

Test Valley Borough  
Council

Value for Money report

Year ended 31 March 2023

26 February 2024

26 February 2024



Test Valley Borough Council  
Beech Hurst,  
Weyhill Road,  
Andover,  
SP10 3AJ

Dear Audit Committee Members

2022/23 Value for Money Report

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

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

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

We welcome the opportunity to discuss the contents of this report with you at the Audit Committee meeting on 18th March 2024.

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

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



# 01 Executive Summary

## Purpose

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

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

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

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

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

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

# Executive Summary (continued)

## Risks of Significant Weakness

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

- our cumulative audit knowledge and experience
- our review of Council committee reports,
- meetings with the Head of Finance and Revenues
- and evaluation of associated documentation through our regular engagement with Council management and the finance team.

We completed our risk assessment procedures and did not identify any significant weaknesses in the Council's VFM arrangements. We have also not identified any significant risks during the course of our audit. As a result, we have no matters to report by exception in this report.

# Executive Summary (continued)

## Reporting

Our commentary for 2022/23 is set out over pages 9 to 12. The commentary on these pages summarises our conclusions over the arrangements at the Council in relation to our reporting criteria (see table below) throughout 2022/23. The interim commentary on these pages summarises our understanding of the arrangements at the Council based on our evaluation of the evidence obtained in relation to the three reporting criteria (see table below) throughout 2022/23.

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

In accordance with the NAO's 2020 Code, we are required to report a commentary against three specified reporting criteria. The table below sets out the three reporting criteria, whether we identified a risk of significant weakness as part of our planning procedures, and whether, at the time of this interim report, we have concluded that there is a significant weakness in the body's arrangements

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



# Executive Summary (continued)

## Independence

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

There are no relationships from 01 April 2022 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

## EY Transparency Report 2023

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

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

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





## 02 Value for Money Commentary

# Value for Money Commentary

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

No significant weakness identified

The Council managed its budget during 2022/23. It reported an outturn of £695k surplus mainly due to the savings in employee costs, and service costs, and additional income from services, and investment income. Moreover, the surplus was transferred to Budget Equalisation Reserve which will be used to mitigate future budget pressures.

The 2022/23 Budget and Council Tax Requirement was approved by Cabinet and Full Council in February 2022. For 2022/23, the Council was able to meet its legal requirement to set a balanced budget through increasing the Band D Council Tax by £5.00. The Medium Term Forecast (MTF) was also approved in February 2022. This showed that the Council had a forecasted deficit of £3.651M in 2023/24 increasing by £329,400 to a deficit of £3.944M in 2024/25. It also noted that further future financial forecasts become less certain and with fewer opportunities to make savings and efficiencies, pressure will increase on the Council to use its reserves to ensure financial stability.

More recently we have also noted that the 2023/24 Budget and Council Tax Requirement was approved by Cabinet and Full Council in February 2023. The Council has also increased the Band D Council Tax by £5.00 for the period 2023/24 which is a 3.25% increase as compared to the CPI inflation level of 10.5%. In February 2023, the MTF up to 2025/26 was presented to Cabinet. These forecasts indicated a deficit of £400,600 in 2024/25 increasing by £1.443M to a deficit of £1.844M in 2025/26. The increase in the gap for 2025/26 is mainly due to the consideration of full reset of business rates from April 2025 in the Council's assumption.

The most recent Budget and Council Tax requirement will be taken to Cabinet and Full Council in February 2024. This is showing a balanced budget position for 2024/25 through the increase to Band D Council Tax of £5.00. The above information shows how the MTF and budget are revised each year to address the upcoming deficits in order to produce a balanced budget, and the Council has a track record of addressing future forecast gaps and balancing its budget annually.

The Council has financial planning processes, and monitoring processes in place to help ensure the continuances of their services. In order to ensure these finances support the delivery of services the Council produces a "Corporate Plan" which sets out how the Council can build upon the strengths of the Borough and its communities to improve the quality of life across Test Valley. The Corporate Plan outlines the Council's vision and priorities for Test Valley over a four-year period. It sets the direction and provides a focus for all activities and services. As a result, it informs decision making and the allocation of resources across the Council.

The MTF feeds into the Corporate Plan by reviewing the financial implications of what the Council do and sets the annual budget.

In April 2023, the Council has launched its new Corporate Plan, "A Place for Everyone – Supporting our Communities to Thrive" which will cover the strategic year from 2023 to 2027.

