested in an external multi-asset pooled fund, following consultation with the s.151 Officer and the Cabinet Member for Finance. These investments were made in two tranches (April and September) in the CCLA Diversified Income Fund. This fund is a multi-asset actively managed fund which aims to provide growth in come and capital over the long-term from a diversified portfolio.
- 4.4. The Council's maintained a balanced allocation of external investments throughout the financial year. The overall composition, performance and returns of our external pooled investments is shown in appendix A and summarised in the exhibits and tables below.
- 4.5. The position for all funds by asset class on 31 March 2023 is shown below.

Exhibit 1: External Funds: Asset class breakdown

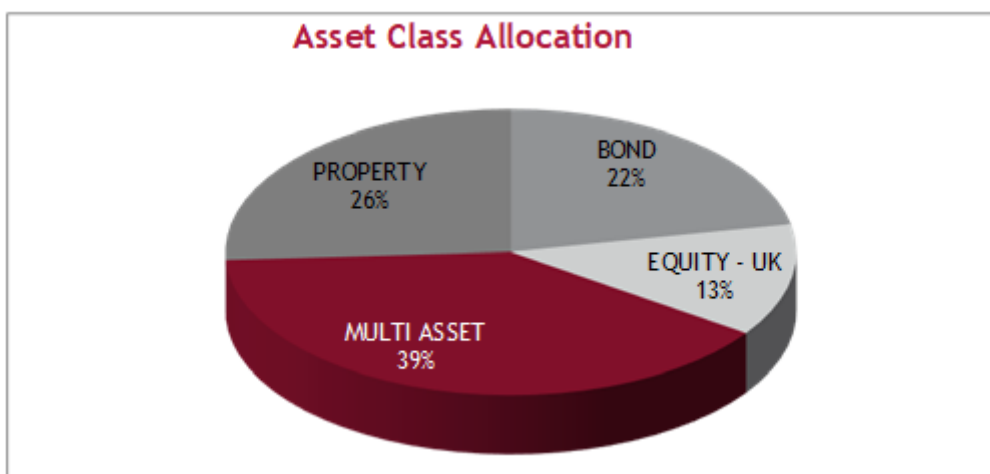


Exhibit 2: External investment performance (cumulative)

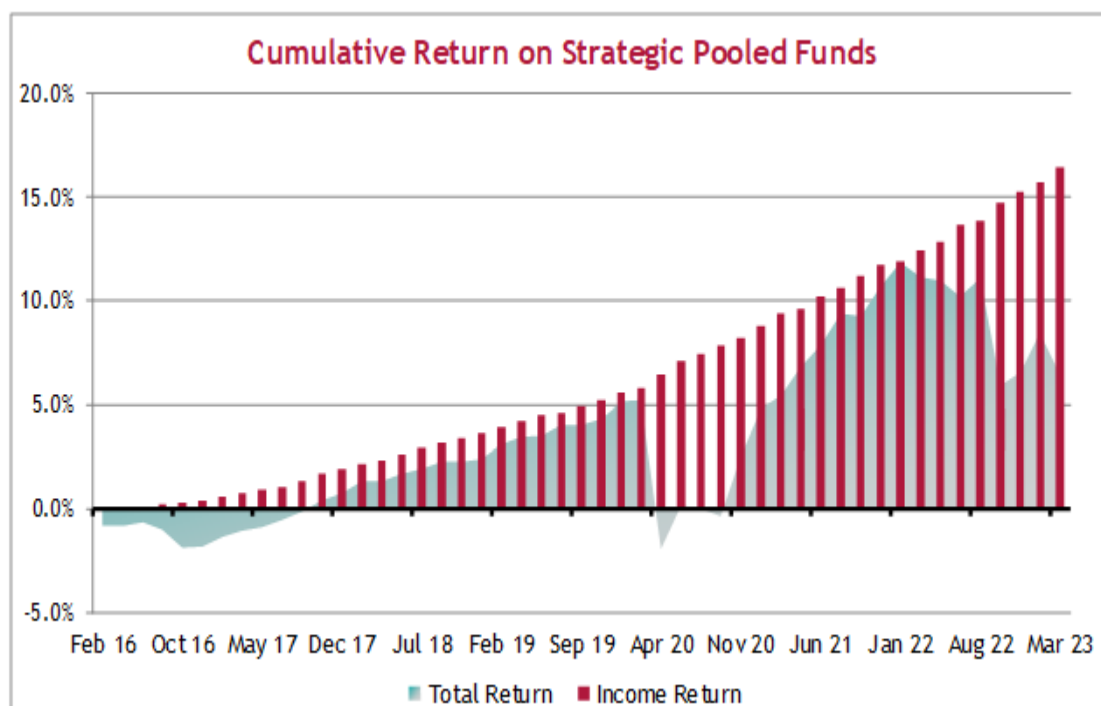


Table 2: External investment performance

	Since purchase £000	Annualised %	2022-23 £000	Annual %
Income return	6,833	3.69	1,579	3.95
Capital return	(4,143)	-	(4,147)	-
Volatility		3.80		6.00

Note 1: Annualised return since purchase

- 4.6. The current value of the portfolio is showing a capital paper loss of £4.1m for 2022-23, whereas the value at outturn for 2021-22, was broadly the same as the original investment value. This underlines the current economic turmoil in the market and the volatility being experienced in investment values. Under the current regime for assets that are assessed on fair value there is a government approved statutory override until 31 March 2025. This means that movements in the capital value assessed at the year end does not impact the Council's revenue outturn position in the Comprehensive Income and Expenditure Account bottom line but is reflected in a specific unusable reserve.
- 4.7. Despite this the income from these pooled investment types remains stable at around 4% per annum. In total our external pooled funds have generated over £6.8m for Council services and are expected to continue to generate over £1m a year going forwards. Therefore, in line with the agreed long term investment policy the Council will continue to hold these investment assets as the income return remains stable, and it has no need to crystallise the losses as the funds are not required for its spending plans.
- 4.8. Benchmarks and red/ amber/ green risk ratings across a series of indicators focussed on measuring security, liquidity and return are reported at appendix B with a short commentary against each.

- 4.9. The main themes impacting the market is the continued military action by Russia in Ukraine, the cost of living crisis and inflationary pressures which has meant that the Bank of England has continued to act by raising the base rate throughout the year.
- 4.10. At the start of the financial year the Bank of England Base Rate was 0.75% (set 17 March 2022), since then it has been increasing to the current level of 5% (June 2023). This is because of UK inflation and wage growth has proven to be stubborn, with headline rates remaining steady, core rates rising and wage growth accelerating. The latest 0.50 bps increase in June 2023, sought to shock markets and underline the Bank of England's inflation fighting credentials. Markets are now expecting further increases, the risk of further strong inflation data for June (released in July) could mean a further 0.50 bps increase in August, rather than the expected 0.25bps increase, plus another rise in September to bring the rate to 5.50%. The Council's latest advice (June 2023, exhibit 3) indicates further increases are expected during 2023.

Exhibit 3: Interest Rate Forecast – June 2023

	Current	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26
Official Bank Rate													
Upside risk	0.00	0.50	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	5.00	5.50	5.50	5.50	5.25	4.75	4.25	3.75	3.25	3.00	3.00	3.00	3.00
Downside risk	0.00	0.50	0.50	0.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

- 4.11. Originally it was intended that a further £5m would be invested in long term multi-asset funds during 2022-23. However, due to the rising interest rates and the continued uncertainty regarding the outcome of the statutory override for fair value investments, this additional investment did not proceed. The funds available continued to be managed inhouse instead.
- 4.12. To lessen the potential financial impact of the fair value movement of certain external investments, the Council maintains an investment risk reserve. This reserve is to mitigate the risk to the Council's General Fund of adverse fair value movements. The balance of this reserve was £2.886m as at 31.3.2023. With investments of £35.8m and volatility of 6% (appendix A), this amount is expected to cover potential annual losses 85% of the time. Based on the position as at 31 March the capital loss was in the remaining 15%, and so insufficient. The capital position will be important when the budget is set for 2025-26, as any shortfall against the reserve will need to be funded from council tax.

5. Treasury Budget

- 5.1. The Council's 2022-23 budget was set against a very different economic background than that experienced throughout the year. The budget figures were not representative of the actual interest paid due to the continued raising of the Base Rate by the Bank of England, as set out in paragraph 4.7. The income received was also impacted by other factors including the fiscal and economic

outlook, the fund's sectoral asset allocation, securities held/bought/sold, and in the case of equities, the enforced or voluntary dividend cuts or deferrals. Plus, further investments in pooled funds made during the Autumn of 2022, were also not factored into the projections.

- 5.2. The outturn budget performance for 2022-23 is £1.168m favourable than the original budget, as shown in table 3 below.

Table 3: Treasury Income budgets

	BUDGET 2022-23 £000s	ACTUAL 2022-23 £000s	BUDGET 2023-24 £000s
Internally managed	78	995	807
Property Fund dividends	420	470	400
External fund dividends and interest	1,130	1,331	1,275
TOTAL	1,628	2,796	2,482

- 5.3. The 2023-24 budget was set with a view that the increase in the Bank Base Rate would slow down, with rates peaking at 4.50%. Now due to the continued increases it is expected that the forecast for internally managed funds will be understated, considering the unexpectedly stubborn inflation means that rates actually achieved in year will be higher. Any significant variance arising will be reported to members as part of the quarterly in-year monitoring.

6. Other Non-Treasury Holdings and Activity

- 6.1. The definition of investments in CIPFA's revised 2021 Treasury Management Code covers all the financial assets of the Authority as well as other non-financial assets which the Authority holds primarily for financial return. Investments that do not meet the definition of treasury management investments (i.e. management of surplus cash) are categorised as either for service purposes (made explicitly to further service objectives) and or for commercial purposes (made primarily for financial return).
- 6.2. The Authority continues to hold approximately £15m of investments assessed as being for a commercial purpose, which comprise the Council's directly owned investment properties. Further information on the performance of the Council's Commercial investments is contained in appendix D.
- 6.3. The Council has a very limited portfolio of service investments as shown in Table 4.

Table 4: Service investments

	£000s
Car Loans	137
Private Sector Renewal Loans	177
St James Industrial Estate Loans	4

Figures above are as at 31.3.2023.

- 6.4. Given the size of these non-Treasury loans, and the low level of financial risk associated with them, officers intend a very light touch response to satisfy the additional Regulatory requirements described from paragraph 8.5 onwards.

7. Compliance Report

- 7.1. How Treasury activities complied with the Council's main 2022-23 Treasury limits is disclosed at Appendix C.
- 7.2. There are three exceptions for the reporting period. Items (a) and (b) were reported to the Committee in the 2022-23 half yearly update in October 2022:
- (a) A large CIL receipt was received in the Council's bank account after the Council had completed its Treasury calculations at the start of the day.
 - (b) An investment maturity date was recorded incorrectly by one day, leading to the repayment being received one day earlier than expected. The sum was again received very late in the day when no other potential investments were open.
 - (c) A money market fund deal was not completed on the day, and funds remained in the Council's bank account overnight, as the counterparty should have been suspended because of recent market intelligence and the advice from our treasury advisor. Unfortunately, this information was missed by the deals officer on the day. As the agreed deal could not be cancelled, the transfer of funds had to be made the following day. As payment was finally made on a Friday, the recall of funds could only take place on the Monday, which officers did, and the money was returned to the Council's bank account later that day. It should be noted that a week later the advice was changed, and the counterparty was reinstated to the approved lending list. To reduce the risk of this kind of error in the future, the specific system used for investments is now being updated with individual counterparty limits / restrictions etc when new advice is received.

8. Other issues

- 8.1. This section updates the Committee on other matters relevant to Treasury activity.

Proportionality of Commercial Income

- 8.2. The Council's view is that income from commercial properties is proportional to wider Council budgets if it remains below 10% of the Council's net cost of services.
- 8.3. Table 5 sets out the investment income net of direct costs but before changes in fair value (ie; net operating surplus), measured against the Net Revenue Stream. However, it should be noted that the net revenue stream indicator prior to 2023-24 was based on net cost of services as the Council did not previously calculate this figure as part of its financial strategy.

Table 5: Proportionality of Investments (£m)

	2021-22 Actual £m	2022-23 Actual £m	2023-24 Budget £m
Investment income (£m)	0.90	0.89	0.90
Net Cost of Services (£m)/ * Net Revenue Stream (£m)	22.30	22.02	13.3*
Proportion	4.0%	4.0%	6.8%

Investment income is net of direct costs but before changes in fair value (i.e.; net operating surplus). Net Cost of Services is as presented in the Council's annual financial statements.

* From 2023-24 this indicator is now based on net revenue stream projections and so this different basis is not comparable to the previous financial years in Table 5.

Treasury workshop for Members

- 8.4. A Treasury workshop for all Members was delivered on 5 December 2022. A similar event will be held in December 2023 in advance of the Council's consideration of the treasury and investment strategies for 2024-25.

Regulatory updates

- 8.5. For information to the Committee, it should be noted that CIPFA published its revised Prudential Code for Capital Finance and Treasury Management Code on 20th December 2021. The key changes in the two codes are around permitted reasons to borrow, knowledge and skills, and the management of, and governance arrangements for, non-treasury investments.
- 8.6. Whilst the principles of the Prudential Code took immediate effect, local authorities could defer introducing the revised reporting requirements until the 2023-24 financial year if they wish. Given the short time between publishing of the Code and the start of 2022-23, the revised reporting requirements will apply from the 2023-24 financial year.
- 8.7. Unlike the Prudential Code, there is no mention of a date of initial application in the Treasury Management Code which now includes extensive additional requirements for service and commercial investments, far beyond those in the 2017 version. For consistency, changes in reporting requirements will also only commence from the 2023-24 financial year.

Statutory override

- 8.8. Late in 2022 a government consultation took place on the temporary statutory arrangements which require the Council to charge any movements in the fair

value of our external pooled funds to a reserve rather than against the Council Tax. The arrangements were due to expire on 31 March 2023, which gave Council's little time to consider the impact in their 2023-24 budget setting.

- 8.9. In December 2022, DLUHC announced that the temporary arrangements would be extended until 31 March 2025, therefore avoiding the need for any adjustment in the Council's 2023-24 budget spending plans.

9. Community impact and corporate risks

- 9.1. The Council is required by the Accounts and Audit Regulations to comply with CIPFA's Code of Practice for Treasury Management and the Prudential Code for Capital Finance.
- 9.2. To mitigate against the current statutory override for the movement in fair value for external pooled or multi-find assets the Council's holds £2.886m in an earmarked reserve. Since DLUHC have extended the temporary statutory override, this earmarked reserve will be reviewed for adequacy during each financial year, and any necessary action taken when hopefully a more permanent solution is considered by the government.

10. Other Implications

	Yes	No
Crime and Disorder		X
Climate Change and Biodiversity		X
Human Rights and Equality Impact		X
Safeguarding and Early Help		X
General Data Protection Regulations (GDPR)		X
Health and Wellbeing		X
Other		X

11. Appendices

- 11.1. A - Movements in Fund fair values and income – Pooled Funds
 11.2. B - Benchmarking indicators
 11.3. C - Compliance report
 11.4. D - Non Treasury investments

12. Background Papers

- 12.1. None.

