

Audit, Standards & General Purposes Committee

Date: **27 January 2026**

Time: **4.00pm**

Venue: **Council Chamber, Hove Town Hall, Hove, BN3 3BQ**

Members: **Councillors:** West (Chair), Loughran (Deputy Chair), Atkinson, Baghوث, Guilmant, Helliwell, Hewitt and Meadows

Co-optees: David Bradly (Independent Person), Barbara Beardwell (Independent Person) and David Gill (Independent Person)

Contact: **Grace Leonard**
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Chief Executive
Hove Town Hall
Norton Road
Hove BN3 3BQ

AGENDA

Part One	Page
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42 PROCEDURAL BUSINESS

- (a) **Declarations of Substitutes:** Where councillors are unable to attend a meeting, a substitute Member from the same political group may attend, speak and vote in their place for that meeting.
- (b) **Declarations of Interest:**
 - (a) Disclosable pecuniary interests;
 - (b) Any other interests required to be registered under the local code;
 - (c) Any other general interest as a result of which a decision on the matter might reasonably be regarded as affecting you or a partner more than a majority of other people or businesses in the ward/s affected by the decision.

In each case, you need to declare

- (i) the item on the agenda the interest relates to;
- (ii) the nature of the interest; and
- (iii) whether it is a disclosable pecuniary interest or some other interest.

If unsure, Members should seek advice from the committee lawyer or administrator preferably before the meeting.

- (c) **Exclusion of Press and Public:** To consider whether, in view of the nature of the business to be transacted or the nature of the proceedings, the press and public should be excluded from the meeting when any of the following items are under consideration.

Note: Any item appearing in Part Two of the agenda states in its heading the category under which the information disclosed in the report is exempt from disclosure and therefore not available to the press and public. A list and description of the exempt categories is available for public inspection at Brighton and Hove Town Halls and on-line in the Constitution at part 7.1.

43 MINUTES

7 - 12

To consider the minutes of the meeting held on 25 November 2025.

Contact Officer: Grace Leonard
Ward Affected: All Wards

44 CHAIR'S COMMUNICATIONS

45 CALL OVER

- (a) Items 48-52 will be read out at the meeting and Members invited to reserve the items for consideration.
- (b) Those items not reserved will be taken as having been received and the reports' recommendations agreed.

46 PUBLIC INVOLVEMENT

To consider the following matters raised by members of the public:

- (a) **Petitions:** to receive any petitions presented to the full council or at the meeting itself;
- (b) **Written Questions:** to receive any questions submitted by the due date of 12 noon on the 21 January 2026;
- (c) **Deputations:** to receive any deputations submitted by the due date

47 MEMBER INVOLVEMENT

To consider the following matters raised by councillors:

- (a) **Petitions:** to receive any petitions submitted to the full Council or at the meeting itself;
- (b) **Written Questions:** to consider any written questions;
- (c) **Letters:** to consider any letters;
- (d) **Notices of Motion:** to consider any Notices of Motion referred from Council or submitted directly to the Committee.

48 AUDITOR'S ANNUAL REPORT (VALUE FOR MONEY) YEAR ENDING 31 MARCH 2025 (2024/25) 13 - 70

Contact Officer: Jane Strudwick *Tel:* 01273 291255
Ward Affected: All Wards

49 ANNUAL SURVEILLANCE REPORT 2025 71 - 114

Contact Officer: David Currie

50 GENERAL FUND DRAFT BUDGET AND RESOURCES UPDATE – 2026-27 TO 2029-30 115 - 144

Contact Officer: John Hooton
Ward Affected: All Wards

51 CODE OF CORPORATE GOVERNANCE AND RISK MANAGEMENT FRAMEWORK 145 - 214

Contact Officer: *Jenny Garlick*
Ward Affected: *All Wards*

52 STANDARDS UPDATE 215 - 230

Contact Officer: *Victoria Simpson* *Tel: 01273 294687*
Ward Affected: *All Wards*

53 ITEMS REFERRED FOR COUNCIL

(1) To consider items to be submitted to full Council for information.

In accordance with Procedure Rule 24.3a, the Committee may determine that any item is to be included in its report to Council. In addition, any Group may specify one further item to be included by notifying the Chief Executive no later than 10am on the eighth working day before the Council meeting at which the report is to be made, or if the Committee meeting take place after this deadline, immediately at the conclusion of the Committee meeting

54 ITEMS FOR THE NEXT MEETING

The City Council actively welcomes members of the public and the press to attend its meetings and holds as many of its meetings as possible in public. Provision is also made on the agendas for public questions to committees and details of how questions can be raised can be found on the website and/or on agendas for the meetings.

The closing date for receipt of public questions and deputations for the next meeting is 10am on the eighth working day before the meeting.

Meeting papers can be provided, on request, in large print, in Braille, on audio tape or on disc, or translated into any other language as requested.

Infra-red hearing aids are available for use during the meeting. If you require any further information or assistance, please contact the receptionist on arrival.