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

# Value for Money Commentary (continued)

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

No significant weakness identified

The Council has appropriate arrangements in place to make informed decisions and manage its risks.

The entity has a number of arrangements in place to ensure that appropriate decisions are made. The Council's Constitution records and regulates decision-making processes and the role of elected members and officers.

The Cabinet is the part of the Council which is responsible for most day-to-day decisions. The Cabinet is made up of the Leader, together with 7 other Councillors, who are all appointed by the Leader. When major decisions are to be discussed or made, these are published in the Cabinet's Work Programme in so far as they can be anticipated.

The Cabinet has to make decisions which are in line with the Council's overall policies and budget. If it wishes to make a decision which is outside the budget or policy framework, this must be referred to the full Council to decide. Meetings of the Council's Committees and the Cabinet are open to the public except where exempt or confidential matters are being discussed.

In order to manage its risk, the Council has an Internal Audit Function. The 2022/23 Internal Audit Annual Report states that "the Internal Audit Manager is able to provide a Substantial level of assurance in respect of the Council's risk management, control and governance arrangements".

During the 2021/22 audit, we noted that Internal Audit did not produce a standalone year end Internal Audit Report for the year and rather this was just reported through the papers presented to the Audit Committee. We raised a recommendation to management in 2021/22 that a formal Internal Audit Report should be produced and presented to Committee at the year end. We note that this recommendation has been implemented in 2022/23.

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

# Value for Money Commentary (continued)

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

No significant weakness identified

The Council has appropriate arrangements in place in relation to how the Council uses information about its costs and performance to improve the way it manages and delivers its services.

In order to monitor performance and improve the way the Council delivers its services, the Council operates under a Corporate Plan. Throughout 2022-23 the Authority operated under the Corporate Plan 2019-23. The Corporate Plan sets out how the Council can build upon the strengths of the Borough and its communities to improve the quality of life across Test Valley. The Corporate Plan outlines the Council's vision and priorities for Test Valley over a four-year period. It sets the direction and provides a focus for all activities and services. As a result, it informs decision making and the allocation of resources across the Council.

Progress is monitored through a range of performance and satisfaction-based indicators against which progress can be judged. The indicators are used as part of a broader suite of operational management tools that ensure standards are being met ensuring that the things that matter most to residents are being delivered in an efficient and effective way.

In April 2023, the Council launched its new Corporate Plan, "A Place for Everyone - Supporting our Communities to Thrive" which covers the strategic year from 2023 to 2027. The updated Corporate Plan has the following priorities:

- Sustainability, delivering lasting benefits for our communities.
- Connection, building upon the identity, strengths, and ambitions of our communities.
- Inclusion, working together to create opportunities for our communities.
- Prosperity, economic growth that impacts positively on our communities.
- Environment, a greener borough for our communities.

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



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# Appendices

# Appendix A - Summary of arrangements

## Financial Sustainability

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

### Reporting Sub-Criteria

How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them

### Findings

Regarding financial planning, the Council monitors its financial pressures in detail each month. The revenue budget must ensure that the resource allocation properly reflects the Council's Corporate Plan, Corporate Action Plan projects and service plans. Budgets (spending plans) are needed so that the Council can plan, authorise, monitor and control the way money is allocated and spent. To enable the Authority to prepare for events in advance, a rolling three-year medium term forecast is produced based on known and anticipated changes in the Authority's finances over that period.

In order to produce an initial Budget Forecast the prior year budget is 'rolled forward' to take account of inflation and any changes in the base level of expenditure and income. Following this, discussions are had with all Heads of Service and the Head of Finance and Revenues, to review all areas of each Service's budget to identify options to reduce net expenditure and to discuss any financial pressures to each Service.

#### Medium Term Forecast (MTF):

To enable the Authority to prepare for events in advance, a rolling three-year medium term forecast is produced based on known and anticipated changes in the Authority's finances over that period. The MTF sets out a framework for financial decision making and anticipates additional spending requirements and the level of savings that will be needed.

A Medium Term Financial Strategy (MTFS) is also approved each year and sets out the key financial assumptions that have been made in producing the MTF and sets out a proposed framework within which to work over the life of the strategy.

#### Annual Budget Setting Process:

The Head of Finance and Revenues is responsible for ensuring that a revenue budget and a forward financial forecast for three years is prepared each year for consideration by Cabinet.