Appendix A: Movements in Fund fair values and income – Pooled Funds

All Funds – cumulative

STRATEGIC POOLED FUND PORTFOLIO				CHICHESTER				From:	29/02/2016	To:	31/03/2023
FUND NAME	ASSET CLASS	No of Units Held in Period	Current Value £	Capital Growth £	Dividends Earned £	Holding Period (yrs)	Capital Return	Income Return	Total Return	Volatility	
AEGON (KAMES) DIVERSIFIED MONTHLY INCOME FUND	MULTI ASSET	4,418,978	4,225,427	-774,573	761,598	3.3	-15.49%	15.23%	-0.26%	9.0%	
CCLA - DIVERSIFIED INCOME FUND	MULTI ASSET	3,912,347	5,521,496	-478,504	139,855	0.8	-8.00%	2.34%	-5.66%	3.9%	
CCLA - LAMIT PROPERTY FUND	PROPERTY	3,268,201	9,275,154	-724,847	2,819,505	6.8	-7.25%	28.20%	20.95%	5.7%	
M&G STRATEGIC CORPORATE BOND FUND	BOND	3,976,338	3,397,334	-602,666	382,300	3.3	-15.02%	9.53%	-5.49%	4.0%	
NINETY ONE (INVESTEC) DIVERSIFIED INCOME FUND	MULTI ASSET	4,843,652	4,414,621	-585,379	997,928	5.1	-11.71%	19.96%	8.25%	3.0%	
SCHRODER INCOME MAXIMISER FUND	EQUITY - UK	11,187,364	4,558,851	-441,149	1,023,494	3.1	-8.82%	20.47%	11.65%	9.1%	
THREADNEEDLE STERLING SHORT-DATED CORPORATE BOND FUND	BOND	2,332,345	2,121,718	-228,281	143,129	3.4	-9.71%	6.09%	-3.62%	2.3%	
THREADNEEDLE STRATEGIC BOND FUND	BOND	2,561,534	2,330,996	-319,004	438,149	5.8	-12.04%	16.53%	4.50%	3.6%	
GRAND TOTAL			35,845,597	-4,143,254	6,832,794	4.1	-9.95%	16.41%	6.46%	3.8%	
				Unrealised capital loss since purchase:	-4,154,446	Annualised income return:	3.69%				

All Funds – 2021-22 Financial Year

STRATEGIC POOLED FUND PORTFOLIO				CHICHESTER				From:	31/03/2022	To:	31/03/2023
FUND NAME	ASSET CLASS	No of Units Held in Period	Current Value £	Capital Growth £	Dividends Earned £	Holding Period (yrs)	Capital Return	Income Return	Total Return	Volatility	
AEGON (KAMES) DIVERSIFIED MONTHLY INCOME FUND	MULTI ASSET	4,418,978	4,225,427	-570,039	240,781	1.0	-11.89%	5.02%	-6.87%	10.9%	
CCLA - DIVERSIFIED INCOME FUND	MULTI ASSET	3,912,347	5,521,496	-478,504	139,855	0.8	-8.00%	2.34%	-5.66%	7.1%	
CCLA - LAMIT PROPERTY FUND	PROPERTY	3,268,201	9,275,154	-1,830,846	401,688	1.0	-16.49%	3.62%	-12.87%	9.5%	
M&G STRATEGIC CORPORATE BOND FUND	BOND	3,975,350	3,397,334	-379,248	135,687	1.0	-10.04%	3.59%	-6.45%	10.0%	
NINETY ONE (INVESTEC) DIVERSIFIED INCOME FUND	MULTI ASSET	4,843,652	4,414,621	-247,346	186,839	1.0	-5.31%	4.01%	-1.30%	4.9%	
SCHRODER INCOME MAXIMISER FUND	EQUITY - UK	11,187,364	4,558,851	-253,953	342,848	1.0	-5.28%	7.12%	1.85%	14.6%	
THREADNEEDLE STERLING SHORT-DATED CORPORATE BOND FUND	BOND	2,332,345	2,121,718	-131,015	47,060	1.0	-5.82%	2.09%	-3.73%	5.5%	
THREADNEEDLE STRATEGIC BOND FUND	BOND	2,561,534	2,330,996	-256,153	84,251	1.0	-9.90%	3.26%	-6.64%	8.2%	
GRAND TOTAL			35,845,597	-4,147,105	1,579,009	1.0	-10.37%	3.95%	-6.42%	6.0%	
				Unrealised capital loss since purchase:	-4,154,446	Annualised income return:	4.10%				

Appendix B: Treasury Management – Benchmarking indicators

Return

Measure	Qtr 1 22/23	Qtr. 2 22/23	Qtr 3 22/23	Qtr. 4 22/23	Non-met districts Q4 average	Rating
Internal investment return %	0.93	1.89	3.30	3.98	3.57	GREEN
External funds – income return %	3.97	4.20	4.06	4.08	3.99	GREEN
External funds – capital gains/losses %	(1.52)	(7.41)	(10.92)	(10.37)	(11.14)	AMBER
Total treasury Investments – income return %	1.86	2.64	3.54	4.01	3.55	GREEN

At the end of the year, the cumulative carrying loss on the Council's pooled funds was £4.154m.

An amber risk score has been assigned to the external fund fair value movements, whilst like that of the comparator group, the current paper loss is significant.

Security

	Average Credit Score Time weighted (lower = better)	Average Credit Rating Time weighted	Bail-in exposure (lower = better)	
31 March 2022	4.59	A+	74%	
31 March 2023	5.08	A+	42%	GREEN
Similar Local Authorities	4.52	A+	63%	

The use of money market funds, which comprise many individual investments, is still considered to be more secure overall than direct investment in individual banks and financial institutions. It remains true that the best external portfolio over the long term is a mix of asset classes, and not a single investment in one fund/asset class.

Due to the market changes and the long term investments placed, the use of money market funds has decreased in year, thereby reducing the bail-in exposure when compared to that in 2021-22.

The measure of the bail-in exposure is lower than the average of the other comparator group the assessment is therefore green, reflecting a reduction in the use of money market funds.

Liquidity

	7 day liquidity	100 day liquidity	Average maturity	
31 March 2022	49%	54%	39 days	
31 March 2023	26%	34%	80 days	GREEN
Similar Local Authorities	42%	62%	56 days	

The liquidity measure used is a value weighted average. At the 31 March 2023 the Council had a lower proportion of liquid investments compared to the previous year, when the sector was managing both COVID and energy rebate funding from the Government.

In 2022-23 the Council's cashflow management returned to a similar position pre-Covid. As local authorities returned to the market along with higher interest rates on offer, has meant that cash could be invested at those higher rates for 3 to 6 months rather than in money market funds.

When discussed in the September half year report, this indicator was at 8 days, and underlines the shift in the latter part of the year to place funds for up to 3 months.

Appendix C – Compliance report

Compliance with investment limits

Sector	Time limit	Counterparty limit	Sector limit	Complied/Exception Ref
The UK Government	25 years	Unlimited	n/a	Complied
Local authorities & other government entities	10 years	£6m	Unlimited	Complied
Secured investments	10 years	£6m	Unlimited	Complied
Banks (unsecured)	13 months	£3m	Unlimited	Complied
Building societies (unsecured)	13 months	£3m	£6m	Complied
Money market funds	n/a	£6m or 0.5% of fund value	Unlimited	Exception *
Strategic pooled funds (excluding LAPF)	n/a	£6m	£50m	Complied
Strategic pooled funds (CCLA - LAPF)	n/a	£15m	£15m	Complied
Real estate investment trusts	n/a	£2m	£4m	Complied
Other investments	2 years	£3m	£6m	Complied

* details of the exception are reported at Section 7 of the main report

Interest rate exposure

This indicator is set to control the Authority's exposure to interest rate risk. To measure this, the council calculates the effect of a 1% change in interest rates and has set a reportable exception level where the impact of this exceeds 50% of the council's individual counterparty limit (£3m).

	31/3/23 Actual	2022/23 Limit	
Upper limit on one-year revenue impact of a 1% change in interest rates	£0.73m	£3.0m	Complied

This limit is only calculated as of 31 March each year.

Principal Sums Invested for Periods Longer than 364 days

The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The long-term principal sums invested to final maturities beyond the period end were:

	2022/23	2023/24	2024/25
Actual principal invested beyond year end*	£40m	£45m	£45m*
Limit on principal invested beyond year end	£80m	£80m	£0m
	Complied	Complied	Complied

* expected figure– assumes a further £5m long term investment will be placed in 2023-24.

Appendix D: Non-Treasury investment indicators

The Council has set the following indicators to measure its exposure to risk associated with non-treasury investments.

Measure	Description	31 March 2023
Commercial income to net service expenditure	This indicator measures the Council's dependence on income from its commercial property investments as a proportion of the net cost of services	See paragraph 8.3 of main report
Net operating surplus	This indicator measures the contribution received from the investment portfolio at a net level (income less costs) over time.	The Council's investment property portfolio generated £886k rental income and incurred £144k direct costs leaving a surplus of £742k before any changes in fair value.
Vacancy levels and tenant exposure	Monitoring vacancy levels to ensure the property portfolio is being managed productively.	<p>Voids at 31st March 2023:</p> <ul style="list-style-type: none"> • Industrial 2/8 • Retail 2/17 • Offices 1/9 <p>Total: 5/34 = 14.70% (2021-22 11.63%)</p>
Exposure to credit default events for loans made	This will measure the Council's exposure to loss through default for non-treasury loans made to third parties	None
Market value of commercial properties	This indicator will track the Council's ability to recover its investment in any commercial investment should the need arise.	<p>Commercial investment valuations were prepared as at 31st March 2023 and the Council's statement of accounts discloses a value of £15m for the Council's investment properties on that date. This remains the latest valuation of our investment portfolio. As we continue with the recovery phase that the effects of Covid 19 have negatively impacted rental values in some sectors. It remains challenging to predict the full impact on our investment properties with any certainty, particularly as other Macro issues are influencing the markets.</p> <p>The challenges to the commercial property market have been compounded because of the cost of living crisis and recent interest rate increases. Plus the ongoing impact of Brexit, and the Russian invasion of Ukraine, which have each contributed to supply issues, impacted imports and exports and increased costs. Government support packages and grant funding has only been able to mitigate against this to a small degree. Accordingly, downward pressure on rents and risk of tenant default continues, with investment yields needing to reflect the added risk to future income streams which will ultimately result in lower capital values. These values may well fall below the original purchase price of the investment properties, although we should not lose sight of the income generated since the acquisition when comparing to the original purchase price. Funds should also be made</p>

		available for planned maintenance to maximise potential rental income.
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Chichester District Council
CORPORATE GOVERNANCE & AUDIT COMMITTEE

17 July 2023

Progress Report – Audit Plan for 2023/24

1. Contacts

Report Author:

Stephen James – Internal Audit & Corporate Investigations Manager

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2. Recommendation

2.1 That the committee notes performance against the audit plan for 2023/24.

3. Update on 2023/24 Audit Plan

3.1. The audit report issued as final since the last committee meeting is:

- Housing Benefits
- Discretionary Housing Payments – Follow Up
- Treasury Management – Follow Up
- Rent in Advance / Deposit Guarantee– Position Statement

3.2. Results of the audit are contained in appendix one. There have been no audits given a 'No Assurance' rating and no critical exceptions have been raised.

3.3. As previously advised to the Committee, the audit Moving In/Out of Westward House Processes has been added to the 2023/24 plan and time taken will be taken out of contingency.

3.4. As of 1st July, one audit report has been issued as final, and two follow ups detailed in Appendix 1 and a Position Statement detailed in Appendix 2, the remaining audits are work in progress.

4. Background

4.1. Not Applicable

5. Outcomes to be Achieved

5.1. Not Applicable

6. Proposal

6.1. Not Applicable

7. Alternatives Considered

7.1. Not Applicable

8. Resource and Legal Implications

8.1. Not Applicable

9. Consultation

9.1. Not Applicable

10. Community Impact and Corporate Risks

10.1. Not Applicable

11. Other Implications

<i>Are there any implications for the following?</i>		
	Yes	No
Crime & Disorder:		√
Climate Change and Biodiversity:		√
Human Rights and Equality Impact:		√
Safeguarding and Early Help:		√
General Data Protection Regulations (GDPR):		√
Health and Wellbeing:		√
Other (Please specify):		√

12. Appendices

12.1. Audit completed since the last Committee.

12.2. Position Statement Rent in Advance / Deposit Guarantee

13. Background Papers

13.1 None

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Audits completed since the last Committee meeting (27th March 2023)

<u>Audit title</u>	<u>Critical Risk</u>	<u>High Risk</u>	<u>Medium Risk</u>	<u>Low Risk</u>	<u>Total no of Exceptions</u>	<u>Overall Assurance level</u>	<u>Summary</u>
Housing Benefits	0	0	0	4	4	Assurance	<p>The 4 low risk exceptions raised related to:</p> <ul style="list-style-type: none"> • A review of the Benefits procedure notes that are more relevant and bespoke to CDC will be undertaken • A new process will be introduced for claims that are manually created (this includes B&B claims). These claims will be reviewed to ensure a risk rating has been assigned • Reconciliation should be performed each quarter and in a timely manner • Consideration should be given to amending the Council policy relating to compliance with GDPR

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Follow-ups

<u>Audit title</u>	<u>Issues addressed</u>	<u>Issues ongoing</u>	<u>Total</u>	<u>Initial Assurance Level</u>	<u>Follow-up Assurance Level</u>	<u>Comment</u>
Discretionary Housing Payments - Follow Up	5	0	0	Assurance	Assurance	N/A
Treasury Management – Follow Up	1	0	0	Assurance	Assurance	N/A

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Internal Audit Position Statement

Rent in Advance/Deposit Guarantee Audit.

Laura Hutchison

Auditor

27th April 2023

1 Introduction

- 1.1 A Rent in Advance and Deposit Guarantee audit was undertaken in 2021/22. One high risk, seven medium risk and one low risk exceptions were raised during this audit. Initially this audit was planned to be reviewed in the 2022/23 audit plan, however limited transactional data meant testing could not be completed to review the exceptions. In agreement with the Divisional Manager for Revenues, Benefits and Housing, this follow up was deferred to a date to be agreed

2 Scope

- 2.1 A review of the current position was undertaken at the beginning of the 2023/24 audit plan, following communication with the Divisional Manager for Revenues, Benefits and Housing, highlighted that no Rent in Advance or Deposit Guarantee data was available for testing. This has meant that the follow up could not be undertaken.

3 Outcome

- 3.1 A review of transactional data was completed by the Divisional Manager for Revenues, Benefits and Housing, this highlighted no transactional data would be available for testing.
- 3.2 In agreement with the Divisional Manager for Revenues, Benefits and Housing, the follow up required for this audit will be deferred until September 2023.
- 3.3 In September 2023, if there is still no transactional data available for testing then the follow up will review any non-transactional exceptions raised only.

Chichester District Council

CORPORATE GOVERNANCE & AUDIT COMMITTEE

17th July 2023

Fraud Prevention Report 2022/2023

1. Contacts

Report Author:

Jeremy Todd, Principal Internal Auditor and Corporate Investigations Officer

Tel: 01243 785166 x4590 E-mail: jtodd@chichester.gov.uk

2. Recommendations

2.1. The committee is requested to consider this report and the corporate approach to fighting fraud to ensure that they fulfil their stewardship role and protect the public purse.

2.2. The committee notes that the Council will actively pursue potential frauds identified through ongoing investigations by the Corporate Investigations Team (CIT).

3. Background

3.1 The Tackling Fraud and Corruption Against Government report published in March 2023 Estimates that the loss to fraud and error in the public sector in 2020-2021 was between £33.2 and £58 billion pounds. Fraud against the public sector increases the cost of public services, so understanding, finding and reducing fraud is an essential part of efficiency.

3.2 To retain the required skills and knowledge to protect all services within the Council from potential fraud the Council in 2015 created the role of a Corporate Investigations Officer (CIO) Due to a restructure the role is now the Principal Internal Auditor and Corporate Investigations Officer (PIACIO). In 2017 additional resources in the form of an Assistant Corporate Investigations Officer (ACIO) was added to the team. In January 2023 a trainee Internal Auditor and Corporate Investigations Officer (TIACIO) was also added to the team. These roles now form the Corporate Investigations Team (CIT)

3.2 There are several tasks that are the responsibility of the PIACIO. The National Fraud Initiative (NFI) is a biennial exercise that matches data from various sources both within the council and other public sector bodies. The matches are released in January and are reviewed on a calendar year basis. The PIACIO is the key contact for this; ensuring that all the data is uploaded on time and that when received all the matches are reviewed by the relevant service departments. The PIACIO gives advice as necessary on the evaluation of any data matches.