Further information

For further details and general enquiries about this meeting contact Grace Leonard, (01273 29 1065, email grace.leonard@brighton-hove.gov.uk) or email democratic.services@brighton-hove.gov.uk

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Therefore, by entering the meeting room and using the seats in the chamber you are deemed to be consenting to being filmed and to the possible use of those images and sound recordings for the purpose of web casting and/or Member training. If members of the public do not wish to have their image captured, they should sit in the public gallery area.

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Please inform staff on Reception of this affects you so that you can be directed to the Council Chamber where you can watch the meeting or if you need to take part in the proceedings e.g. because you have submitted a public question.

Meeting Accessibility

To ensure that our meetings remain safe and accessible there are a number of measures that are in place. Please take note of them before and during your attendance at one of our meetings that are held in public:

- Visitors are admitted on condition that they allow themselves and their belongings to be searched.
- You will be asked to sign in upon arrival and may be asked to show proof of identity.

The following items are not permitted at any of our meetings which are held in public:

- Sharp items e.g. knives (including Swiss army knives) scissors, cutlery and screwdrivers;
- Paint spray or similar items;
- Padlocks, chains and climbing gear;

- Items that make a noise (e.g. whistles, loud hailers, mega phones); and,
- Banners, placards and flags or similar items.

Please restrict the size of bags brought to meetings as there are no facilities for storage of bags or other personal items – all bags will be searched upon entry. You may also be subject to secondary searches once inside the meeting.

Conduct at meetings

Councillors must be able to make themselves heard on behalf of those they represent.

The Mayor or the Chair will not allow behaviour that disrupts council business.

Under the Council's Constitution, Part 3A, Council Procedure Rules 16.2 -16.3, at any meeting of the Council, the Mayor/Chair has the power to order the removal of any member of the public who:

- interrupts the proceedings
- acts in a way that impacts the proper and orderly conduct of the meeting

In the interest of order during a meeting, the Mayor/Chair may suspend or adjourn a meeting for any length of time they decide.

You must follow the Mayor's/Chairs direction, including any requests to sit down or stop acting in a way that disrupts the Council business.

In most meetings, there are no incidents and Council is not disturbed. We hope this continues so there is no need for the Mayor or any Chair of a meeting to take these actions.

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- You should proceed calmly; do not run and do not use the lifts;
- Do not stop to collect personal belongings;
- Once you are outside, please do not wait immediately next to the building, but move some distance away and await further instructions; and
- Do not re-enter the building until told that it is safe to do so

BRIGHTON & HOVE CITY COUNCIL

AUDIT, STANDARDS & GENERAL PURPOSES COMMITTEE

4.00pm 25 NOVEMBER 2025

COUNCIL CHAMBER, HOVE TOWN HALL, NORTON ROAD, HOVE, BN3 3BQ - HTH/CC

MINUTES

Present: Councillor West (Chair) Atkinson, Baghoth, Guilmant, Helliwell, Hewitt, Meadows, Robinson and Allen

Other Members present: Councillor Allen

PART ONE

30 PROCEDURAL BUSINESS

30a Declarations of substitutes

30.1 Councillor Robinson was present as a substitute for Councillor Loughran.

30b Declarations of interests

30.2 Councillor Atkinson declared a non-pecuniary interest as an employee of Sussex Partnership NHS Foundation Trust.

30.3 Councillor Hewitt declared a non-pecuniary interest as an employee of Sussex Partnership NHS Foundation Trust.

30c Exclusion of the press and public

30.4 In accordance with Section 100A of the Local Government Act 1972 ("the Act"), the Committee considered whether the public should be excluded from the meeting during consideration of any item of business on the grounds that it is likely in view of the business to be transacted or the nature of the proceedings, that if members of the public were present during it, there would be disclosure to them of confidential information as defined in Section 100A (3) of the Act.

30.5 **RESOLVED** - That the press and public are not excluded from the meeting.

31 MINUTES

31.1 **RESOLVED** – That the minutes of the previous meeting held on 23 September 2025 be approved and signed as the correct record.

32 CHAIR'S COMMUNICATIONS**32.1** The Chair provided the following communications:

On our agenda today, we will consider the External Auditors audit findings report developed from their audit of the council's financial statements. These findings, and the External Auditors recommendations, will in turn help inform our consideration in offering our approval to the audited Statement of Accounts for 2024/25 and the Letter of Representation.

It had been hoped we would also be able to consider the External Auditors Value For Money report at this meeting. You would have noted in the reports that it's unfortunately not been possible to conclude that work yet and so that will come for our meeting in January.

Members will be reminded by the minutes of our September meeting, that we called for a report of the draft budget to come to our next meeting in January. So along with the VFM report I think this will give us a timely understanding of the context the budget and also the proposals being drafted. I think we have already asked the councillor, Jacob Taylor, as finance lead, to attend that meeting to inform. But I'd just like to reaffirm that invitation, which I think is agreeable.

On our agenda today we also have our regular quarterly progress report on Internal Audit and Counter Fraud and also one on embracing an updated CIPFA code of practice.

I'm pleased to welcome Councillor Allen, Cabinet member for Customer Services and Public Realm, who is here to help us with both those items, and I'm sure more generally too. Welcome Jacob.

A number of our reports are quite lengthy and detailed, so I would ask members to quote page references when asking questions or making points as this will help officers and myself to ensure you receive a proper response.