Budget management ensures that once the budget has been approved by the full Council, resources allocated are used for their intended purposes and are properly accounted for. For the purposes of budgetary control by managers, a budget will normally be the planned income and expenditure for a service area or cost centre, broken down into a level of detail agreed by the Head of Finance and Revenues.

The Head of Finance and Revenues is responsible for establishing an appropriate framework of budgetary management and control to enable budgets to be monitored effectively. The Head of Finance and Revenues must monitor expenditure against budget allocations and report regularly to Cabinet on the overall position.

# Appendix A - Summary of arrangements

## Financial Sustainability (continued)

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

Reporting Sub-Criteria	Findings
How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them (cont.)	The Head of Finance and Revenues is responsible for controlling income and expenditure on their budgets and for monitoring performance, taking account of financial information provided by the Chief Officers. The Head of Finance and Revenues should provide a statement to the Cabinet as soon as practicable after 31st March each year setting out a comparison of the Council's actual and estimated income and expenditure and explanations of variances between the two for the preceding financial year.
How the body plans to bridge its funding gaps and identifies achievable savings	<p>The Council operates a Medium-Term Forecast and annual budget in order to conduct their financial planning. The Council aims to balance any funding gaps through the identification of revenue savings or generation of additional income. The use of reserves may be considered as a short term measure or in respect of areas of significant volatility such as retained business rates.</p> <p>The Council will also look to mitigate any risks by looking for further options for efficiency savings across all areas as part of their drive for continuous improvement. The Head of Finance and Revenues should encourage the best use of resources and value for money by working with Chief Officers to identify opportunities to improve economy, efficiency and effectiveness, and by encouraging good practice in conducting financial appraisals of development or savings options, and in developing financial aspects of service planning.</p>
How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	<p>The Council has financial planning processes, and monitoring processes in place to help ensure the continuances of their services. In order to ensure these finances support the delivery of services the Council produces a "Corporate Plan" which sets out how the Council can build upon the strengths of the Borough and its communities to improve the quality of life across Test Valley. The Corporate Plan outlines the Council's vision and priorities for Test Valley over a four-year period. It sets the direction and provides a focus for all activities and services. As a result, it informs decision making and the allocation of resources across the Council.</p> <p>The MTF feeds into the Corporate Plan by reviewing the financial implications of what the Council do and sets the annual budget.</p>

# Appendix A - Summary of arrangements

## Financial Sustainability (continued)

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

### Reporting Sub-Criteria

### Findings

How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system

Throughout the financial planning i.e. budget and MTF, consideration of other plans such as capital and treasury management also take place. The Capital, Investment, Treasury Management and Reserves strategies all form part of the annual budget setting process with the strategies being taken for approval at the same time as the revenue budget.

The Capital Strategy sets out the framework within which all Council capital expenditure is approved, monitored and financed and demonstrates how the Council takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability. The objectives of the strategy are to:

- Provide an overview of the governance process for approval and monitoring of capital expenditure.
- Provide a longer term view of planned capital expenditure.
- Provide expectations around debt and use of internal borrowing to support capital expenditure.
- Define the authority's approach to commercial activities including due diligence and risk appetite.
- Define the available knowledge and skills of the authority in relation to capital investment activities.

The Council's Corporate Plan sets out the Council's aims over the period 2019 - 2023. In particular this highlights the four priority areas that the Council is focussed on. The Capital Strategy will enable delivery of projects to reinforce these priority areas.

The Council also operate a Treasury Management and Annual Investment Strategy.

The Council is required to operate a balanced budget, which broadly means that income raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity before considering investment return.

In addition to the above, the Head of Finance and Revenues is required to assess the adequacy of Revenue Reserves. Reserve balances have been identified as a key indicator of financial health and the Council continues to have an appropriate level of reserves to deal with identified risks. As a minimum, there are sufficient balances to support the budget and capital programme and provide an adequate contingency for financial risks.



# Appendix A - Summary of arrangements

## Financial Sustainability (continued)

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

Reporting Sub-Criteria	Findings
How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans	<p>Please see documentation above about the annual budget setting process, MTF and Corporate Plan that the Council has in place.</p> <p>Throughout the preparation of each of these, risks are taken into consideration in order to see how they impact certain areas and what the financial implications of these risks might be.</p> <p>Monitoring of the budget through the year then identifies emerging trends and risks, and these are taken into account in the subsequent budget setting identifying pressures and changes since the prior budget setting or update reports.</p> <p>The Council has an effective risk management strategy in place to identify, mitigate and monitor the risks to the Council in delivering strategic objectives. This includes both financial and non-financial risks.</p>

# Appendix A - Summary of arrangements

## Governance

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

### Reporting Sub-Criteria

### Findings

How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud

The Council produces a risk management strategy which sets out clearly risk management implementation process and the roles and responsibilities of managing risk. This process involves identifying, analysing, prioritising, managing and monitoring risks that present themselves.