Additionally, there is a yearly NFI match that looks at Council Taxpayers who receive a Single Person Discount.

- 3.3 Every year the Council needs to review any long-term empty homes in the district to confirm whether the properties remain empty. This is because the New Homes Bonus paid from Central Government considers the empty homes within the district and a reduction is made to the bonus paid. Prior to 2016, this work was outsourced at a cost of approximately £14k in 2015. Currently this work is done by the CIT in conjunction with the Revenues team.

4. Outcomes to be achieved.

- 4.1 This report aims to give assurance on the arrangements in place for the prevention and detection of fraud within the council.
- 4.2 To confirm that there are adequate resources available to carry out all investigations and identify the risks of potential frauds across all council services.

5. Proposal

- 5.1. For Councillors and others responsible for audit and governance to review the counter fraud arrangements on an annual basis.

6. Alternatives that have been considered

- 6.1. None.

7. Resource and legal implications

- 7.1. To fulfil legal requirements, the PIACIO is fully conversant with the Police and Criminal Evidence Act (PACE), Fraud Act 2006 and Data Protection Act 1998. In addition, the PIACIO has full knowledge of the Regulation of Investigatory Powers Act (RIPA).

8. Consultation

- 7.1 None.

9. Community impact and corporate risks

- 8.1 Having a Corporate Investigations Team (CIT) at Chichester District Council reassures the community that the Council is doing all it can to protect taxpayers' money.
- 8.2 Mitigating the risk of fraud and corruption is the responsibility of management. Corporate and service specific risks identified are recorded in a Corporate Risk

Register. Internal Audit have a four-year plan and an annual plan produced on a risk-based approach which is reviewed and updated annually, thus responding to new risks as they arise. However, audit procedures alone cannot guarantee that fraud or corruption will be detected.

10. Main Report

Achievements to Date

- 10.1. In 2022 the PIACIO, working closely with the Revenue Inspectors on the Empty Home Review project, identified 138 properties that should not have been listed as long-term empty because they had been brought back into use. This resulted in additional funding for the Council of £229,593
- 10.2. The CIT is responsible for looking at the NFI matches that indicate that a Council Tax Single Person Discount of 25% may have been incorrectly awarded. Unlike the other NFI data matches this exercise is undertaken on an annual basis. Last year (2022) the Single Person Discount database was matched against Credit reference data. The subsequent investigation of the matches found £131,810 of incorrectly awarded Single Person Discounts and Council Tax Reductions. NFI also estimates a figure for the saving if the fraud hadn't been identified and estimates that a further £191,229 would have been incorrectly paid so the estimated total saving is £323,039 The 2023 match is currently underway. This year the check is matching against the electoral roll. So far it has identified £71,222 of incorrectly awarded discounts and benefits (with the NFI estimate relating to if it had not been investigated being a total of £187,261)
- 10.3. The CIT have been heavily involved in the checking of Covid Business Rates Grants, carrying out checks on applications and investigating any grant applications that have been flagged as suspicious. An NFI exercise identified cases where multiple grants had been received. This was either two or more Grants in separate local authorities for the same company or two or more grants in the same authority to what appeared to be the same company (identified through bank account or directors name) The purpose of this match was to establish if small business-rate relief (SBR) remained appropriate and if any grants had been awarded in error. So far, the exercise has identified £72,725 of incorrectly awarded SBR and an incorrectly awarded grant of £10,000
- 10.4. The biennial NFI matches have now been received and are currently being worked on. The first of the matches completed is a review of the Housing Waiting List. Working with the Housing Team, the CIT reviewed the match results and established that 89 people on the list should no longer be on there. They were subsequently removed from the list. The Cabinet Office estimates that removing somebody from a waiting list saves a council £4,283 in various costs, so it is estimated that this exercise has saved the council £381,187
- 10.5. In 2022/2023 the CIT identified a further £13,094 of incorrectly awarded Single Person Discounts, incorrectly awarded benefits, and establishing new liabilities for Council Tax. These are cases where there was a reactive referral received (rather than through a data matching exercise).

11. The Year Ahead

- 11.1. The 2023 NFI matches will continue being worked on throughout this year.
- 11.2. The Empty Home Review is due to be carried out during August and September 2023.
- 11.3. When Cases involve benefits administered by the Department for Work and Pensions (DWP) and Council Tax Reduction (Administered by the council) The CIT will work with the DWP jointly on the case. The CIT have several investigations with the DWP that they will work on during the year.
- 11.4. The CIT remains available for referrals from all departments, and to date the team have worked with, Housing Benefits, Revenues, Human Resources, Chichester Contract Services, Car Parks, Environmental Health, Licensing, Housing and Finance.
- 11.5. Future resource plans will be drawn up to identify and prioritise all counter fraud work and will establish those areas with the biggest potential fraud risk.
- 11.6. The Council has a Whistleblowing Policy, which was updated in 2018 and is reviewed annually. No cases were identified through this media during 2022/2023 although this does not include anonymous fraud referrals received by the CIT.
- 11.7. The CIT continues to have an important part to play in identifying potential losses and this has already been demonstrated by the estimated outcomes totalling £1,342,677 that have been detailed in this report (this figure excludes the NFI Electoral Roll match which will be reported next year). The majority of NFI matches occur every 2 years and the yearly match for single discount uses different matching criteria each year so it is difficult to compare year on year results. Additionally in 2021 the report was published in September so there was an extra 3 months of results to include. For comparison purposes in 2022 estimated outcomes were £475,652, in 2021 estimated outcomes were £800,020 and in 2020 £326,491. It is worth noting that this is the first year NFI have estimated a figure of what would have been incorrectly claimed without the investigation taking place.

12. Conclusion

- 12.1. Overall, the Council continues to operate within a robust framework of policies and procedures. This framework is intended to direct the activity of the Council and its officers and ensure transparency and accountability. Responsible officers are expected to ensure that effective internal control arrangements are in place. Internal Audit is responsible for reviewing these controls annually to give assurance to those charged with governance and the PIACIO is responsible for investigating and reporting on any offences against or within the Council.

13. Appendices

13.1. None

14. Background Papers

14.1. None

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STRATEGIC RISK GROUP

TERMS OF REFERENCE AND SCOPING

Review Topic	Strategic Risk Management Policy and Strategy. Review of the Strategic and Organisational Risk Registers.
Membership (and Chairman)	Three members of the Cabinet appointed by the Leader to include the Cabinet Member with responsibility for risk and governance. Three members of the Corporate Governance and Audit Committee
Terms of Reference	<p>Broad Objectives</p> <ol style="list-style-type: none"> 1. To consider any strategic and operational risks, the associated controls, management, and any mitigation. 2. To review previously identified strategic risks and give detailed consideration of any newly identified risks to be incorporated in the report to Corporate Governance & Audit Committee
Scope	<p>Risk management policy and strategy, governance, and procedures.</p> <p>To review adequacy of the procedures and their application to the Council's Strategic and Organisational Risk Registers.</p>
Review Period	2023-24 Financial Year
Officer support	Diane Shepherd, John Ward, Stephen James, Helen Belenger, and Edward Baker-Moore
Frequency of Meetings	Two meetings per annum scheduled: 5 October 2023 and 7 March 2024
Report back to	CG&AC on 30 October 2023 and 25 March 2024

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Chichester District Council

Corporate Governance & Audit Committee

17 July 2023

Establishment of a Budget Review Group

1. Contacts

Report Author:

Helen Belenger - Divisional Manager Financial Services
Telephone: 01243 521045 E-mail: hbelenger@chichester.gov.uk

2. Recommendation

- 2.1 That Corporate Governance & Audit Committee recommend to Cabinet the setting up of a Budget Review Group, and the Terms of Reference as set out in Appendix 1 of the report.**

3. Background

- 3.1 The Council identified in its approved Financial Strategy in November 2022, that there was an underlying funding gap that would need to be addressed in the medium term. This position has been kept under review, but the situation remains that the Council needs to address this funding gap to ensure compliance to the Council's statutory obligation to set a balanced budget.
- 3.2 In line with the Council's key financial principles, forward planning is key to being able to make considered decisions rather than reactive ones in seeking to address any estimated funding gap.
- 3.3 The Council has a good record for achieving efficiency savings and increasing income opportunities. The last efficiency programme was created in 2021 due to the impact that COVID had on the Council's finances. At that time a target to achieve £1.570m was agreed by Full Council, and we remain on course to deliver the full amount during the current financial year 2023-24. However, further uncertainties in government funding, higher than anticipated inflation and some service specific cost pressures mean that a forecast structural deficit from 2026-27 is expected to materialise unless action is taken. It is therefore proposed that a budget review group be created to help the Council plan its response.

4. Outcomes to be Achieved

- 4.1 To ensure that the Council has developed options available to address the estimated funding gap in the medium term, and inform the annual budget setting exercise.
- 4.2 To return the Council to a balanced budget without the ongoing use of reserves, to ensure the long-term sustainability of the Council's finances, and the affordability of its spending plans. Maintaining an adequate level of reserves to mitigate the impact of any emergencies or need in the future.

5. Proposal

- 5.1 It is recommended that a Budget Review Group, made up of key Members and Senior Officers should be formed to review and scrutinise the Council's current spending, and develop a prioritisation tool which aids the identification of options of either efficiency savings or new income generation opportunities to address the estimated funding gap. Appendix 1 sets out the proposed Terms of Reference for the Group.
- 5.2 Since the current financial forecast indicates that the Council will be able to set a balanced budget for 2024-25, the proposed review process will focus on identification and selection of options in preparation of the 2025-26 budget and beyond. This will allow members to take a measured approach working up options that can be deployed in the future as and when necessary. The Council already has an approved prioritisation process to aid members in the assessment of new projects that come forward at any time. The review group will be tasked with reviewing that process to further develop and improve it. The outcome of the work undertaken by the Budget review Group will influence future Financial Strategies and the relevant annual budget cycles over the life of the new administration of the Council. It will also aid the development of the Corporate Plan objectives and influence the key strategies and policies of the Council.

6. Alternatives Considered

- 6.1 To do nothing to address the estimated funding gap could mean that the Council would not be fulfilling its legal obligation to set a balance budget and having spending plans that are unsustainable. This would be contrary to the Council's Financial Strategy and key financial principles. Any inaction would also be considered by the Council's appointed external auditors as part of their annual review for both Value for Money assessments and the financial stability of the Council.

7. Resource and Legal Implications

- 7.1 The proposal to establish the Budget Review Group as set out in Appendix 1 will have no new resource or legal implications. The recommendations from the Group will need to consider their resource and legal implications as necessary.

8. Consultation

- 8.1 This proposal to set a Budget review Group has been considered by the Strategic Leadership Team (SLT) and informally with the Cabinet.
- 8.2 Corporate Governance and Audit Committee are asked to consider the proposal and make recommendations to Cabinet.
- 8.3 Future consultations of the outcome of the Group's findings and recommendations may require community input, or for some service areas, consultation.

9. Community Impact and Corporate Risks

- 9.1 The work of this Group will enable the members to have an in-depth awareness of the impact of the options and ideas identified to address the estimated funding gap on the community and the Council’s priorities.
- 9.2 Any proposals for changes in services or service delivery will undergo the relevant impact assessment as part of the decision make process.
- 9.3 The work from the Group will have an impact of the strategic risk of Financial Resilience. The proposal of this report is to mitigate the risk on financial stability, thereby fulfilling the Council’s obligation to set a balanced budget.

10. Other Implications

	Yes	No
Crime and Disorder		X
Biodiversity and Climate Change Mitigation		X
Human Rights and Equality Impact		X
Safeguarding and Early Help		X
General Data Protection Regulations (GDPR)		X
Health and Wellbeing		X
Other (please specify) The overall financial resilience of the Council will be impacted by the work of this Group.	X	

11. Appendices

- 11.1 Appendix 1 – Draft Terms of Reference.

12. Background Papers

- 12.1 None.

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Budget Review Group – Draft Terms of Reference

Membership:

Members:

The Leader, Finance Cabinet Member, the Leaders of the Opposition Groups and the Chairman of the Corporate Governance and Audit Committee.

Officers:

The Chief Executive, the Director of Corporate Services, the Divisional Manager of Financial Services, the Corporate Improvement Manager, with the relevant Director and Divisional Manager from each service attending to answer questions specific to their service.

Purpose of the Group

The purpose of the Group is to identify and consider the options/ideas that could be available to the Council to address the estimated funding gap over the medium term. Making recommendations to CGAC on process, and to Cabinet on budgetary proposals.

In doing this the Group will:

1. To consider and agree how the corporate planning and prioritisation processes for both revenue and capital will be structured and embedded in the Council's budget process.
2. To consider the impact of the options and ideas identified.

Scope

1. All services and spending undertaken by the Council under their revenue, capital, and asset replacement programmes.
2. The review covers both statutory and non-statutory/discretionary services provided by the Council.
3. Income generation ideas.

Methodology

1. All service areas, commencing with the largest spend services, to complete a standardised analysis of resources employed, and income generated.
2. Identify which service elements are mandatory and which are discretionary.
3. To review service budgets and their service cost drivers and the outcomes of the service.
4. To consider new income generation ideas.
5. To consider trend analysis of variances of service spending for both over and underspending.

6. Develop a prioritisation tool to aid decision making for service changes.
7. Alternative options will consider the pro's and con's of any service changes along with an impact assessment where relevant.

Outcomes

- The recommendations from the Group will be reported back to Cabinet and will feed into a future update of the Council's Financial Strategy and the relevant annual budget cycle, which will be approved by full Council.
- To agree an efficiency programme for the Medium-Term Financial Strategy and 2025-26 Budget Cycle.

Review period / timetable

The Group will meet monthly.

September 2023 – Initial meeting

September 2023 – November 2023 – Prioritisation process for changes to 24-25 budget.

January 2024 to March 2025 – develop new prioritisation process for future budgets.

September 2023 to May 2024 – Reviews of Service areas.

June 2024 to August 2024 – Options and recommendations developed

September 2024 – Draft report

Report to Cabinet: Oct 2024

Chichester District Council

Corporate Governance and Audit Committee

July 2023

Housing Benefit Subsidy 2020 - 2021

1. Contacts

Report Authors:

Marlene Rogers, Benefits & Systems Manager
Tel: 01243 534644 Email: mrogers@chichester.gov.uk

2. Recommendation

The committee is requested to consider the contents of this report, which summarises the final Housing Benefit subsidy position for year ending 31st March 2021.

3. Background

- 3.1. The Council submits an annual claim to the Department of Work and Pensions (DWP), who are responsible for paying all subsidy in respect of housing benefit (HB).
- 3.2. The Final Housing Benefit Subsidy Claim for year ending March 2021 was £25,903,261. The bulk of this is made up of £25,079,723 attributable to rent allowance cases (Local Housing Allowance claims and Registered Social Landlords) and £559,186 in respect of rent rebates (Council's temporary accommodation and Bed & Breakfast accommodation).
- 3.3. Except for certain areas of HB spending wherein Local Authorities (LA's) have the most scope to monitor and control costs, subsidy is paid at the rate of 100%. The subsidy arrangements require LA's to keep accurate records of benefit spending falling into the different categories required for subsidy purposes. LA's need to maintain systems and records in such a way that the individual cases, which make up the subsidy totals in each category, can be identified for verification of accounts and claims for internal audit and external audit certification purposes.
- 3.4. The committee should note that this report summarises the external audit certification for year ending 31st March 2021. The HB certification process always considers the previous financial year, and this process can be lengthy where additional testing is required, this claim was concluded by our appointed auditors in May 2022, however the DWP did not settle this claim until February 2023, hence the delay in the report coming to this committee.