33 CALL OVER**33.1** The Democratic Services Officer called the agenda items to the committee. The following items were not called for discussion and were therefore taken to be agreed in accordance with the officer's recommendation:

- 1) Item 39 – CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government

33.2 All other items were called for discussion.**34 PUBLIC INVOLVEMENT****34.1** No public representations were received.**35 MEMBER INVOLVEMENT**

35.1 No member representations were received.

36 EXTERNAL AUDIT - AUDIT FINDINGS REPORT 2024/25

36.1 The committee considered the report of the External Auditor which sets out the findings of the 2024/25 audit by the council's appointed external auditor, Grant Thornton. It includes the key messages arising from the audit of the financial statements and also sets out the arrangements for the auditor's value for money work. The value for money results will be covered in more detail in the external auditor's full annual report, which will be taken to the next Audit, Standards & General Purposes committee in January 2026.

36.2 Councillors Hewitt, Guilmant, Meadows, Robinson, and West asked questions and contributed to the debate of the report.

36.3 RESOLVED –

That the Audit, Standards, and General Purposes Committee note the findings set out in the 2024/25 Audit Findings Report and ask questions of the auditor as necessary and raise any other matters relevant to the audit of the 2024/25 financial statements.

37 AUDITED STATEMENT OF ACCOUNTS 2024/25

37.1 The committee considered the report of the External Auditor which provides information about the audit of the council's 2024/25 Statement of Accounts and recommends approval of the 2024/25 audited accounts and the Letter of Representation on behalf of the council. The accounts should be viewed alongside the council's Annual Governance Statement (AGS) which is also approved by the Audit, Standards & General Purposes Committee.

37.2 Councillors Atkinson, Guilmant, Meadows, Robinson, and West asked questions and contributed to the debate of the report.

37.3 RESOLVED –

That the Audit, Standards, and General Purposes Committee:

- 1) Note the findings of the external auditor Grant Thornton as set out in their audit findings report (a separate item on the agenda).
- 2) Note the results of the public inspection of the accounts.
- 3) Approve the Letter of Representation on behalf of the council.
- 4) Approve the audited Statement of Accounts for 2024/25 subject to any final amendments.

5) Delegate authority to the Chief Financial Officer for any final wording or immaterial adjustments to the accounts prior to publication.

**38 INTERNAL AUDIT AND COUNTER FRAUD QUARTER 2 PROGRESS REPORT
2025/26**

38.1 The committee considered the report Internal Audit and Counter Fraud Quarter 2 Progress Report 2025/26 which provided Members with an update on all internal audit and counter fraud activity completed during quarter 2 (2025/26), including a summary of all key audit findings. The report also included an update on the performance of the Internal Audit Service during the period.

38.2 Councillors Atkinson, Baghوث, Helliwell, Hewitt, Guilmant, Meadows, and West asked questions and contributed to the debate of the report.

38.3 RESOLVED –

That the Audit, Standards, and General Purposes Committee note the report and consider the findings from Internal Audit activities in accordance with the Committee's terms of reference.

39 CIPFA CODE OF PRACTICE FOR THE GOVERNANCE OF INTERNAL AUDIT IN UK LOCAL GOVERNMENT**39.1 RESOLVED –**

That the Audit, Standards, and General Purposes Committee considered and approve the following:

- 1) The results of the self-assessment against the new Code
- 2) The action plan developed in response to that self assessment.

40 ITEMS REFERRED FOR COUNCIL

40.1 No items were referred to Full Council for information.

41 ITEMS FOR THE NEXT MEETING

41.1 No items were requested for the next meeting.

The meeting concluded at 6.19pm

Signed

Chair

Dated this _____ day of _____

Audit, Standards & General Purposes Committee

Agenda Item 48

Subject: External Auditor's Annual Report (Value for Money) Year ending 31 March 2025 (2024/25)

Date of meeting: 27 January 2026

Report of: Grant Thornton (external audit)

Contact Officer: Name: Jane Strudwick
Paul Cuttle
Email: jane.strudwick@brighton-hove.gov.uk
Paul.cuttle@uk.gt.com

Ward(s) affected: All

For general release

1. Purpose of the report and policy context

1.1 The external auditor's (Grant Thornton's) Annual Report for the year ending 31 March 2025 reports on the council's value for money arrangements including an assessment of financial and governance arrangements. The Auditor's Annual Report on Brighton & Hove City Council Year ending 31 March 2025 is attached at Appendix 1.

2. Recommendations

2.1 That Committee notes the Auditor's Annual Report (Value For Money) for the financial year ending 31 March 2025.

3. Context and background information

3.1 Each year, the external auditor is required to consider whether the council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, i.e. securing value for money. Following this annual review process, the external auditor issues their Auditor's Annual Report (AAR) with recommendations for improvement based on their findings. Full details of the process and the auditor's responsibilities are set out in their report at Appendix 1. The report complements the Audit Findings Report which provides information on the outcome of the annual audit of the council's financial statements.