Quarterly reports are received from the internal auditors highlighting work carried out including a breakdown of fraud investigations with any significant issues detailed in summary format. Internal audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives.

An Internal Audit function is also in place at the Council. The requirement for an internal audit function in local government is detailed within the Accounts and Audit (England) Regulations 2015, which states that a relevant body must “undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”. Internal Audit progress reports are monitored regularly throughout the year.

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

The Head of Finance and Revenues is responsible for ensuring that a revenue budget and a forward financial forecast for three years is prepared each year for consideration by Cabinet.

Budget management ensures that once the budget has been approved by the full Council, resources allocated are used for their intended purposes and are properly accounted for. For the purposes of budgetary control by managers, a budget will normally be the planned income and expenditure for a service area or cost centre, broken down into a level of detail agreed by the Head of Finance and Revenues.

The Head of Finance and Revenues is responsible for establishing an appropriate framework of budgetary management and control to enable budgets to be monitored effectively. The Head of Finance and Revenues must monitor expenditure against budget allocations and report regularly to Cabinet on the overall position.

The Head of Finance and Revenues is responsible for controlling income and expenditure on their budgets and for monitoring performance, taking account of financial information provided by the Chief Officers. The Head of Finance and Revenues should provide a statement to the Cabinet as soon as practicable after 31st March each year setting out a comparison of the Council’s actual and estimated income and expenditure and explanations of variances between the two for the preceding financial year.

# Appendix A - Summary of arrangements

## Governance (continued)

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

Reporting Sub-Criteria	Findings
How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed	<p>Within the Financial Procedure Rules of the Council there are procedures in place to ensure the body has effective processes and systems to ensure budgetary control, to communicate relevant, accurate and timely management information; to support its statutory financial reporting requirements and to ensure the body is taking corrective action where needed.</p> <p>The Head of Finance and Revenues is responsible for assisting the Authority to put in place an appropriate control environment and effective internal controls which provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and regulations. They are also responsible for preparing an annual statement on the effectiveness of internal controls within the Authority's Annual Governance Statement.</p> <p>Internal Audit form part of this process through their audit plan, and raising recommendations for corrective action where needed.</p>
How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee	<p>The entity has a number of arrangements in place to ensure that appropriate decisions are made. The Council's Constitution records and regulates decision-making processes and the role of elected members and officers.</p> <p><u>Full Council</u> The Borough Council (comprising all 43 elected members) meets at least six times each year to conduct business. The Mayor of Test Valley acts as Chairman of these meetings. When the full Council meets, its agenda is largely devoted to discussion of reports and recommendations from Committees.</p> <p><u>The Cabinet</u> The Cabinet comprises eight elected members, who are appointed by the Leader and have powers to take decisions on the Council's behalf (generally concerned with operation of Council services and the formulation of policy). They also make recommendations for approval by the Council relating to the Council's overall policy framework.</p> <p><u>Overview and Scrutiny Committee</u> The main functions of this Committee include:</p> <ul style="list-style-type: none"> <li>• developing and reviewing policy</li> <li>• holding the Cabinet to account in public for the discharge of the functions for which it is responsible</li> </ul>

# Appendix A - Summary of arrangements

## Governance (continued)

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

Reporting Sub-Criteria	Findings
<p>How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee (cont.)</p>	<p>The Committee is a key mechanism for enabling Councillors to represent the views of their constituents and other organisations to the Cabinet, and seek to ensure that these views are taken into account in policy development. The Overview and Scrutiny Committee is responsible for scrutinising Cabinet decisions and holding the Cabinet to account, including examining the budget proposals and budget strategy proposed by the Cabinet to full Council.</p> <p><u>Audit Committee</u> Council approved changes to its internal governance structure by establishing an Audit Committee on 6th April 2022. The Audit Committee undertakes the duties previously performed by the Audit Panel of the Overview and Scrutiny Committee (OSCOM) as well as specific functions that were undertaken by OSCOM and the General Purposes Committee.</p>
<p>How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests)</p>	<p>We have inspected the website of Test Valley Borough Council and identified the various policies in place regarding the integrity, ethical values and behaviour of key executives.</p> <p>To ensure effective leadership throughout the entity, members and officers work together to deliver agreed plans with defined functions and roles. These roles and responsibilities are set out in the Constitution and the rules under which they operate. In particular, it looks at how decisions are made and how procedures are to be followed to ensure that actions are efficient, legal, transparent and accountable to the community. Many of these processes are required by statute and regulations by Governmental and other bodies (e.g. CIPFA) while the Authority has determined others locally.</p> <p>The Council has a sound management philosophy, demonstrates clarity of purpose and focus, with emphasis on performance and risk management. Our experience and knowledge of senior management is that they act with integrity, have good standards of behaviour and performance and lead by example. Both management and those charged with governance maintain an ethical stance and respond to instances of non-compliance with remedial action. There is an ethos of compliance with laws and regulations.</p>