4. Summary of Housing Benefit Subsidy for year ending 31st March 2021.

- 4.1. The audit report prepared by appointed auditors Ernst & Young LLP can be found in appendix 1 to this report. This summarises the final claim position as

submitted to the DWP for consideration in May 2022. This is a comprehensive and technical document; therefore, I shall summarise the outcomes and learning for the Benefits Service.

- 4.2. Initial testing of the claim identified several errors which are detailed on pages 4 of the audit report. These errors resulted in additional testing; any error found is extrapolated across the area of expenditure in which the error was identified. A summary of these extrapolations' is detailed in the body of the report. In brief for the purposes of this report the issues identified were in assessment of earned income, assessment of self-employed earnings, classification of eligible overpayments and incorrectly treating a Universal Credit case as passported.
- 4.3. None of the errors identified any specific training need, the team are comprised of experienced assessment staff. The errors identified were more akin to missing evidence to support the amount of income included in the assessment and transposed figures. To reduce this the team have implement some new self-employed procedures which make the inputting of data from forms into the Benefits System easier reducing the likelihood of error. In addition, the team carry out quality checking of around 4% of all calculations, and without increasing this significantly it is unlikely that these types of errors will be eliminated. That said the Team strive to minimise error and assessment staff are given feedback where their error has a potential impact on subsidy.
- 4.4. These extrapolations and movement of expenditure where whole populations have been tested are presented to the DWP for consideration. A summary of their findings can be found in appendix 2.
- 4.5. In summary the Council made a small gain in subsidy (£5,657) because of the audit assurance process. This is because expenditure moved from eligible overpayment expenditure which attracts 40% subsidy to local authority error expenditure which attracts 100% subsidy (if the LA remains below the upper limit permitted to claim in relation to LA error overpayments).
- 4.6. Whilst error is not a good news story, it is something that is likely to be found in a subsidy claim, it is unlikely that error will be eliminated completely. However, having a small gain in subsidy because of this error is a good outcome for the Council, particularly given the volume of additional testing that was required in the audit process.

5. Resource and legal implications

- 5.1. Having an accurate housing benefit claim is important, there is always a careful balance between speed of processing and accuracy that the team strive to achieve. This has implications in several areas, such as reputational risk, speed of processing and accuracy performance. There is also a financial risk, as error can result in a loss of subsidy.

6. Consultation

- 6.1. Not applicable

7. Community Impact and Corporate Risks

7.1. None

8. Other Implications

Are there any implications for the following?		
	Yes	No
Crime and Disorder		X
Climate Change and Biodiversity		X
Human Rights and Equality Impact		X
Safeguarding and Early Help		X
General Data Protection Regulations (GDPR)		X
Health and Wellbeing		X
Other		X

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Chichester District Council

CORPORATE GOVERNANCE & AUDIT COMMITTEE 17 July 2023

Annual Partnerships Report 2023

1. Contacts

Report Author:

Pam Bushby Divisional Manager Communities and Customer Services

Tel: 01243 534801 Email: pbushby@chichester.gov.uk

2. Recommendations

- 2.1. That the Annual Partnerships report be noted.**
- 2.2. It is recommended that the partnerships annual report is an appropriate mechanism for ensuring our strategic partnerships have appropriate governance measures in place and should continue reporting to Corporate Governance and Audit committee on an annual basis.**
- 2.3. It is recommended that the risk assessment template for partnerships is an appropriate document and should be completed by lead officers for partnerships.**

3. Background

- 3.1. At a special meeting of the Corporate Governance and Audit Committee on the 23 July 2012 the following recommendations were made:
 - (a) The committee should receive an Annual Partnerships report on the effectiveness of the council's strategic partnerships focussing on governance arrangements and risk monitoring.
 - (b) The council's partnerships, both strategic and operational, should be reviewed during the council's annual service planning process to ensure that they are still achieving their outcomes, that risk registers are up to date and regularly reviewed and the council's strategic objectives continue to be met.
 - (c) That the role of members who serve on partnerships is made clear in the partnership's guidance document particularly in relation to the requirements for annual reporting.
- 3.2. At the September meeting of CGAC 2017 members of the committee asked for the format of the report to be changed so that it considers governance arrangements and the exposure of the partnership to risks and the mitigation of those risks.
- 3.3. In 2018 CDC managers attended a training session on partnerships to remind them of the importance of having good governance in place and inform them that this report will monitor this on an annual basis.

- 3.4. In 2018 with regard to the risk assessment recommended by the committee that it should use the Council's 4x4 risk matrix as this was clearer, a template has been developed and sent to all lead officers to complete. (Appendix 1)
- 3.5. In 2019 the committee asked for the reinstatement of partnership membership lists. This has been completed where possible.
- 3.6. In 2020 Informal Cabinet made a policy decision to dissolve Chichester in Partnership (CIP). It was felt the projects no longer needed CIP oversight and much of the work could be delivered elsewhere. CIP was dissolved in September 2020.
- 3.7. In late 2021 the Arun and Chichester Food Partnership was formed and whilst CDC are not an emergency or surplus food supplier we are linked in via our Supporting You, Social Prescribing and Community Warden teams. We also chair the steering group meetings and the previous Council allocated funding to the partnership for local support.

4. Analysis of Partnerships and recommendations

- 4.1. The annual review and report process is an appropriate method for ensuring our strategic partnerships have appropriate governance measures in place and should continue for the foreseeable future. This report will only look at the governance of partnerships and is not concerned about the delivery of outcomes, this would be the role of Overview and Scrutiny committee
- 4.2. There are currently 11 strategic level partnerships that the council is involved with, as set out in the annual partnerships report (Appendix 2). They all have appropriate governance arrangements in place. Some of the partnerships do not have exit strategies in place. This is because we do not lead or manage these partnerships, but officers are satisfied with how the partnerships are being managed. All CDC facilitated partnerships have the appropriate governance in place.
- 4.3. The Committee is asked to note that the officer leading on The West Sussex and Greater Brighton Strategic Planning Board (7) has left CDC and confirmation of who is taking over this partnership lead is awaited.

5. Community impact and corporate risks

- 5.1. By not completing a review of the main strategic partnerships of the council we risk council resources being directed into partnerships that do not meet the council's priorities, waste our resources, do not have a clear goal, and could bring the council into disrepute. By ensuring that appropriate governance is in place for these partnerships and their risks managed we can ensure the quality of their work and their benefit to the local community.

6. Other Implications

	Yes	No
Crime & Disorder:		✓

Climate Change:		✓
Human Rights and Equality Impact:		✓
Safeguarding:		✓

Appendix 1 -Partnership Risk Assessment Form

Assessment for (provide full name of partnership)				Estimate of Risk – L = Likelihood I = Impact Scores 1 = Low 2 = Medium 3 = High 4=Almost Certain					
				Likelihood	4 Almost Certain	4	8	12	16
					3 Probable	3	6	9	12
					2 Possible	2	4	6	8
		1 Unlikely	1	2	3	4			
			1 Minor	2 Moderate	3 Substantial	4 Major			
			Impact						
Date of assessment		Name of lead partner (who owns the partnership)			Reviewed (Date and by whom)				
Assessor's name		Job Title							
Manager's name		Job Title							
Who might be harmed	Staff <input type="checkbox"/> Public <input type="checkbox"/> Contractors <input type="checkbox"/> Other partners <input type="checkbox"/> CDC <input type="checkbox"/> Others (please state) <input type="checkbox"/>								

What are the risks?	What are you already doing to eliminate or control risk?	Estimate of risk (see box above)			What further action is necessary to eliminate or control risk?	Action by (who)?	Action by (when)?	Action completed (date)
		L 1-4	I 1-4	O LxS				
<i>E.g. Reputational, financial,</i>	<i>Partnership agreement in place</i>	1	2	2	<i>Develop and sign a financial agreement</i>	<i>Partnership lead organisation</i>	<i>30.09.20</i>	<i>30.07.20</i>

Appendix 2 –Partnerships Report 2023

1. Manhood Peninsula Partnership

Completed by ; Jane Cunningham

Partnership Description; what is the partnership’s vision, and overall aims?

The Manhood Peninsula Partnership (MPP) is a Standing Conference for the Manhood Peninsula in which Chichester District Council is a key partner. The partnership puts adaptation to climate change, environmental sustainability, and economic regeneration at the heart of its project work with the local community on the Manhood Peninsula, the coastal plain of Chichester District.

The MPP is an influential, community led initiative comprised of local communities, local and national government agencies, and other key organisations that share an interest in the issues and sustainable management of the Manhood Peninsula.

As such the MPP Project Officer plays a pivotal role in developing the projects to shape the peninsula for the future, reacting to issues raised by groups within communities such as the fishing industry, and increasing the climate change resilience of Chichester’s coastal plain.

The MPP remit is the recognition and mitigation of climate change, economic regeneration, and community benefit shown in the key areas that recur repeatedly as concerns for the peninsula

- Economy and social regeneration, including tourism
- Flood and coastal risk management
- Drainage, surface water management and environmental enhancement
- Sustainability of coastal communities and the marine environment
- Access and sustainable development and transport

CDC has announced a Climate Change Emergency for the district. The MPP is an existing vehicle whose commitment to recognising and mitigating the effects of climate change make it an ideal delivery body for CDC’s aspirations in this respect on the peninsula. The Partnership provides a ready source of local knowledge on surface water and environmental management at strategic levels that would be difficult to source otherwise

The welcome appointment of CDC’s Climate Change Officer expanded the technical knowledge within CDC with regard to becoming carbon neutral and green energy efficient. The partners within the MPP can help unroll these initiatives across the peninsula. The parish partners in particular will be key to enabling this.

The relocation of CDC’s coastal and land drainage officers to Coastal Partners, Havant Borough Council, has provided another source of knowledge and expertise within the MPP.

The Partnership is the ideal way for CDC to act as an exemplar for localism and community engagement. The MPP Project Officer post is employed by CDC on a part time basis and receives contributions from the parishes to supplement employment costs.

Planned Outcomes for the financial year ahead 2023/24

East Wittering & Bracklesham Vision Project (BREW-Vision)

The EW&B Vision aims to re-imagine what the town could be, and what role it will take in the future. It is a partnership project between East Wittering & Bracklesham Parish Council and CDC, and includes input from the community and WSCC Highways. There is a desire to make a clear case for EW&B as a town for the future, a town with a future. The consultant Terra Firma worked on a place shaping brief for the area, which is now in it’s final stage and is waiting for a

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consultation with shop keepers to be completed before the final document will be released in July / Aug 2023.

Additional Vision Funds - Booker Green

BREW Vision also includes Booker Green, a highly valued community green space. Additional Vision funding enabled the installation of new benches and picnic tables at Booker Green in early 2023. It is hoped the UK Shared Prosperity Funds and the Rural England Prosperity Fund will help fund some of the other aspirational projects within BREW Vision.

Selsey Vision Projects

The new Selsey Vision aims to re-imagine what the town could be, and what role it will take in the future. There is a desire to make a clear case for Selsey as a town **for** the future, a town **with** a future. Selsey Town Council has incorporated a number of the Selsey Vision projects into their Business Plan for the town.

Selsey Town Council has created a seal wayfinding figure that fulfils the wayfinding criteria and follows a design similar to the five seals created for the Seals around Selsey project. The seal has been produced and installed in East Beach Car Park, Selsey. The aim is to improve wayfinding between East Beach and Selsey town centre.

Additional Vision Funds – Hillfield Park:

To consolidate and expand the Visions, additional money was provided by CDC and a plan to revitalise the park on Hillfield Rd, Selsey, produced. The aim is to re-imagine the park as a bugs and mini-beasts space in which children and families can re-engage with natural forms that will encourage outdoor play. The Wet Pour Caterpillar central to the scheme has been installed in Hillfield Road Park, and the final payments from CDC to Selsey Town Council have been made.

It is hoped the UK Shared Prosperity Funds and the Rural England Prosperity Fund will help fund some of the other aspirational projects within BREW Vision.

CHASM (Crustaceans, Habitat And Sediment Movement)

The Crustaceans, Habitat And Sediment Movement (CHASM) project is an MPP sub-group led by the MPP Project Officer to research and investigate the reasons behind reduced crab catch and increased sedimentation seen recently on the coast of the Manhood Peninsula. The two issues have been identified by the fishery as negative factors affecting the economy of the Selsey fishery.

Over the last year it has become apparent that much change has already taken place and sediment influx and movement is a contributor. Should conclusions indicate pollution is responsible for the changes, there are implications for water quality, the visitor economy and the wider community to consider.

The CHASM Delivery/Steering group meets once a month, and the Stakeholder group meets once a quarter. The project helps deliver the CDC commitment to support Selsey and the Selsey fishery demonstrated by the Marshall Regen recommendations in their report on Selsey Haven that were also included in the Selsey Vision.

CHASM: Research: the MPP Project Officer is supporting Channel Coastal Observatory, Southampton University and Brighton University in leading the research. Portsmouth University is also an academic partner, and it is hoped they can join forces with CHASM fully in the next 12 months.

CHASM: Fisheries and marine education: the Project Officer is supporting Mulberry-ME, a Community Interest Company in Selsey, who have produced marine education and activities packages for adults, children and schools. The projects include activities on the Bracklesham beds, and the marine environment off the Selsey coast with particular reference to the Selsey Bill & the Hounds Marine Conservation Zone.

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CHASM Partners:

The CHASM project works closely with other local and national projects and organisations, sharing similar environmental and monitoring aims in the marine environment:

- Environment Agency; Sussex Kelp Restoration Project (formerly Help Our Kelp); Sussex Wildlife Trust; Sussex IFCA; CHaPRoN - Chichester Harbour Conservancy; Natural England; Sussex Bay - Adur & Worthing; Arun DC.

Active participants include:

- Selsey fishermen; University of Brighton; Channel Coast Observatory; Southsea Sub-Aqua Club; Mulberry Marine Experiences; Cefas; Environment Agency; Sea Search, Sussex Wildlife Trust; Monteum Lobsters; National Lobster Hatchery, Padstow

CHASM event 2022. The CHASM project hosted a stakeholder network event where speakers presented the complex backdrop of change that has coincided with reductions in the coastal crustacean fisheries around Selsey Bill, West Sussex.

Funded by the Faculty of Environment & Life Sciences at University of Southampton, the event took place on 14 June 2022 at Selsey Town Hall. The event brought together 55 stakeholders representing 36 organisations from around the Manhood Peninsula and from key organisations working in the marine sphere to learn more about the issues and research being undertaken locally.

Wide ranging presentations provided a background to the project and the myriad of potential stressors which might be influencing the wider habitat. Following the presentations a large number of delegates were able to join us on the Solar Boat in Chichester Harbour, where live demonstrations provided a hands-on experience of the sampling techniques being used.

CHASM event 2022. The universities involved have developed a plan for research that includes 6 themes and 50 work packages that can be assembled as required for funding applications. These were recently refined at the Sussex Sediment Monitoring and Adaptive Responses Workshop 18 May 2023. The workshop helped prioritise work packages and for which funding will be sought for delivery during 2023/24. The work packages have a local, regional, and national application.

During 2023 there have been many opportunities to raise the profile of the project through public talks and local media.

Surface Water Issues & Solutions (SWISh):

The Surface Water Issues and Solutions Group (SWISh) arose out of discussions within the partnership, including CDC, into the impact of Operation Watershed, the emergence of flood groups across the peninsula in response to increased flood events, their relationship with parish councils and the emerging changes to the existing and newly responsible drainage organisations (eg WSCC as Lead Local Flood Authority) as a result of the Water Resources Management Act 2011.