3.2 The AAR review considers three main areas which cover financial sustainability, governance and arrangements for securing economy, efficiency and effectiveness in the use of resources. Appendix B (An Explanatory note on the recommendations) within Appendix 1 sets out three types of recommendations that can be made by the external auditors in this report which are:

- **Statutory** – written recommendations to which the council is required to discuss and respond publicly to the report.
- **Key** – recommendations where significant weaknesses have been identified requiring a management response.
- **Improvement** – recommendations which are not a result of identifying significant weaknesses, also requiring a management response.

The auditor can also issue specific reports in the Public Interest in cases where there are serious governance, financial, fraud or other weaknesses identified.

- 3.3 For the first category, statutory, there were no recommendations raised. However, there are 3 'key' recommendations and Red-rated areas of significant weakness identified on page 7 of their report. The auditor notes that whilst the council is taking steps to manage its financial position, financial sustainability remains a significant weakness. This is due to the scale of the council's financial challenge, including the need to deliver large annual savings requirements. For the year under review, transformation plans were not significantly in place at a scale that addresses the budget shortfalls.
- 3.4 For the year under review, 2024/25, the existing significant weaknesses in both value for money and governance have remained as a result of ongoing weaknesses in relation to compliance with the requirements of the Housing Regulator and governance issues within Environmental Services. The report does acknowledge that progress has been made in both of these areas. The report also outlines key improvements that have been made in strengthening governance with the introduction of a Leader and Cabinet System, development of the Corporate Leadership Plan and starting to become a learning organisation.
- 3.5 The report identifies that housing regulatory compliance has been substantially addressed, but full compliance will not be expected until 2026.
- 3.6 As noted, for the third year there is a 'key' recommendation highlighting a continuing 'significant weakness' in the council's financial sustainability. It is important to note that the majority of UK local authorities are facing similar financial challenges. Demand pressures are acute for most Councils across the country, particularly in children's and adults social care, home to school transport/SEND and emergency and temporary accommodation. All of these pressures exist in Brighton and Hove, particularly in respect of emergency and temporary accommodation.
- 3.7 The Council is making progress in its Transformation Plans to achieve a 4 year balanced Medium Term Financial Plan and this will be reported to Cabinet in February. Additionally, the government has moved back to a multi-year settlement which will provide greater certainty for the sector and assist in better medium term planning towards financial sustainability.

3.8 There are three key recommendations (as outlined above) and four improvement recommendations made. Management has provided responses for actions to be taken against recommendations.

4. Analysis and consideration of alternative options

4.1 The annual Value for Money review and provision of an external Auditor's Annual Report is a statutory requirement for local authorities

5. Community engagement and consultation

5.1 The review must be published and considered by an appropriate committee of the council which at Brighton & Hove City Council is the Audit, Standards & General Purposes Committee. This ensures that the auditor's findings are publicly available on the council's website. The auditor also has statutory powers to bring other information and reports to the public's attention, for example Public Interest reports, where this is warranted

6. Financial implications

6.1 There are no direct financial implications arising from this report.

Name of finance officer consulted: Haley Woppard

Date consulted: 19/12/25

7. Legal implications

7.1 The Local Audit and Accountability Act 2014 makes it a requirement that the council's external auditors consider whether the council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (securing value for money). This Committee is the appropriate body for the consideration of this report by elected members of the Council

Name of lawyer consulted: Victoria Simpson Date consulted: (22/12/2025):

8. Risk implications

8.1 There are no direct risk implications from this report.

9. Equalities implications

9.1 There are no direct equalities implications from this report.

10. Sustainability implications

10.1 There are no direct sustainability implications from this report.

11. Conclusion

11.1 This report and appendix are for noting. The report contains improvement

recommendations which the council has responded to positively and views as an important part of providing assurance over its financial, governance and performance arrangements and helping the council to identify continuous improvement

Supporting Documentation

1. Appendices

1. Auditor's Annual Report on Brighton & Hove City Council 2024/25

Brighton and Hove City Council

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Interim Auditor's Annual Report
Year ending 31 March 2025

November 2025



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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting, on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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01 Introduction and context

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Introduction

This report brings together a summary of all the work we have undertaken for Brighton and Hove City Council during 2024/25 as the appointed external auditor. The core element of the report is the commentary on the value for money (VfM) arrangements. The responsibilities of the Council are set out in Appendix A. The Value for Money Auditor responsibilities are set out in Appendix B.

Opinion on the financial statements

Auditors provide an opinion on the financial statements which confirms whether they:

- give a true and fair view of the financial position of the Council as at 31 March 2025 and of its expenditure and income for the year then ended
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2024/25
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

We also consider the Annual Governance Statement and undertake work relating to the Whole of Government Accounts consolidation exercise.

Our report is based on those matters which come to our attention during the conduct of our normal audit procedures, which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. The NAO has consulted on and updated the Code to align it to accounts backstop legislation. The new Code requires auditors to share a draft Auditor's Annual Report (AAR) with those charged with governance by a nationally set deadline each year, and for the audited body to publish the AAR thereafter. This new deadline requirement is introduced from November 2025.

Auditor's powers

Under Section 30 of the Local Audit and Accountability Act 2014, the auditor of a local authority has a duty to consider whether there are any issues arising during their work that indicate possible or actual unlawful expenditure or action leading to a possible or actual loss or deficiency that should be referred to the Secretary of State. They may also issue:

- Statutory recommendations to the full Council which must be considered publicly
- A Public Interest Report (PIR).