# Appendix A - Summary of arrangements

## Improving economy, efficiency and effectiveness

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

Reporting Sub-Criteria	Findings
<p>How financial and performance information has been used to assess performance to identify areas for improvement</p>	<p>The Corporate Plan sets out how the Council can build upon the strengths of the Borough and its communities to improve the quality of life across Test Valley. The Corporate Plan outlines the Council's vision and priorities for Test Valley over a four-year period. It sets the direction and provides a focus for all activities and services. As a result, it informs decision making and the allocation of resources across the Council.</p>
<p>How the body evaluates the services it provides to assess performance and identify areas for improvement</p>	<p>Throughout 2022-23 the Authority operated under the Corporate Plan 2019-23. The Council has developed 4 priorities that they are committed to for the life of the plan:</p> <ul style="list-style-type: none"> <li>• Town Centres – to adapt and be attractive, vibrant and prosperous places</li> <li>• Communities – to be empowered, connected and to build upon their strengths</li> <li>• People – to be able to live well and fulfil their aspirations</li> <li>• The Local Environment – for current and future generations</li> </ul> <p>Cabinet reviews the performance of the Corporate Plan on an annual basis. This enables the active performance management of the Corporate Plan and ensures the Council is allocating resource in the most effective way. Each year, the Leader of the Council will make an annual presentation to the Overview and Scrutiny Committee to report on progress made during that year. This will form the basis of an annual update report and will be published on the Council's website.</p> <p>Progress is monitored through a range of performance and satisfaction-based indicators against which progress can be judged. The indicators are used as part of a broader suite of operational management tools that ensure standards are being met ensuring that the things that matter most to residents are being delivered in an efficient and effective way. In addition, each of our services produces an annual Service Plan which describes the things they do and how they contribute to the Corporate Plan priorities. Progress is monitored on a quarterly basis through the service performance boards.</p> <p>In April 2023, the Council has launched its new Corporate Plan, "A Place for Everyone – Supporting our Communities to Thrive" which covers the strategic year from 2023 to 2027. This plan has the following priorities:</p> <ul style="list-style-type: none"> <li>• Sustainability, delivering lasting benefits for our communities.</li> <li>• Connection, building upon the identity, strengths, and ambitions of our communities.</li> <li>• Inclusion, working together to create opportunities for our communities.</li> <li>• Prosperity, economic growth that impacts positively on our communities.</li> <li>• Environment, a greener borough for our communities.</li> </ul>

# Appendix A - Summary of arrangements

## Improving economy, efficiency and effectiveness (continued)

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

Reporting Sub-Criteria	Findings
<p>How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve</p>	<p>The Council has identified its key partnerships and promotes good governance in those. The Council's Contract Standing Orders and Financial Regulations contain specific sections on partnerships and identify officer responsibilities in relation to the management and involvement in partnerships. Protocols and agreements are put in place for the management of significant partnerships. A single strategic partnership for the Borough is in place called the Test Valley Partnership. It brings together the key partner agencies from across the public and voluntary and community sector. It meets twice a year and provides a place in which the key strategic issues facing the borough can be discussed, joint work developed and statutory duties met.</p>
<p>How the body ensures that commissioning and procuring services is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits</p>	<p>The Council's Contract Standing Orders contains specific sections on procurement and the Council's Procurement Strategy sets out the Council's vision for the way forward in its procurement of services, supplies and works for staff, partners, suppliers and stakeholders. The Contract Standing Orders states that "Every contract must be let in compliance with all applicable legal requirements, the Council's Procurement Strategy and the Council's Financial Procedure Rules".</p>

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