SWISh is an MPP sub group that meets four times a year. The work of the group is based on the findings of the Defra Flood Resilience Community Pathfinder Scheme, the Manhood Peninsula Surface Water Management Plan (WSCC 2015) and the core of local knowledge and information assembled by flood groups.

SWISh members are working with the National Flood Forum; West Sussex County Council, Chichester District Council, Southern Water, the Environment Agency and other stakeholders to fulfil elements of the WSCC Manhood Peninsula Surface Water Management Plan 2015.

SWISh members are currently **exploring a scheme of local management for surface water drainage and flood risk within the Peninsula.** The main aim is to provide a unified system of land drainage across all the Manhood Parishes that, taking into account the amount of resources

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available, maximises the level of protection from flood risk for all communities. This model is unique to the coastal plain but can also be used across upland areas, an aspiration of the National Flood Forum that views the peninsula scheme as a pilot..

SWISH Rain Gardens and rewilding management of grass verges is a new project that on which discussion has just begun. The purpose of a rain garden is to hold back rain water temporarily and slow its dispersion into a drainage system, to help prevent surface water flooding. In 2015 two rain gardens were installed in Selsey and Shoreham. Since then flooding on the peninsula has increased, and a new WSSC initiative to encourage pollinators in public spaces such as road verges has been initiated. This has resulted in renewed interest in looking at how maintenance schemes for private gardens and public green spaces can be revised to incorporate planting for pollinators in locations that can also serve as rain gardens.

Green Links across the Manhood (GLaM):

Cycling is part of the solution for a low carbon future on the peninsula. GLaM has been working to progress walking, cycling and horse riding on the peninsula that will reduce traffic congestion, encourage people to get out of their cars to improve health, and provide a focus for the visitor economy of the peninsula. Cycling is also a zero-carbon transport option that can deliver worthwhile carbon savings, together with many other benefits, at very low cost. Developing green links across the peninsula will help with the delivery of CDC's Climate Change Action Plan.

GLaM is working more closely with Sustrans to look at:

- Active Travel
- Sustrans – Restoring the Record
- The Case for Quiet Lanes on the Manhood Peninsula

When considered together with options for cycle hire and e-bikes conducted previously, these projects support CDC's carbon neutral aspirations for the District.

Continuing to host the MPP

Continuing to host the MPP will help the Council achieve the following outcomes:

- Improve and promote inter-sectoral integration, co-ordination, communication and understanding between those involved in the Manhood Peninsula.
- To work with parishes to develop and implement the Vision projects
- To ensure the sustainable development of the peninsula by considering long-term issues, including climate change and flood prevention measures.
- Adopt a proactive approach to addressing the effects of climate change in the local community.
- Pursue future funding to build on the success of previous projects such as Coastal Change Pathfinder and Sea's the Day.
- Encourage dialogue and cohesion between the numerous agencies and stakeholders in the area enabling a joint response to strategic issues as reflected in the current sub-groups.
- Assist and promote the development and implementation of guidelines, strategies and action plans related to sustainable development, flooding and climate change.
- Enable residents to understand some of the pressures facing local authorities.

In view of the continued announcements coming from international bodies (see latest UN report [Climate Change 2023: Synthesis Report | UNEP - UN Environment Programme](#)) regarding the acceleration of climate change and sea level rise, by working with the MPP the Council will be more able to recognise the future risk to the entire peninsula and the importance of making its existing economy (green/outdoor tourism and agriculture) as resilient as possible for as long as possible.

What Chichester District Council resources are in the partnership?

The District Council is the major funder of the part-time MPP Project Officer post. The Project Officer leads the CHASM project, will be working in partnership with East Wittering and

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<p>Bracklesham Parish Council and Selsey Town Council to develop the projects through the UKSP and REPF funds. The Project Officer also leads and directs the other MPP planned objectives and project groups outlined above.</p>
<p>What resources do other partners place in the partnership?</p>
<p>The MPP's other funding partners are the peninsula parishes via the Parish Precept. For 2022 this was £4,683.</p>
<p>What are the partnerships lines of accountability? E.g how is the partnership monitored</p>
<p>The MPP Project Officer currently reports to the Divisional Manager of Place in Growth & Place, and maintains links with:</p> <ul style="list-style-type: none"> • Environment to facilitate work on the coast, in the East Beach area of Selsey and elsewhere on the peninsula. • Economic Development • Planning Policy Communities
<p>Are there agreed terms of reference in place for the partnership? When were the terms last reviewed?</p>
<p>. Yes – the Terms of Reference for the partnership were set at the outset and were reviewed in March 2022</p>
<p>When was the partnership last <i>independently</i> reviewed? Who carried out the review? and what recommendations were there?</p>
<p>The partnership has not been officially reviewed by an independent body. The partnership is reviewed annually by its partners, including Chichester District Council. As the partnership is comprised of a wide variety of local, regional and national organisations, all of whom are independent from CDC, review by another body has not been considered a priority or a necessity.</p>
<p>Have you completed a Risk Assessment of the partnership? Y/N Please attach your most recent risk assessment</p>
<p>yes</p>
<p>Has a financial agreement between partners been prepared and signed?</p>
<p>No. No other bodies fund the partnership other than CDC and the parishes. When the Environment Agency was a funding partner there was an annual signed agreement but this has now ceased.</p>
<p>Has an exit strategy for CDC been put in place? Are there any potential commitments arising from the exit strategy?</p>
<p>Commitments – redundancy payment for the MPP Project Officer should this be required</p>



Partnership Risk Assessment Form

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Assessment for (provide full name of partnership)	Manhood Peninsula Partnership		Estimate of Risk – L = Likelihood I = Impact Scores 1 = Low 2 = Medium 3 = High 4=Almost Certain					
			Likelihood	4 Almost Certain	4	8	12	16
				3 Probable	3	6	9	12
				2 Possible	2	4	6	8
				1 Unlikely	1	2	3	4
	1 Minor	2 Moderate	3 Substantial	4 Major				
	Impact							
Date of assessment	24/06/2021	Name of lead partner (who owns the partnership)	Chichester District Council	Reviewed (Date and by whom)	June 2023 Jane Cunningham			
Assessor's name	Jane Cunningham	Job Title	MPP Project Officer					
Manager's name	Tania Murphy	Job Title	Divisional Manager - Place					
Who might be harmed	Staff-Yes Public <input type="checkbox"/> Contractors <input type="checkbox"/> Other partners-Yes CDC-Yes Others (please state) <input type="checkbox"/>							

What are the risks?	What are you already doing to eliminate or control risk?	Estimate of risk (see box above)			What further action is necessary to eliminate or control risk?	Action by (who)?	Action by (when)?	Action completed (date)
		L 1-4	S 1-4	O LxS				
<i>E.g. Reputational, financial,</i>	<i>Partnership agreement in place</i>	1	2	2	<i>Develop and sign a financial agreement</i>	<i>Partnership lead organisation</i>	<i>30.09.20</i>	<i>30.07.20</i>

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<p>Reputational – partners demonstrate publicly conflicting interests</p>	<p>The MPP does not issue joint statements unless the matter has been consulted on and agreed with all partners. This is seen in the MPP Terms of Reference, and key statements on drainage, economy and green links</p>	<p>1</p>	<p>1</p>	<p>1</p>	<p>Ensure the Terms of Reference and key statements express the current views of partners</p>	<p>MPP Chairman, MPP sub group chairmen, and MPP Project Officer</p>	<p>Annually</p>	<p>10/02/2021</p>
<p>Reputational – project leaders demonstrate publicly conflicting interests, particularly on planning matters</p>	<p>Project leaders are not able to speak for other partners without consent. The MPP does not comment on individual planning applications.</p>	<p>2</p>	<p>2</p>	<p>4</p>	<p>As previous</p>	<p>MPP Chairman, MPP sub group chairmen, and MPP Project Officer</p>	<p>Ongoing</p>	<p>Ongoing</p>
<p>Financial – CDC and the parishes are the only bodies funding the MPP Project Officer. Should the parishes drop out CDC will be the sole funder of the post. Should the post terminate the MPP will cease.</p>	<p>Ensure the MPP Project Officer’s projects and other work activities fit with CDC aspirations, as well as those of the peninsula town and parish councils.</p>	<p>2</p>	<p>3</p>	<p>6</p>	<p>MPP risk - the partnership will terminate. CDC risk – if the parishes do not fund the MPP Project Officer and related projects, the cost will fall to CDC. Ensure projects are a good fit for CDC priorities and those of the local communities. Find external funding.</p>	<p>MPP Project Officer, Divisional Manager – Place.</p>	<p>Ongoing</p>	<p>Ongoing</p>

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<p>Physical – meeting environment. MPP meetings are usually held on location on the peninsula. The risk is that venues are dangerous or unsuitable for partners.</p> <p>Online - Due to covid restrictions meetings have been held online, and will continue to do so until further notice</p>	<p>MPP meetings are held in the Selsey Centre and the Harbour Conservancy classroom at Dell Quay. They are the properties of large organisations therefore H&S are considered, and access is available to all.</p>	1	2	2	<p>Book meetings up to a year ahead to ensure availability. Ensure participants are aware of meeting times</p>	<p>MPP Project Officer, venues</p>	Ongoing	Ongoing
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2. West Sussex Affordable Warmth Partnership
Lead officer: Liz Reed, Housing Standards Manager
Partnership Description; what is the partnership’s vision, and overall aims?
<p>As a partnership of local authorities, the aim is to work towards a West Sussex where residents have the information, resources and support available so they are able to keep warm in their homes. While in the ideal West Sussex, no one would live in fuel poverty, it is outside the control of the partnership to control all the elements that would achieve this. However, we aim for a West Sussex where the worst effects of fuel poverty are eradicated.</p> <ol style="list-style-type: none"> 1. Fuel poor households can access the assistance they need, to improve the energy efficiency of their homes, regardless of property type, tenure or location 2. West Sussex residents can afford to heat their homes adequately, without having to reprioritise other financial and personal needs. 3. West Sussex residents are not disadvantaged because of how they pay for their energy and are able to engage with a competitive energy market
Planned Outcomes for the financial year ahead 2023/24
<ul style="list-style-type: none"> • Bid for funding opportunities to support the installation of energy efficiency measures. • Continue promotion and delivery of the Green Homes Grant Local Authority Delivery schemes and future government schemes including the Homes Upgrade Grant. • Relaunch the county-wide website providing residents with a one-stop shop of all the grants, assistance and advice available in the local area.
What Chichester District Council resources are in the partnership? (include money, officer time and assets)
Quarterly partnership meeting plus ad-hoc meetings as and when funding becomes available. Meetings are attended by the Housing Standards Manager, Climate Change Officer and Home Energy Visiting Advisor
What resources do other partners place in the partnership?
All District and Boroughs provide an attendee at the meetings. Arun DC also provide the management of the West Sussex Fuel Poverty Co-ordinator who co-ordinates the partnership.
What are the partnerships lines of accountability? E.g how is the partnership monitored
The partnership works to a Framework of Action. The current document is under review. The partnership is managed by the West Sussex Fuel Poverty Co-ordinator who chairs the meetings. All meetings are minuted.
Are there agreed terms of reference in place for the partnership? When were the terms last reviewed?
The Terms of Reference were reviewed in 2018.
When was the partnership last <i>independently</i> reviewed? Who carried out the review? And what recommendations were there?
There has been no independent review; however schemes that are jointly delivered are reviewed on an annual basis.
Have you completed a Risk Assessment of the partnership? Y/N Please attach your most recent risk assessment (note: you should be using the CDC risk matrix for this, available on the intranet)
No. The group facilitates the sharing of knowledge, best practice and limited joint project work.

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Has a financial agreement between partners been prepared and signed?
No
Has an exit strategy for CDC been put in place? Are there any potential commitments arising from the exit strategy?
There is no formal or contractual obligation to this 'commitment' and CDC or any member authority could withdraw at any time.
Membership
All West Sussex Councils belong to the group. The partnership is also attended by County Council representative, Citizens Advice. District and Borough authorities send Private Sector Housing Managers and Officers, Sustainability and climate change officers as well as energy efficiency officers and advisors.

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3. Local Community Neighbourhood Network (LCNN)
Lead officer; Pam Bushby / Elaine Thomas
Partnership Description; what is the partnership’s vision, and overall aims?
<p>The LCNN is a multi-agency group aims to address local health and wellbeing issues in the Chichester District.</p> <p>We recognise that there are a variety of partners who influence the health and wellbeing of residents, and that increased collaboration is likely to bring additional benefits.</p> <p>The LCNN is a place based, collaborative network that seeks to realise these benefits by providing a forum that allows the time and space to build genuine partnerships and trust between members.</p> <p>It is anticipated that these benefits will include:</p> <ul style="list-style-type: none"> • Creating opportunities for more joined up and co-ordinated working at a local community level • Preventing duplication • Ensuring best use of local assets, resources and shared intelligence • Enabling network knowledge to build and maintain an accurate shared picture of local system resources, gaps and challenges • Providing new, collaborative opportunities that support innovation and best practice
Planned Outcomes for the financial year ahead 2023/24
<p>Priorities for the partnership have been identified as;</p> <ul style="list-style-type: none"> • Reducing loneliness and isolation • Improving access to services – especially in the rural north of the district • Supporting people with cost of living pressures
What Chichester District Council resources are in the partnership? (include money, officer time and assets)
CDC Divisional Manager and Community Wellbeing Manager lead on planning and chairing the meetings
What resources do other partners place in the partnership?
Partner time and expertise
What are the partnerships lines of accountability? E.g how is the partnership monitored
Reports to West Sussex Health and Wellbeing Board
Are there agreed terms of reference in place for the partnership? When were the terms last reviewed?
Yes April 2023
When was the partnership last <i>independently</i> reviewed? Who carried out the review? And what recommendations were there?
N/A
Have you completed a Risk Assessment of the partnership?
yes
Has a financial agreement between partners been prepared and signed?