Value for money

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (referred to as Value for Money). The National Audit Office (NAO) Code of Audit Practice ('the Code'), requires us to assess arrangements under three areas:

- financial sustainability
- governance
- improving economy, efficiency and effectiveness.

Local government – context

Local government has remained under significant pressure in 2024/25

National

Past



Funding Not Meeting Need

The sector has seen prolonged funding reductions whilst demand and demographic pressures for key statutory services has increased; and has managed a period of high inflation and economic uncertainty.



Workforce and Governance Challenges

Recruitment and retention challenges in many service areas have placed pressure on governance. Recent years have seen a rise in the instance of auditors issuing statutory recommendations.

Local

Present



Financial Sustainability

Many councils continue to face significant financial challenges, including housing revenue account pressures. There are an increasing number of councils in receipt of Exceptional Financial Support from the government.



External Audit Backlog

Councils, their auditors and other key stakeholders continue to manage and reset the backlog of annual accounts, to provide the necessary assurance on local government finances.



Funding Reform

The UK government plans to reform the system of funding for local government and introduce multi-annual settlements. The state of national public finances means that overall funding pressures are likely to continue for many councils.



Reorganisation and Devolution

Many councils in England will be impacted by reorganisation and / or devolution, creating capacity and other challenges in meeting business as usual service delivery.

Brighton and Hove City Council is a unitary council with an estimated population of 279,600 residents (ONS 2024). It has the highest proportion of people aged between 19 and 31 years (23%) in the South-East. However, Brighton and Hove saw an increase of 9.5% in people aged 65+ and a decrease of 22% in children under 4 years from 2011 to 2021. The Council covers approximately 33.8 square miles, containing some of the densest neighbourhoods in England. 15.3% of children live in poverty. In May 2024, the Council adopted a Leader and Cabinet system. The Local Government Reorganisation (LGR) Final Proposal: 'Representative Councils for a Devolved Sussex: A Five Unitary Proposal' was submitted to the Secretary of State for Housing, Communities and Local Government on 26 September 2025. The vesting day for the new unitaries in Sussex is 1 April 2028.

It is within this context that we set out our commentary on the Council's value for money arrangements in 2024/25.

02 Executive Summary

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Executive Summary – our assessment of value for money arrangements

Our overall summary of our Value for Money assessment of the Council's arrangements is set out below. Further detail can be found on the following pages.

Criteria	2023/24 Assessment of arrangements	2024/25 Risk assessment	2024/25 Assessment of arrangements
Financial sustainability	R <ul style="list-style-type: none"> The significant weakness in arrangements for financial sustainability remains. We raised four improvement recommendations. 	<p>One risk of significant weakness identified.</p>	R <ul style="list-style-type: none"> Significant weakness in arrangements for financial sustainability remains. The Key recommendation from 2022/23 and 2023/24 remains to reflect progress on the ongoing weakness.
Governance	R <ul style="list-style-type: none"> A significant weakness in governance arrangements identified. A key recommendation was made. We raised two improvement recommendations. 	<p>One risk of significant weakness identified.</p>	R <ul style="list-style-type: none"> Significant weakness in arrangements for governance over Environmental Services remains. The Key Recommendation made in 2023/24 is updated to reflect on the ongoing weakness. We raised two new and retained two prior year improvement recommendations.
Improving economy, efficiency and effectiveness	R <ul style="list-style-type: none"> Significant weakness in relation to compliance with the Social Housing Regulator standards. We raised two improvement recommendations. 	<p>One risk of significant weakness identified.</p>	R <ul style="list-style-type: none"> Significant weakness in arrangements for the Council's Housing Stock in terms of compliance with the Regulator remains. The Key Recommendation from 2023/24 remains to support progress on the ongoing weakness. We raised two new and retained two prior year improvement recommendations.

G No significant weaknesses or improvement recommendations.

A No significant weaknesses, improvement recommendation(s) made.

R Significant weaknesses in arrangements identified and key recommendation(s) made.

Executive Summary

We set out below the key findings from our commentary on the Council's arrangements in respect of value for money.



Financial sustainability

The Council continues to take steps to manage its financial resilience, but there are significant unidentified savings and a lack of a transformation plan to bridge the £95.158 million funding gap in the July 25 Medium Term Financial Plan (MTFP) to 2029/30. The Transformation Programme must reflect large-scale service modernisation savings, with greater collaboration and business transformation, underpinned by business plans. The Council's reserve levels are low at £9 million, only 4.4% of revenue budget compared to an average of 25% for similar councils, leaving the Council unable to absorb a significant drawdown. The funding gap needs to be reduced, as a matter of urgency. The significant weakness identified in 2022/23, and 2023/24 continues to be applicable to 2024/25, as set out on page 19.



Governance

Good progress has been made in strengthening governance arrangements with the adoption of a Leader and Cabinet system, development of the Corporate Leadership Plan and starting the Council's journey to becoming a Learning Organisation. Risk management is overseen by the Audit, Standards & General Purposes Committee while Internal audit, delivered by Orbis, issued a partial assurance for 2024/25, identifying key areas for improvement. Counter Fraud Team investigated 75 allegations during the year, yielding £1.4 million in savings. A significant weakness identified in 2023/24 remains relevant, although progress has been made, with the key recommendation on continuing to address the cultural and service issues in environmental services.