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NA
Has an exit strategy for CDC been put in place? Are there any potential commitments arising from the exit strategy?
No
Membership
<ul style="list-style-type: none">• (Chair) Chichester District Council - Divisional Manager for Communities• Chichester District Council - Community Wellbeing Manager• Citizens Advice - Chief Executive Officer• Health Watch – Community Partnership lead• Primary Care Network leads – Primary Care Network Development managers• Primary Care Network clinical leads• Voluntary Action Arun and Chichester – Chief Executive Officer• West Sussex County Council & West Sussex – Head of West Sussex Collaborative Working• NHS Sussex Senior Partnerships Manager (West Sussex)• West Sussex County Council – Partnerships and Locality Relationship Manager• West Sussex County Council Public Health – Consultant in PH / lead for Healthy Lifestyles• Mind• Age UK WSX B&H

Partnership Risk Assessment Form

Assessment for (provide full name of partnership)	Local Community Neighbourhood Network			Estimate of Risk – L = Likelihood I = Impact Scores 1 = Low 2 = Medium 3 = High 4=Almost Certain					
				Likelihood	4 Almost Certain	4	8	12	16
					3 Probable	3	6	9	12
					2 Possible	2	4	6	8
1 Unlikely	1	2	3		4				
		1 Minor	2 Moderate	3 Substantial	4 Major				
		Impact							
Date of assessment	24/08/2021	Name of lead partner (who owns the partnership)	Pam Bushby / Elaine Thomas		Reviewed (Date and by whom)	Elaine Thomas 12/06/2023			
Assessor's name	Elaine Thomas	Job Title	Community Wellbeing Manager						
Manager's name	Pam Bushby	Job Title	Divisional Manager for Communities and Customer Services						
Who might be harmed	Staff <input checked="" type="checkbox"/> Public <input type="checkbox"/> Contractors <input type="checkbox"/> Other partners <input checked="" type="checkbox"/> CDC <input type="checkbox"/> Others (please state) <input type="checkbox"/>								

What are the risks?	What are you already doing to eliminate or control risk?	Estimate of risk (see box above)			What further action is necessary to eliminate or control risk?	Action by (who)?	Action by (when)?	Action completed (date)
		L 1-4	S 1-4	O LxS				
<i>E.g. Reputational, financial,</i>	<i>Partnership agreement in place</i>	1	2	2	<i>Develop and sign a financial agreement</i>	<i>Partnership lead organisation</i>	<i>30.09.20</i>	<i>30.07.20</i>
Lack of engagement from key partners	Making meetings relevant, engaging with priorities applicable to all	2	2	4	Continue to communicate with partners	All		

Lack of funding if needed	Most work is currently being done with no funding but will explore relevant avenues as needed	2	2	4		All		
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4. Chichester Community Safety Partnership
Lead officer; Pam Bushby Divisional Manager Communities and Wellbeing
Partnership Description; what is the partnership's vision, and overall aims?
A statutory requirement under the Crime and Disorder Act 1998 to form a strategic Partnership that brings together partners to have a coherent approach to community safety.
Planned Outcomes for the financial year ahead 2021-24
To deliver the projects identified in the CSP plan for 23/24 To deliver joint working model with Arun CSP Lead monthly JAG meetings with the Police
What Chichester District Council resources are in the partnership?
30 hours officer time
What resources do other partners place in the partnership?
£38,125 – police crime commissioner Officer time from other organisations In kind support for projects
What are the partnerships lines of accountability? E.g how is the partnership monitored
CDC overview and scrutiny committee
Are there agreed terms of reference in place for the partnership? When were the terms last reviewed?
Yes. They were reviewed in 2021
When was the partnership last <i>independently</i> reviewed? Who carried out the review? and what recommendations were there?
Reviewed by the Sussex Police And Crime Commissioner in 2019. She recommended that the chair be circulated around the partners. Our CSP has agreed that the chair remain with the council as this gives continuity and consistency
Have you completed a Risk Assessment of the partnership? Y/N Please attach your most recent risk assessment
Yes
Has a financial agreement between partners been prepared and signed?
Part of the terms of reference. If there is funding agreed with a certain project then an agreement will be made with that project/ organisation..
Has an exit strategy for CDC been put in place? Are there any potential commitments arising from the exit strategy?
The partnership is statutory for us and the partners therefore there is no need for an exit strategy
Membership Includes
CDC, WSCC, Sussex Police, WSFRS, Sussex Police and Crime Commissioners office, Neighbourhood Watch, Crime Stoppers, Probation service, Change Grow Live.



Partnership Risk Assessment Form

Assessment for (provide full name of partnership)	Chichester Community Safety Partnership		Estimate of Risk – L = Likelihood I = Impact Scores 1 = Low 2 = Medium 3 = High 4=Almost Certain					
			Likelihood	4 Almost Certain	4	8	12	16
				3 Probable	3	6	9	12
				2 Possible	2	4	6	8
				1 Unlikely	1	2	3	4
		1 Minor	2 Moderate	3 Substantial	4 Major			
		Impact						
Date of assessment	March 2021	Name of lead partner (who owns the partnership)	Chichester District Council	Reviewed (Date and by whom)	Pam Bushby June 2023			
Assessor's name	Pam Bushby	Job Title	Divisional Manager Communities and Customer Services					
Manager's name	Louise Rudziak	Job Title	Director Housing and Communities					
Who might be harmed	Staff <input type="checkbox"/> Public <input type="checkbox"/> Contractors <input checked="" type="checkbox"/> Other partners <input checked="" type="checkbox"/> CDC <input type="checkbox"/> Others (please state) <input type="checkbox"/>							

What are the risks?	What are you already doing to eliminate or control risk?	Estimate of risk (see box above)			What further action is necessary to eliminate or control risk?	Action by (who)?	Action by (when)?	Action completed (date)
		L 1-4	I 1-4	O LxS				
<i>E.g. Reputational, financial,</i>	<i>Partnership agreement in place</i>	1	2	2	<i>Develop and sign a financial agreement</i>	<i>Partnership lead organisation</i>	<i>30.09.20</i>	<i>30.07.20</i>
Reputation could be tarnished if projects go wrong	Partnership agreement in place all projects have to be approved a monitored by the partnership group.	2	2	4	None			

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Partnership funding could be reduced by Sussex Police and Crime Commissioner	Trying to reduce costs where possible. Ensuring there is a small reserve to ensure projects do not end abruptly. Putting business cases to SPPC	2	2	4	This issue is out of our control. All possible measures are in place.			
Partnership events could have health and safety implications	All events are carefully planned with partners having to give final approval. CDC risk assessments are used.	2	3	6	None			

5. Sussex air quality partnership [Sussex-air]
Lead officer; Simon Ballard, Environmental Protection Manager
Partnership Description; what is the partnership's vision, and overall aims?
Sussex Air was set up in 2000, comprises of officers from all the Local Authorities in Sussex (East and West) including Brighton and Hove and WSCC and ESCC. The partnership has a set of terms of reference but is not a formally constituted body and only exists as a budget code at ESCC. The partnership meets five times per year, works to an agreed agenda and is currently chaired by Adur and Worthing District Council. All partners currently pay an annual subscription of £4,000 to Sussex Air, which is used to pay for the services set out below. The partnership has no assets other than a small positive current account balance. The partnership enables the sharing of best practice, knowledge sharing and joint project work including joint bids to enabling grants mainly for DEFRA air quality grant monies
Planned Outcomes for the financial year ahead 2023/24
See business plan.
What Chichester District Council resources are in the partnership? (include money, officer time and assets)
£4,000/annum subscription. One CDC officer attends meetings on approximately five occasions per annum. These are run as both face-to-face, MS Teams and hybrid meetings. The subscription supports the data management for the air quality monitoring stations across all partners. Chichester DC has two real-time air quality monitoring stations..
What resources do other partners place in the partnership?
All LA's in East and West Sussex pay £4000/annum subscription and send one officer to each of the five yearly meetings.
What are the partnerships lines of accountability? E.g how is the partnership monitored
The partnership produces an annual business plan and an annual report of its activities and outcomes. These are reported at the group's meetings and called for scrutiny at by Sussex Chief Environmental Health Officers (SCEHO) meeting annually. The SCEHO appoints a representative of their group to attend the Sussex-air meetings. All meetings of Sussex-air are minuted and the meetings are chaired. Currently Adur and Worthing (Nadeem Shad) chair the group.
Are there agreed terms of reference in place for the partnership? When were the terms last reviewed?
The Terms of Reference were reviewed in 2018.
When was the partnership last <i>independently</i> reviewed? Who carried out the review? And what recommendations were there?
The partnership reports annually to CDC's partnership review and last did so in 2022. No recommendations were forthcoming.
Have you completed a Risk Assessment of the partnership? Y/N Please attach your most recent risk assessment (note: you should be using the CDC risk matrix for this, available on the intranet)
No. The group facilitates the sharing of knowledge, best practice and limited joint project work. The data management contract let by the group for the management of air quality monitoring data allows access to the contracted provider at a more competitive rate than otherwise would be the case.
Has a financial agreement between partners been prepared and signed?

Yes
Has an exit strategy for CDC been put in place? Are there any potential commitments arising from the exit strategy?
CDC pays an annual subscription to the group of £4,000. There is no formal or contractual obligation to this 'commitment' and CDC or any member authority could withdraw. The data management contract (for air quality monitoring stations) let by the group has yearly break clauses. The group currently exists as a budget code at East Sussex County Council who bear the related financial risk.
Membership
All East and West Sussex Councils belong to the group, including the counties and Brighton and Hove. The County Councils send both highways and public health officers to the meetings. District and Borough authorities send Environmental Health officers who deal with local air quality management to the group. The group has a link to the Environment Agency but they do not belong to the group (or pay the annual subscription). The group has links to Imperial College London's, Environmental Research Group and the University of Brighton, the former via a contract for the management of air quality monitoring data and the management and running of the Air-Alert pollution prediction service and Cold-Alert services (cold prediction service).

6. West Sussex Waste Partnership

Lead officer: Kevin Carter

Partnership Description; what is the partnership's vision, and overall aims?

The West Sussex Waste Partnership (WSWP) provides a platform for collaborative working between the 7 District and Boroughs in West Sussex and the County Council who have responsibility for waste management. The objectives of the partnership are:

- Waste minimisation and diverting waste from landfill.
- Collectively improve recycling rates.
- Treating waste as a resource.
- Providing an efficient and effective waste collection and disposal service for residents.
- Coordinated response to reduce fly-tipping in West Sussex.

Planned Outcomes for the financial year ahead 2023-24

The WSWP continues to focus on initiatives to increase levels of recycling in West Sussex, minimise waste and reduce the overall system cost of waste collection and disposal.

During the year the Partnership have prepared and submitted several key Government consultation responses for the new Environmental Act 2021. Government has yet to provide responses to the consultations which includes the timing of and funding for implementation of separate food waste collections. Officers will continue to review strategic options and policy changes following Government updates.

A number of projects were also delivered during 2022-23:

- Food waste collection trial to provide practical insight and learning ahead of Government legislation (Arun).
- Introduction of separate kerbside collections of coffee pods via the Podback scheme (Chichester and Horsham).
- Introduction of separate kerbside collections of textiles and small electricals (Chichester, Horsham, Adur and Worthing).
- Various initiatives to improve recycling and contamination for flats and communal sites (Chichester, Adur & Worthing, Crawley).
- Launch of Cloud9 app which allows residents to access Council Services such as waste collection dates and recycling information via their smartphone (Chichester).
- Updated waste composition analysis commissioned to provide each district and borough with accurate and comprehensive data on the types and volumes of waste collected at kerbside.
- Commencement of the Higher Education Project – a collaborate project between the WSWP and 6 higher education establishments across West Sussex aiming to increase recycling behaviours for staff and students.
- Recruitment of a fixed term officer post to coordinate the response to fly-tipping across West Sussex and engage with key statutory agencies (Sussex Police and Environment Agency). A Fly-tipping Group has subsequently been established and an Action Plan developed for 2023 with the following priority actions:
 - o Joint Operations - trial of joint stop operations led by Sussex Police and supported by Environment Agency and relevant District/Borough.
 - o Shared Mapping - identify the ability for individual LAs to provide individual incident details for mapping, and steps necessary to share.
 - o Prevention/Communications - identification of targeted messages.

What Chichester District Council resources are in the partnership? (include money, officer time and assets)
<p>Directors Waste Strategy Group (meetings held quarterly)</p> <ul style="list-style-type: none"> • Chief Executive. • Director of Corporate Services. • Divisional Manager CCS. <p>SWOG (meetings held monthly with additional meetings as required).</p> <ul style="list-style-type: none"> • Divisional Manager CCS. Current chair. • CCS Business Manager. Attendance at meetings as required plus project delivery. • Fly-tipping Partnership Manager. Attendance at meeting to update on progress, and secure approval of key decisions relating to Fly-tipping Action Plan. <p>Communications Group (sub-group of SWOG, meetings held monthly)</p> <ul style="list-style-type: none"> • Recycling Projects Officer. Attendance at meetings plus project delivery. <p>Fly-tipping Group (sub-group of SWOG, meetings held monthly)</p> <ul style="list-style-type: none"> • Fly-tipping Partnership Manager. Group coordinator. Attendance at meetings plus project delivery. • Principal Environmental Health Officer. Attendance at meetings plus project delivery • Street Lead CCS. Attendance at meetings plus project delivery <p>For financial resource please see section below relating to Financial Agreements.</p>
What resources do other partners place in the partnership?
As above – Officers and Members.
What are the partnerships lines of accountability? E.g how is the partnership monitored
<ul style="list-style-type: none"> • SWOG – reports to Directors Waste Strategy Group. • Communications Group – reports to SWOG. Updates are provided at each meeting. • Fly-tipping Group – reports to SWOG. Updates are provided at each meeting
Are there agreed terms of reference in place for the partnership? When were the terms last reviewed?
Yes – Memorandum of Understanding (MoU). The Partnership composition was reviewed in 2021/22 to take account for the increase in environmental agenda topics following the Government’s Resources and Waste Strategy for England
When was the partnership last <i>independently</i> reviewed? Who carried out the review? And what recommendations were there?
Partnership last independently reviewed by CDC’s Corporate Management Team and Cabinet in 2012/13 as part of the process for prioritising future partnerships. The overall finding was that the existing model was considered an excellent example of co-operative working. In addition, various options for joint working were considered in 2013 but not pursued.
Have you completed a Risk Assessment of the partnership?
Completed last year in old format. To be reviewed
Has a financial agreement between partners been prepared and signed?
The MoU that was signed by all members included financial considerations for improving recycling where WSCC made a payment to the waste collection authorities based on an agreed recycling support payment mechanism. In 2019 WSCC withdrew from this agreement and rescinded the MoU schedule that details the financial relationship of the partnership. The effect on Chichester DC income is a loss of approximately £700,000 per annum.
Has an exit strategy for CDC been put in place? Are there any potential commitments arising from the exit strategy?

No exit strategy in place as the partnership effectively defines the working relationship between CDC as the Waste Collection Authority and WSCC the Waste Disposal Authority which is bound by legislation.
Membership includes
<ul style="list-style-type: none"> • West Sussex County Council • Horsham District Council • Adur and Worthing Council • Crawley Borough Council • Chichester District Council • Mid Sussex District Council

7. THE WEST SUSSEX AND GREATER BRIGHTON STRATEGIC PLANNING BOARD
Lead officer; Tim Guymer
Partnership Description; what is the partnership's vision, and overall aims?
<p>Local authorities are required by law through the Duty to Co-operate to <i>'engage constructively, actively and on an ongoing basis'</i> on planning matters that impact on more than one local planning area.</p> <p>The West Sussex and Greater Brighton Strategic Planning Board is a grouping of local planning authorities responsible for identifying cross boundary strategic planning issues and agreeing how these should be prioritised and managed.</p>
Planned Outcomes for the financial year ahead 2021-22 (no update for 23/24)
<p>Overall programme to deliver Local Strategic Statement 3 (the third such joint strategic planning strategy agreed and published. Preparation of evidence to inform the planning of the production of the document also to be substantially finalised.</p> <p>When complete, LSS3 will identify the longer term development needs of the coastal West Sussex & Greater Brighton area through to 2050, identify a strategy to meet this need and represent the mechanism within which to deal with cross-border strategic planning matters.</p> <p>Refresh of the Local Strategic Statement under duty to cooperate</p>
What Chichester District Council resources are in the partnership? (include money, officer time and assets)
Officer and member time to attend Board (and officer group) meetings. Officer time to contribute to the work of the Board, in particular the preparation of the evidence base for LSS3.
What resources do other partners place in the partnership?
The other constituent local planning authorities all agree to commit similar resources to the work of the Board.
What are the partnerships lines of accountability? E.g how is the partnership monitored
The Board is an advisory body and so decisions on taking forward its work programme remain the

responsibility of the individual local authorities.
Are there agreed terms of reference in place for the partnership? When were the terms last reviewed?
The Board operates on the basis of a memorandum of understanding agreed by the constituent authorities.
When the partnership was last <i>independently</i> reviewed? Who carried out the review? And what recommendations were there?
The work of the project board has not been independently reviewed. However, it is subject to the scrutiny of the constituent authorities and is currently reviewing its processes and lines of reporting prior to the detailed preparation of LSS3.
Have you completed a Risk Assessment of the partnership? Y/N
No. In broad terms, the risk of failing to collectively agree on an approach to determine the amount and distribution of proposed development and infrastructure to facilitate it would compromise the strategic planning of the wider area, including efforts to secure necessary infrastructure and adopt the Local Plan Review.
Has a financial agreement between partners been prepared and signed?
The future funding of the works of the Board, other than officer/member time, is reliant on the pooling of additional business rates which has been agreed by West Sussex leaders.
Has an exit strategy for CDC been put in place? Are there any potential commitments arising from the exit strategy?
No.
Membership Includes
Awaiting information

8. Coastal West Sussex Partnership
Lead officer; Melanie Burgoyne
Partnership Description; what is the partnership’s vision, and overall aims?
<p>Coastal West Sussex is a public/private sector partnership that have joined together to champion the sustainable development of the coastal communities. Putting people and business at the heart of regeneration and working across traditional boundaries the partnership is forming the foundations for investment and growth. In particular it is a key partner in designing and contributing to our Local Enterprise Partnership’s Strategic Economic Plan, managing the West Sussex and Greater Brighton Strategic Planning Board and for initiating and assisting the delivery of collaborative projects in the CWS area</p> <p>Through 2022/23 the partnership has focused on:-</p> <ul style="list-style-type: none"> • Coastal Creative Technology sector; Having secured funding from C2C to create a business case to support the Coastal Creative Technology sector, the project is defining the scope and scale and its associated business case. Conversations are ongoing to investigate and secure a site and land • Commercial Space; meetings bringing together a small number of representatives from both the public and private sector to have a more focused and strategic conversation and consider how our property and land assets can support our growing economy and population • Supporting digital skills development • Promotion of the area and redesigned newsletter
Planned Outcomes for the financial year ahead 2023-24
<p>In August 2022, the CWS Partnership commissioned a refreshed data report to understand how the economy had performed since Brexit, the lock downs associated with Covid 19 and more recently, the Russian invasion of Ukraine. Although it will be another 2 years until the data truly reflects the impact of these major events, the data report was an opportunity to see what, if any, noticeable change for the Coastal West Sussex economy there had been since 2018.</p> <p>Following the report the partnership held a series of workshops to inform the development of a vision for a sustainable economic future supporting business growth and attracting and retaining talent in the Coastal West Sussex area.</p> <p>This work has fed in to the emerging West Sussex Economic Collaboration which is due to be considered by West Sussex local authorities’ Leaders in July 2023.</p> <p>However, the future of the partnership is uncertain given the West Sussex Economic Collaboration project which is considering the priorities for collaboration across West Sussex local authorities and the most effective means</p>
What Chichester District Council resources are in the partnership? (include money, officer time and assets)
<p>The Partnership has been funded out of the Business Rates Pool for this financial year 8 days of senior officer time.</p> <p>Chief Exec and Director Growth and Place attend management board meetings</p>
What resources do other partners place in the partnership?
<p>The CWSP is hosted by Adur & Worthing Councils with a permanent Director employed by Worthing BC. The annual contribution from the local authorities towards core costs is £71k, and in the past two years there has been an annual allocation of £50k to allow for a project budget. There is a Partnership Board with public and private sector members, and a private sector Chair. There is also a Skills and Enterprise Sub-Group overseeing the skills priorities agreed by the partnership.</p>

<p>Officer time from other partner organisations Part-time director ad hoc administrative support when it can be found</p> <p>Adur & Worthing are the accountable body</p>
<p>What are the partnerships lines of accountability? E.g how is the partnership monitored</p>
<p>Officers on the partnership report to management group including politicians and Chief executives</p>
<p>Are there agreed terms of reference in place for the partnership? When were the terms last reviewed?</p>
<p>Yes. Do not know this partnership is not led by us.</p>
<p>When was the partnership last <i>independently</i> reviewed? Who carried out the review? And what recommendations were there?</p>
<p>2012 Catriona Riddell Associates</p>
<p>Have you completed a Risk Assessment of the partnership?</p>
<p>Minimum of risk to Chichester District Council as we are not lead partner Risk of missing out on opportunities that benefit the district if we are not involved</p>
<p>Has a financial agreement between partners been prepared and signed?</p>
<p>Yes</p>
<p>Has an exit strategy for CDC been put in place? Are there any potential commitments arising from the exit strategy?</p>
<p>No</p>
<p>Membership Includes</p>
<p>Henry Powell, Client Director at Inpress Plastics in Littlehampton is Chairman of the partnership and Caroline Wood is the Director of the Coastal West Sussex Partnership Board. Board Member representative organisations are WSCC, CDC, Arun DC and Adur & Worthing Councils, University of Chichester, Chichester College Group, Greater Brighton Met College, West Sussex Growers Association, Sussex Chamber Commerce, Federation Small Businesses, Lancing Business Park, Alergy Therapeutics, BM Consultants, Butlins, Cobb Digital, Nordell Ltd, Ricardo, Shoreham Port, Stiles Harold Williams, Landlink Estates and Fargo.</p>

9. Experience West Sussex
Lead officer; Sarah Peyman
Partnership Description; what is the partnership's vision, and overall aims?
Experience West Sussex is a destination partnership created to deliver collective value through industry intelligence, leadership, information, inspiration and collaboration for the benefit of the West Sussex visitor economy
Planned Outcomes for the financial year ahead 2023/24
The Action Plan for 2023/24 includes: <ul style="list-style-type: none"> • Marketing Plan - Year of Coast, England's Coastal Path, Shop Sussex, Seasonal pushes, Business As Usual messages – Wine, Royal, Dog Friendly, Gardens and Gourmet, Naturally Sussex, budget and free activities – linked with economic benefits • Refresh and update content/ videos and reels • Coastal West Sussex Partnership – business support ongoing • Sussex partnership developments for Local Visitor Economy Partnership application (LVEP) • Accommodation review
What Chichester District Council resources are in the partnership? (include money, officer time and assets)
Divisional Manager attends meetings
What resources do other partners place in the partnership?
The partnership is funded until March 2024, through a Strategic Investment Reserve allocation from pooled business rates (and some funding from West Sussex County Council's economic development budget). Officer time
What are the partnerships lines of accountability? E.g how is the partnership monitored
Programme reporting shall be undertaken as follows: <ul style="list-style-type: none"> • Experience West Sussex Visitor Economy Partnership Group: Minutes and actions will be recorded for each meeting. Any additional reporting requirement shall be at the discretion of the Partnership Group. • West Sussex Chief Executives: An annual report demonstrating progress should be prepared and presented to the Chief Executive Group by the Programme Sponsor
Are there agreed terms of reference in place for the partnership? When were the terms last reviewed?
Yes
When was the partnership last <i>independently</i> reviewed? Who carried out the review? And what recommendations were there?
This has not happened
Have you completed a Risk Assessment of the partnership?
No – Minimum of risk to Chichester District Council as we are not lead partner Risk of missing out on opportunities that benefit the district if we are not involved
Has a financial agreement between partners been prepared and signed?

Yes

Has an exit strategy for CDC been put in place? Are there any potential commitments arising from the exit strategy?

CDC has its own district level DMO which continues to deliver tourism support and marketing for the district. With the change in structure for tourism nationally we are still uncertain of the role if any that Experience West Sussex will have in the future tourism landscape. This will be reviewed as the new national structure is developed and rolled out.

Membership includes

- ADUR DISTRICT COUNCIL
- ARUN DISTRICT COUNCIL
- CHICHESTER DISTRICT COUNCIL
- COASTAL WEST SUSSEX PARTNERSHIP
- CRAWLEY BOROUGH COUNCIL
- HORSHAM DISCTRICT COUNCIL
- MID SUSSEX DISTRICT COUNCIL
- WEST SUSSEX COUNTY COUNCIL
- WORTHING BOROUGH COUNCIL

10. . Chichester SAG (Safety Advisory Group)

Lead officer; Laurence Foord

Partnership Description; what is the partnership's vision, and overall aims?

The Safety Advisory Group (SAG) is non-mandatory function providing advice to new and existing event organisers on the safe and successful delivery of certain event. Although not a legal requirement to hold SAG's it is national recognised as a UK good practice model, as recommended in several national key guidance documents around event planning/delivery, such as the HSE's Purple Guide and 'The UK Good Practice Guide to Working in Safety Advisory Groups' (2019).

Chichester SAG can site in-person or remotely. SAGs are convened, or not, following an assessment of the event against an SAG Determine Matrix which is in use across the county to develop a level of consistency. A SAG may be convened in relation to a specific event or venue, or with a broader remit in relation to a range of events to ensure a quality assurance process is in place in terms of the safety arrangements for events. The SAG is formally constituted and operate to agreed Terms of Reference as approved via the Sussex Resilience Events Workstream and countywide SAG Chair Group.

The SAG exists to consider plans presented by event organisers and offer advice on the content and structure of Event Safety Plans etc. It is not the role of the SAG to assist in the planning of an event or the writing of the Event Safety Plan. The purpose of the SAG is to offer suggestions, comment, and advice to assist event organisers discharge their legal responsibilities. All SAG members should be competent in their own agency roles as well as understanding their role on a SAG.

The overall aim of the SAG is –

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The overall aim of the SAG is –

- To ensure as far as practicable that the risk to public safety is minimised for all those attending or working at an event by providing comment and advice to the event organiser, who has the overall responsibility for the safety of their event.

The objectives of the Chichester SAG are -

- To promote safety and welfare at events.
- To promote good safety and welfare practice in event planning
- To ensure that well planned events have minimal adverse impact on those attending the event and local communities.
- To promote mitigation for potential and unforeseen incidents

The SAG does not make any decisions on behalf of the Local Authority or other agencies as its role is purely advisory and as such it has no authority to either approve or ban events. Although all comments and observations made by the SAG are always advisory, they are made by professionals in the interest of public safety and should not be dismissed lightly.

The event organiser does not have to act on the comments or advice but should consider the implications of not doing so in the event of, for example, a later public inquiry or investigation.

During the last reporting period Chichester SAG has actively attended and contributed to the Local Authority Resilience Partnership (LARP) Events Workstream sub-group which remains active. Regular meetings are held helping to increase attendance and broaden the range of issues that have arisen for the Group's attention. The Group continues to maintain a shared live events calendar to capture status of all events, ensuring situational awareness and produced a library of shared guidance documents and proformas which have been adopted for use across the East and West Sussex.

The LARP Events Group has also convened a Pan-Sussex SAG Chairs Forum, chaired by the Chichester SAG Chair, which has developed a standard Terms of Reference for adoption by SAGs across the Sussex Resilience Forum (SRF) area, and agreed an annual schedule of meetings in anticipation of key points in the events calendar. The group has developed strong working relationships and agreed consistent practice where appropriate and achievable. An emerging topic under consideration is the impending Martyn's Law.

The SAG Chair Group meeting quarterly to discuss government guidance, operational matters and agree shared approaches to SAGs/applications.

Planned Outcomes for the financial year ahead 2023/24

Continue to actively attend and contribute to the Local Authority Resilience Partnership (LARP) Events Workstream Sub-Group.

Continue to actively co-ordinate and Chair the Local Authority Resilience Partnership (LARP) SAG Chair Sub-Group.

Develop and maintain effective working relationships with SAG partners to achieve consistent practice where appropriate and achievable in terms of the delivering the strategic objectives of the SAG in accordance with its Terms of Reference.

What Chichester District Council resources are in the partnership? (include money, officer time and assets)

Existing resources within CDC are used to deliver the administration and co-ordination of SAGs.

<p>Internal partners from Licensing, Health Protection Team, Environmental Protection Team, Culture & Sports, Corporate Health & Safety/Emergency Planning and the councils' Events & Promotions Officer.</p> <p>No additional financial support is specifically allocated to the delivery of SAGs.</p>
<p>What resources do other partners place in the partnership?</p>
<p>As above</p>
<p>What are the partnerships lines of accountability? E.g. how is the partnership monitored</p>
<p>SAGs are properly constituted with written Terms of Reference and effective procedures encompassing all matters falling within the Local Authority's regulatory duties.</p> <p>The delivery of SAG's is accountable to the Sussex Resilience Forum and the Local Authority Resilience Partnership Events Sub-Group reports into the SCG and TCG.</p> <p>Partners are expected to be competent in their own agency role and as well as understanding their role on a SAG.</p> <p>Terms of Reference are renewed on an annual basis along with the Chichester SAG annual review.</p>
<p>Are there agreed terms of reference in place for the partnership? When were the terms last reviewed?</p>
<p>There are specific Terms of Reference for the delivery of SAGs which have been agreed by the SRF Executive and adopted by the SRF LARP Events Sub-Group and SAG Chairs Sub-Group as a good practice and consistent approach to the conduct and management of Safety Advisory Groups across all Sussex Local Authorities. The Terms of Reference were last reviewed and adopted in 2022.</p>
<p>When was the partnership last <i>independently</i> reviewed? Who carried out the review? And what recommendations were there?</p>
<p>The delivery of SAG's is reported to the Sussex Resilience Forum and in tune the work of the Local Authority Resilience Partnership Events Sub-Group reports into the SCG and TCG.</p>
<p>Have you completed a Risk Assessment of the partnership?</p>
<p>No</p>
<p>Has a financial agreement between partners been prepared and signed?</p>
<p>No.</p>
<p>Has an exit strategy for CDC been put in place? Are there any potential commitments arising from the exit strategy?</p>
<p>No.</p>
<p>Membership</p>
<p>Chichester SAG is Chaired by Chichester District Council officer - Laurence Foord, Divisional Manager for Communications, Licensing & Events.</p> <p>Chichester SAG has standing attendees/partners – Sussex Police, West Sussex Fire & Rescue Service, South East Coast Ambulance Service (SECAMB), WSCC Director of Public Health representative(s), WSCC Highways, WSCC Emergencies & Resilience. Chichester District Council teams including Licensing, Emergency Planning, Health Protection & Environmental</p>

Protection.

11. Arun and Chichester Food Partnership
Lead officer; Pam Bushby
Partnership Description; what is the partnership's vision, and overall aims?
This partnership brings together the suppliers of emergency and surplus food and seeks to find ways to ensure there is a reduced reliance on emergency food provision and food is not wasted. Their aim is for no one to go hungry and to make good food accessible to all throughout Arun and Chichester. They believe good food is: <ul style="list-style-type: none">• Food that is good for our health• Is good for the planet• Celebrates and reflects our communities• Contributes to a vibrant local economy.
Planned Outcomes for the financial year ahead 2023/24
<ul style="list-style-type: none">• Household Food Security• Reduced reliance on emergency Food Provision• Improved health and wellbeing of residents• More people involved in food growing• Reduction in food waste
What Chichester District Council resources are in the partnership? (include money, officer time and assets)
Divisional Manager attends and chairs the steering group meetings. £20K was donated out of underspend by CDC in early 2023 and was used as a grant pot for local community food providers and has all been spent.
What resources do other partners place in the partnership?
Officer time and Arun and Chichester Citizens Advice employ 2 part time workers on behalf of the partnership
What are the partnerships lines of accountability? E.g how is the partnership monitored
They report to the Local Community Network
Are there agreed terms of reference in place for the partnership? When were the terms last reviewed?
Yes and reviewed in 2023.
When was the partnership last <i>independently</i> reviewed? Who carried out the review? And what recommendations were there?
This has not happened as yet.
Have you completed a Risk Assessment of the partnership?
No – Minimum of risk to Chichester District Council as we are not lead partner Risk of missing out on opportunities that benefit the district if we are not involved
Has a financial agreement between partners been prepared and signed?

Yes

Has an exit strategy for CDC been put in place? Are there any potential commitments arising from the exit strategy?

No as still an early partnership.

Membership includes

Arun and Chichester Citizen's Advice, Uk Harvest , Chichester Foodbank, Stonepillow, Tuppyeny Barn, Arun DC , Chichester DC, WSCC, Hyde Foundation, Clarion Futures. Growers association.

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Chichester District Council

Corporate Governance and Audit Committee 17 July 2023

Corporate Health & Safety and Business Continuity Management

1. Contacts

Report Author:

Warren Townsend, Safety and Resilience Manager

Tel: 01243 534605 E-mail: wtownsend@chichester.gov.uk

2. Recommendation

- 2.1 **That the Committee considers and notes the Council's arrangements in place for monitoring and controlling the risks associated with health and safety and business continuity matters.**

3. Background

- 3.1. This report provides an update on the current position of Business Continuity (BC) management arrangements within the Council.
- 3.2. The report also covers a brief overview of the Council's performance in relation to the health, safety and welfare of its staff and anybody else affected by its undertaking.