Improving economy, efficiency and effectiveness

The Council monitors strategic progress through biannual Cabinet reports aligned to four Council Plan outcomes. As of July 2025, 44% of KPIs met targets, while 24% were significantly below, particularly in waste, recycling, and temporary accommodation. Partnership working is embedded across strategic networks, though formal alignment to Council Plan outcomes is still in development. Contract management arrangements exist but are inconsistently applied. A Corporate Peer Challenge praised leadership and service excellence, including 'Outstanding' children's services. However, housing compliance is a significant weakness. Following a regulatory judgement, progress is underway but full compliance is not expected until 2026. The prior year key recommendation has been retained and updated. Further detail provided in page 38.

Executive summary – auditor's other responsibilities

This page summarises our opinion on the Council's financial statements and sets out whether we have used any of the other powers available to us as the Council's auditors.

Auditor's responsibility

2024/25 outcome

Opinion on the Financial Statements

We have completed our audit of your financial statements and will be presenting our Audit Findings Report to the Audit, Standards and General Purposes Committee meeting in November 2025. We expect to issue a disclaimer of opinion on the financial statements due to the continued uncertainty regarding equal pay claims. As with our audit in 2023/24, we do not expect to be able obtain sufficient appropriate audit evidence to conclude that provisions in the financial statements are complete.

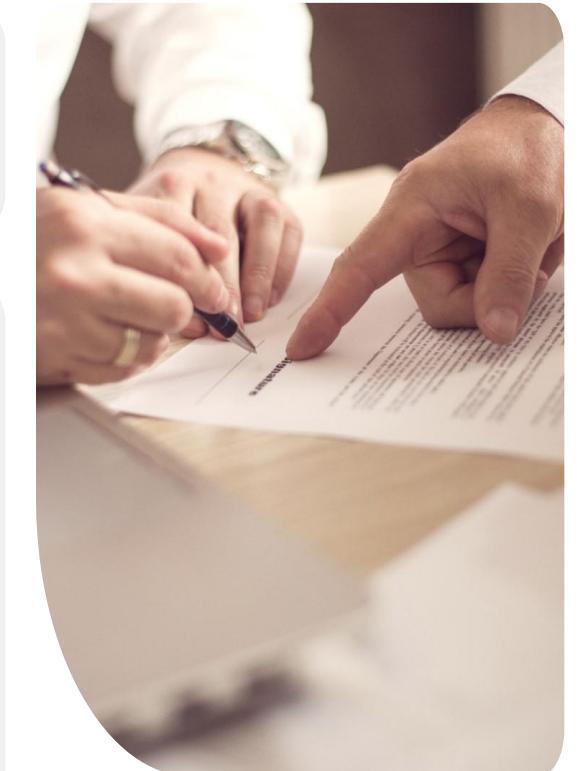
Use of auditor's powers

We did not make any written statutory recommendations under Schedule 7 of the Local Audit and Accountability Act 2014.

We did not make an application to the Court or issue any Advisory Notices under Section 28 of the Local Audit and Accountability Act 2014.

We did not make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We did not identify any issues that required us to issue a Public Interest Report (PIR) under Schedule 7 of the Local Audit and Accountability Act 2014.



03 Opinion on the financial statements and use of auditor's powers

Opinion on the financial statements

These pages set out the key findings from our audit of the Council's financial statements, and whether we have used any of the other powers available to us as the Council's auditors.

Audit opinion on the financial statements

We expect to issue a disclaimer of opinion on the financial statements due to the continued uncertainty regarding equal pay claims. As with our audit in 2023/24, we do not expect to be able to obtain sufficient appropriate audit evidence to conclude that provisions in the financial statements are complete.

The full opinion will be included in the Council's Annual Report for 2024/25, which can be obtained from the Council's website by 27 February 2026 (backstop date set by legislation).

Grant Thornton provides an independent opinion on whether the Council's financial statements:

- give a true and fair view of the financial position of the Council as at 31 March 2025 and of its expenditure and income for the year then ended
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2024/25
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

We conducted our audit in accordance with: International Standards on Auditing (UK), the Code of Audit Practice (2024) published by the National Audit Office, and applicable law. We are independent of the Council in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

Findings from the audit of the financial statements

The Council provided draft accounts in line with the national deadline of 30 June 2025.

Draft financial statements were of a good standard and supported by detailed working papers.

We report the detailed findings from our audit in our Audit Findings Report. The report is presented alongside this report to the Council's Audit, Standards and General Purposes Committee in November 2025. Requests for this Audit Findings Report should be directed to the Council.

Other reporting requirements

Annual Governance Statement

Under the Code of Audit Practice published by the National Audit Office we are required to consider whether the Annual Governance Statement does not comply with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting or is misleading or inconsistent with the information of which we are aware from our audit.

We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.



04 Value for Money commentary on arrangements

Value for Money – commentary on arrangements

This page explains how we undertake the value for money assessment of arrangements and provide a commentary under three specified areas.