4. Outcomes to be achieved

- 4.1. To ensure that the Council has a robust business continuity management system that is simple to use in the event of a business interruption, the aim being to ensure that as many services, particularly key services, can continue to operate with as little disruption as possible.
- 4.2. To ensure that the Council is assessing its performance for Health and Safety (H&S) adequately and is concentrating its H&S resources in the correct areas to make improvements.

5. Progress Report for Business Continuity (BC) Management

- 5.1 Plans covering business recovery for council activities that must be reinstated within the first 3-days and over 3-days, and the critical staff list, are stored on the Council's internal IT systems and also on Resilience Direct (Government website for emergency planning - hosted off site). There is a system in place for ensuring that these plans are reviewed on a 6-monthly basis and this continues to work well. BC plans were last reviewed in April 2023.
- 5.2 The Council's ability to reinstate IT functions after a major loss has always been the biggest challenge for the Council, as it is for many organisations. Over the past 2 years the IT team have been building an offsite disaster recovery IT solution for the Council. In July 2022, following extensive testing, the site

became fully operational. It is best thought of in terms of a new business and service resilience capability – that will provide access to key systems in the event of a failure across the existing East Pallant House (EPH) server and IT network estate. This will significantly improve the Council’s ability to recover from a business interruption involving loss of IT.

6. Health and Safety Management

Total accidents for each year

Year	No of incidents
2020 – 2021	82
2021 - 2022	86
2022 - 2023	91

- 6.1 Service areas are required to record and submit, to the Safety and Resilience team, all (including those that are minor) accidents, incidents and near misses. These are all included in the accident statistics in this report. It is important for all accidents, incidents and near misses to be recorded and reported to the Safety and Resilience team to enable trends to be identified. This can prevent significant accidents or incidents occurring in the future. There has been a slight increase in the overall number of incidents reported. We saw a significant reduction in incidents (around 50% fewer incidents) in the last 3 years compared to 2019/2020. The number has increased very slightly in 2022/2023 but is not a cause of concern, particularly as we have seen an increase in near miss reports (see 6.6 below), which are included in the total figure. The significant drop in incidents during the pandemic was noted by a number of other Sussex local authorities (LA). However, a reason for the reduction wasn’t obvious. The full breakdown of the types of incidents are explained in the ‘Accidents by type’ section of this report.

Total number of RIDDOR incidents for each year

Year	Total RIDDOR	>7 days absent	Public to hospital	Specified	Dangerous Occurrence
2020 - 2021	6	4	1	1	0
2021 - 2022	5	4	0	1	0
2022 - 2023	2	0	0	2	0

- 6.2 RIDDOR (Reporting of Injuries Diseases and Dangerous Occurrences Regulations) are certain categories of accidents that are reportable to the enforcing Authority – HSE (Health and Safety Executive). These include:
- deaths at work
 - specified injuries (broken bones etc.)
 - over 7-day injuries (injuries that result in the person being unable to return to work within a 7-day period); and
 - members of the public being taken from the scene to hospital due to an accident that was potentially caused by poor safety management or a physical defect with a building or equipment.

- 6.3 The number of RIDDOR reportable accidents are usually around 6 per year. We have seen a reasonable decrease in the 2022/23 period with only 2. Both were classed as 'specified injuries'.
- 6.4 There were 2 RIDDOR reportable accidents in the 2022-23 period. Both of these related to staff, one being an operative at the Westhampnett Depot who fractured a wrist which had become trapped between two bins during high wind, and one was a member of the Foreshores team who had suffered a small fracture to his foot as he had stepped off the path onto the verge while allowing a member of the public to pass.
- 6.5 Both accidents were investigated and there was no concern relating to systems of work or H&S management.

Accidents by Type

Accident Type	2020 – 2021	2021 - 2022	2022 - 2023
Exposed to, or in contact with, a harmful substance	0	2	4
Fell from a height	0	1	2
Hit by a moving, flying or falling object	8	8	8
Hit by a moving vehicle	2	2	1
Hit something fixed or stationary	8	8	7
Injured by an animal	2	2	0
Injured while handling, lifting or carrying	8	9	9
Near Miss	15	19	29
Not in connection with work activity	1	2	0
Other kind of accident	3	5	3
Pre-existing medical condition	1	1	0
Slipped, tripped or fell on the same level	15	12	16
Contact with sharps	1	1	1
Contact with moving machinery or material being machined	2	2	0
Physically assaulted by a person	1	0	0
Stung by an insect	7	3	7
Verbal abuse and threats	4	6	3
Violence & Aggression Third Party (non-staff)	4	3	1

- 6.5 Slips, trips and falls remain the biggest cause of accidents this year but this is to be expected and in line with HSE/national statistics. These are mainly attributable to the depot work activities and are not unusual for the industry, considering the differences in terrain and miles walked per day.
- 6.6 Near miss reports have increased significantly over the past few years, which is encouraging as it remains an objective of the Safety and Resilience Team to ensure that near misses are recorded. They allow us to check for trends and to identify areas for audit and inspection or minor intervention to prevent future accidents/incidents. Directors and Divisional Managers have been asked to continue to encourage their teams to report near misses and this is highlighted in all induction and refresher training sessions.

- 6.7 The number of accident/incidents in the category of 'Injured while handling, lifting and carrying' have remained similar in this period. This is related to training and vigilance in monitoring operative activities (which commonly include pushing, pulling, lifting and carrying) particularly at CCS.
- 6.8 All three of the categories which involve physical and verbal abuse and threats remain fairly low and reduced even further in the 2022/23 period. We continue to provide excellent training, support and physical measures to protect our staff including provision of body worn cameras and monitored emergency contact devices in some departments.
- 6.9 The other categories with a higher rate of interest are 'Hit something fixed or stationary' and 'Hit by moving, flying or falling object' and 'stung by an insect'. These first two have remained consistent in number over the last 3 years but are still two of our main accident types. All are attributable to CCS and none were particularly serious. These include accidents where refuse loaders have walked into stationary objects, e.g. lamp posts, bushes and contact with bins and items falling out of bins etc. during refuse collection and resulted in fairly minor injuries.
- 6.10 There were no other common causes or trends that would be a cause for concern or require improvement work.

Accidents by location

	2020 - 2021	2021 - 2022	2022 – 2023
Location	Total number of incidents	Total number of incidents	Total number of incidents
Novium	3	1	8
Car Park	5	0	5
Depot, Yard or Tip	8	7	8
External Building Feature	1	0	0
Foreshores	1	1	2
Internal Building Feature	0	0	0
Kitchen or Welfare Area	0	0	0
Office	0	2	3
Other	4	1	2
Parks & Open Spaces	1	2	2
Reception / Public Area	0	2	5
Third Party Premises	1	3	2
Vehicle, Roadside or Round	48	60	51
Westward House	6	6	2
Workshop	4	1	1
Total	82	86	91

- 6.10 As usual the highest figure relates to 'Vehicle, Roadside or Round' which is to be expected as it correlates to our highest risk work activities, closely followed by 'Depot, Yard and Tip' which also relate mainly to work activities at the Westhampnett Depot and the Novium although most of the latter incidents were 'near misses'.
- 6.11 Dangers to operatives working on the highway is a national issue that authorities and private waste companies have run campaigns on to try to

improve. This applies to operatives involved in waste collection as well as street cleansing. CDC takes appropriate action by reporting all cases that are captured on camera. Vehicles are fitted with CCTV cameras and body worn cameras are used by litter picking teams. All highway working is fully risk-assessed, our staff are fully trained in the dangers of highway working and we ensure operatives wear appropriate safety clothing for highway working. The Safety and Resilience Team work closely with CCS management to challenge the circumstances around each incident report that we receive.

6.12 There was an increase in accidents at the Novium. This included 3 which were near misses, and 2 were members of the public that walked into the glass window at the front whilst exiting. Decals were fitted to the glass window in order to prevent a recurrence.

6.13 The remainder of the locations are much as expected with limited numbers.

Training Courses delivered in the 2022 – 2023 period

Course Title	No. of attendees
Display Screen Equipment Assessors	15
Display Screen Equipment Workshop	5
First Aid 2 Day Refresher Course	1
H&S Induction - Face to Face	66
Risk Assessment	6
First Aid at Work (3 Day)	10
Ladder Safety	7
Working at Heights	1
Emergency First Aid at Work Course	2
Electrical Safety Awareness	9
Conflict Mgt & Physical Intervention	35
NEBOSH Award in Health and Safety	11
NEBOSH Refresher 1 day	10
Site Designated Officer	25
Managing Challenging Behaviour	9
Total Attendees	212

6.14 We provide a comprehensive range of health and safety training courses for CDC staff and operate an effective system for recalling staff for refresher training at the appropriate timescales. We continue to offer a range of H&S courses on Learning Pool.

Health and Safety Compliance Monitoring – ‘SafetyWatch’

6.15 The overall purpose of the SafetyWatch scheme is not only to monitor that the workforce at CCS is working in compliance with the procedures/work instructions/risk assessments but to promote engagement with the workforce on health and safety matters. In addition to SafetyWatch, formal ‘crew monitoring’ is undertaken by the supervisors in the waste team. We continue to find it extremely successful in engaging with the workforce; working with them to recognise good practice and improve safety.

- 6.16 All waste/recycling crews, street cleansing crews and grounds operations were observed at least once throughout the 2022/23 period. We issue green coloured cards to the crews for the good practices seen, yellow cards for practices that need improvement and red cards for any serious poor practices seen. We issued a green card to crews in most cases and several yellow cards; no red cards were issued. The forms and system used for recording SafetyWatch visits has been refreshed for the 2023/24 period onwards. We have also committed to increase observations of waste/recycling crews to 2 per year – 1 of these will be remotely using the live on-board cameras.

Directorate Health and Safety Challenges

- 6.17 Every few years, the Safety & Resilience team assist SLT with undertaking H&S challenges for their directorates. This involves the team attending meetings between directors and their divisional managers where we work through a series of questions to assess H&S culture and performance. It provides an opportunity for directors to check the level of compliance within their directorate. It is a positive process that looks to identify areas where compliance can be further strengthened. Even though the H&S culture within the organisation and general compliance is extremely good, there were a few actions identified, e.g., staff induction is an area that has subsequently been refreshed.

Everyone Active (Westgate, Bourne and The Grange) H&S Performance

- 6.18 Everyone Active perform a Gold Standard Health & Safety Audit on an annual basis. All three Chichester sites were assessed. All sites scored above 90% this year and received excellent feedback from the regional Health and Safety Team (The Grange being one of only three sites in the region to be awarded 100%).

Mark Sills was nominated and reached the last three for Health & safety coordinator of the Year (The Grange community and Leisure Centre) for small dry site. The Grange won the award for Health & safety small site of the year.

An annual visit was undertaken, by the Safety & Resilience team, to each site to conduct a H&S audit of two key areas. The audits cover Legionella and Fire Safety management. The result of these audits is generally very good – only a few very minor points identified.

Site	Total accidents for 2021/2022	Total accidents for 2022/2023
Westgate Leisure Centre	56	94
Bourne Leisure Centre	8	6
The Grange Leisure and Community Centre	14	16
Accidents per 100,000 visits (all sites)	0.07	0.09

No trends were observed from the accidents.

No insurance claims have been lodged for 22/23.

7. Resource and legal implications

- 7.1 There could be legal implications for the Council of not having a robust business continuity management system in place. If the Council is not adequately prepared for a business interruption then some of its statutory functions may not be capable of being performed.
- 7.2 There are potentially serious legal implications for the Council of not complying with Health and Safety legislation, i.e. imprisonment of individuals, fines for the organisation and/or individuals.

8. Community impact and corporate risks

- 8.1 There is a corporate risk of not having a robust business continuity management system as there would be financial, reputational and legal implications of not being capable of continuing to provide a service to the public.
- 8.2 There is a corporate risk of not complying with H&S legislation due to a risk of legal action against the Council. This is a financial risk to the Council through potential prosecution, fines, increase in civil claims, increased insurance premiums, risk of personal and/or corporate liability and reputational damage.
- 8.3 The Health and Safety Executive (HSE) are the enforcing Authority for Local Authorities. The HSE charges for its inspector's time under the 'Fee For Intervention' scheme. The scheme started in 2012 and its aim was to recover costs incurred in dealing with businesses which fail to comply with their legal obligations, as defined in health & Safety law. The rate is under review but is currently at £166 per hour per officer and is justified by the HSE as necessary to cover its operating costs. Just as a reminder, an inspector needs to find a "material breach" to allow the fee clock to start running. The violation has to be serious enough for the inspector to deem it necessary to write to the duty holder to inform them that they must take action to address the breach.

9. Other Implications

	Yes	No
Crime & Disorder:		✓
Climate Change and Biodiversity:		✓
Human Rights and Equality Impact:		✓
Safeguarding and Early Help:		✓
General Data Protection Regulations (GDPR):		✓
Health and Wellbeing		✓

10. Appendices

None

11. Background Papers

None

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Chichester District Council

Corporate Governance

July 2023

Housing Covenants

1. Contacts

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2. Recommendations

2.1 That the Committee recommends to full Council that the Director of Housing and Communities is authorised to consider and determine applications for release of s157 covenants in respect of previous Right to Buy properties and the conditions of any release.

2.2 That officers develop a policy on the matter to be brought forward in due course.

3. Background

3.1 Since the advent of the **Housing Act 1985** Right to Buy (RTB) provisions (including **s19 of the Housing Act 1980** which pre dates the 1985 Act), the council has imposed covenants on RTB properties pursuant to s157(3) of that Act with the intention that ex council houses situated in the council's AONBs would remain occupied or owned by people who could demonstrate that they live or work in the area.

3.2 These covenants work so that the buyer of the house gives a covenant to the council that it will not dispose of the house by way of a sale, a tenancy or a licence except to a qualifying person. Each time the house is disposed of, consent will be needed from the council before a transaction can complete.

3.3 A qualifying person is a person who (if the disposal is to more than one person then at least one of those), has throughout the period of three years immediately preceding the application for consent

- had his place of work in the designated region; or
- had his home in such a region; or
- has had one or the other concurrently.

3.4 The designated region is found in the **Housing (Right to Buy) (Designated Regions) Order 1980**.

4 Proposal

- 4.1 That the recommendations at section 2.1 and 2.2 are recommended to be approved by Council and taken forwards by officers respectively.
- 4.2 The ability to determine applications for removal of the covenant will enable decisions in exceptional circumstances in lieu of a formal policy being put in place.

5 Resource and Legal Implications

- 5.1 Implementation of the recommendations will be within existing resources of the Legal and Housing divisions.

6 Community Impact and Corporate Risks

- 6.1 There is some risk that a change of policy will result in complaints or claims from residents who have previously sold properties which were subject to the restriction and consider that they have incurred financial loss. In the event of such claims, each case would have to be considered on its own merits. However, any vendor who has suffered from a possible loss of value at sale time is likely to have benefited in the same way from a reduced price at the time of purchase.
- 6.2 This risk is mitigated by the fact that the council has discretion to change its policy on this matter, within the framework of the law and would, if the recommendation is followed, be consulted upon to support the position that all decisions were made on a logical considered basis at each particular point.

7 Other Implications

Are there any implications for the following?		
	Yes	No
Crime and Disorder		X
Climate Change and Biodiversity		X
Human Rights and Equality Impact – equalities will be considered as part of the policy making process	X	
Safeguarding and Early Help		X
General Data Protection Regulations (GDPR)		X
Health and Wellbeing		X

8 Appendices

None

9 Background Papers

None