All Councils are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Council's report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The National Audit Office (NAO) Code of Audit Practice ('the Code'), requires us to assess arrangements under three areas:

30



Financial sustainability

Arrangements for ensuring the Council can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).



Governance

Arrangements for ensuring that the Council makes appropriate decisions in the right way. This includes arrangements for budget setting and budget management, risk management, and making decisions based on appropriate information.



Improving economy, efficiency and effectiveness

Arrangements for improving the way the Council delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

Financial sustainability – commentary on arrangements

We considered how the Council:	Commentary on arrangements	Rating
<p>identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them</p>	<p>The Council managed its significant financial challenge for 2024/25 and delivered an underspend of £1.091 million against a budget of £205.383 million. The £1.091 million underspend was as a result of a significant swing of £4.401 million from month 9 (December 24) when the Council was predicting a £3.310 million overspend. This had been achieved through the implementation of strict vacancy and spending controls, reprofiling of planned spend of £1.325 million and an improvement in the City Operations performance with higher income and a greater than expected impact from spend controls. However, 20% (£4.760 million), of the substantial 2024/25 savings package of £23.627 million was not achieved, which if recurrent in nature will add to future savings requirements.</p> <p>The significant financial pressures remain in 2025/26 as the Council needs to deliver savings of £15.789 million and predicts a forecast overspend of £9.406 million. It also has a budget gap of £39.765 million to close for 2026/27, which is part of the total funding gap of £95.158 million in the medium term to 2029/30. The Council's reserve levels are low at £9 million, only 4.4% of revenue budget compared to an average of 25% for similar councils, leaving the Council unable to absorb a significant drawdown. However, the reserve level was lower at £7.94 million (3.8%) at 31 March 2025 and the Council has since made a £1.25 million contribution to reserves at the start of 2025/26. It is vital that the Council has clear and robust plans to deliver savings over the next three years to rebuild its general fund reserves to its target level of £15 million. Trends also show a growing underlying deficit in the Housing Revenue Account (HRA), with a forecast £0.242 million surplus in year one, falling to a £2.197 million deficit by year five, which is unsustainable as the HRA reserves need to be at least maintained at the current level of £12.844 million, which the Council has assessed as appropriate. The financial sustainability of the Council's HRA is of concern given the housing stock liabilities in terms of the age and the work required to bring properties up to the Regulator of Social Housing's (RSH) Consumer standards. We raised an improvement recommendation on page 20.</p>	A

G No significant weaknesses or improvement recommendations.

A No significant weaknesses, improvement recommendations made.

R Significant weaknesses in arrangements identified and key recommendation(s) made.

Financial sustainability – commentary on arrangements

We considered how the Council:	Commentary on arrangements	Rating
32 plans to bridge its funding gaps and identify achievable savings	<p>Some services, such as adult social care and environmental services, are addressing services pressure through transformational change. The Council restructured its directorates and senior management structure to make significant savings from 1 January 25, however all this work, needs clarity in terms of a Transformation Plan for the medium term that clearly translates ambitions into financial deliverables, directly linked to the estimated £95 million funding gap to 2029/30. An overall council Transformation Programme is in the early stages of development. The Interim Section 151 Officer delivered even more challenging news to members in July 25 when the estimated four-year budget gap was reported to be £95.158 million, an increase of 58%. Whilst good work continued in terms of scrutinising service delivery through “Lines of Enquiry”, as part of the 2025/26 budget setting process, and restructuring senior management to achieve savings, there is still no comprehensive, annualised transformation plan.</p> <p>The Corporate Leadership Team (CLT) is engaged and has prioritised financial sustainability, yet there is an absence of a clear roadmap of transformational actions to address the risks, which perpetuate the annual short-term fixes and defer difficult decisions. Without urgent clarity and decisive action in the 2026/27 budget process, the Council faces the serious threat of a Section 114 notice and potential central government intervention. We therefore continue the significant weakness and have reworded the 2023/24 key recommendation, on page 19, to recognise improvements that have been made during 2024/25, but also the significant weakness that still exists as the Council has not defined nor reported on a comprehensive transformation programme that aims to close its £95.158 million funding gap over the next four years. We will follow up on the setting of the 2026/27 budget in Spring 2026.</p>	R

G No significant weaknesses or improvement recommendations.

A No significant weaknesses, improvement recommendations made.

R Significant weaknesses in arrangements identified and key recommendation(s) made.

Financial sustainability – commentary on arrangements (continued)

We considered how the Council:	Commentary on arrangements	Rating
plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	<p>There was an established link between the Council's corporate objectives and financial planning through the alignment of its annual budget and Medium-Term Financial Strategy (MTFS) with the Council Plan. The budget is a financial expression of the Council Plan, ensuring that both revenue and capital resources are directed toward achieving the Council's vision of a "better Brighton and Hove for all." The Council Plan 2023–2027 outlines the four strategic priorities, Homes for Everyone, A Healthy City where People Thrive, A City to be Proud of, and A Responsive Council with Well-Run Services, which are central to the budget-setting process. These priorities guide how resources are allocated and how investment and transformation plans are developed, with progress measured against clearly defined outcomes. The Corporate Leadership Team (CLT) plays a key role in maintaining financial sustainability, which is treated as a top priority alongside organisational culture and long-term planning.</p>	G
ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system	<p>Financial planning assumptions were aligned with key operational strategies, such as the People Strategy and Carbon Neutral Programme. The out-of-date Asset Management Plan was revised and approved by the October 2025 Cabinet. The Council recognises that the Digital, Data and Technology Strategy requires updating to reflect the evolving Transformation Programme and whilst the initial engagement with the new lead member for transformation has begun, this is an being taken forward. During the year, there was a substantial review of the Capital Programme resulting in the decommitment of several schemes and reduced financing costs. The Capital Programme Board is monitoring the rationalisation of the Capital Programme and the development of a capital receipts strategy to support modernisation and invest-to-save initiatives. As well as the modernisation of services through its transformation programme Local Government Reorganisation is also a key challenge for the Council in 2025/26, with the East Sussex proposal due for submission in September 2025.</p>	G

G No significant weaknesses or improvement recommendations.

A No significant weaknesses, improvement recommendations made.

R Significant weaknesses in arrangements identified and key recommendation(s) made.

Financial sustainability – commentary on arrangements (continued)

We considered how the Council:	Commentary on arrangements	Rating
identifies and manages risk to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions in underlying plans	<p>In 2024/25, the Council demonstrated adequate management of its in-year financial delivery risk through strict recruitment and expenditure controls. Despite these measures, the Council faces major financial risks, delivery of the 2025/26 budget, a projected budget gap of some £39 million for 2026/27 and the risk arising from an equal pay claim. One of the Council's highest financial risks was realised during 2024/25, as the i360 seaside attraction went into administration with the Council's loan outstanding at £51.040 million. A financial bad debt provision for part of this debt to be unpaid of £18.900 million had already been made, leaving a net balance of £32.140 million which has been added to the Council's MTFP.</p> <p>With critically low reserve levels, the Council has limited capacity to absorb financial shocks. In response, 2025/26 saw the implementation of further actions including the formation of a Savings & Innovation Delivery Board, service-level recovery plans, and transformation initiatives targeting high-demand areas such as Temporary Accommodation and social care. To enhance financial sustainability, the Council is encouraged to adopt scenario planning that includes both realistic and worst-case assumptions. This would provide a clearer view of annual funding gaps and necessary savings targets. The Medium-Term Financial Plan (MTFP) from February 2025 projected a £60.3 million budget gap by March 2029, down from £72.7 million in May 2024. However, a revised Medium-Term Financial Strategy (MTFS) in September 2025 revealed a significantly higher gap of £95.158 million, raising concerns about the consistency of assumptions. The £39.765 million gap forecast for 2026/27 is disproportionately high compared to future years due to a £12 million temporary accommodation financial pressure and a fair funding reform adjustment of £6 million which has ensured that downside pressures are appropriately factored into the medium-term forecasts. We raised an improvement recommendation on page 21.</p>	A

G No significant weaknesses or improvement recommendations.

A No significant weaknesses, improvement recommendations made.

R Significant weaknesses in arrangements identified and key recommendation(s) made.

Financial sustainability (continued)

Significant weakness identified in relation to financial sustainability

Key Finding: Whilst the Council continues to take steps to manage its financial resilience, there remains significant unidentified savings in future years, and a lack of a transformation plan to bridge the £95.158 million funding gap identified to 2029/30.

Evidence: Financial pressures are increasing in 2025/26 as the Council needs to deliver savings of £15.789 million, of which only 74% are predicted to be delivered. There is a month 5 forecast overspend of £9.406 million, including £4.179 million (26%) of unachievable planned savings. The Council has key financial risks that if they materialised could have a significant impact on the Council's financial sustainability, as there is a budget gap for 2026/27 of £39.765 million and a critical question as to whether sufficient savings can be found to meet that gap. There is also a financial risk of a potential equal pay claim in future years.

A council wide Transformation Programme is being developed with nine workstreams to make savings in a more strategic way using a new Innovation Fund. An asset disposal programme is also being set up to generate capital receipts to invest in housing and reduce the temporary accommodation pressure of £12 million in 2026/27. However, the dedicated transformation team is currently too small to develop strategies to drive genuine change and savings, and more resources are needed. What is also not clear is the multi-year impact of not achieving the 2024/25 and 2025/26 savings as there is no transformation plan to demonstrate whether these were either one-off or recurrent savings that could have benefitted future years. The Council's Transformation Programme needs to reflect large-scale recurrent transformational service savings, underpinned by business plans which are incorporated into the next iteration of the Council's MTFP to help close the four-year estimated £95.158 million funding gap, plus the predicted month 5 forecast overspend of £9.406 million for 2025/26.

Impact: A lack of detailed, deliverable recurrent transformational savings plan puts the Council's Medium Term Financial Plan (MTFP), and the Council's financial sustainability, with its estimated £95.158 million funding gap to 2029/30 at significant risk.

Key recommendation 1

KR1: The Council must urgently implement step changes in transformational planning to improve its corporate grip over its significant financial sustainability challenge. It is critical that there is a dedicated transformation team with governance structures under which to develop strategies to drive genuine change and savings. A pipeline of recurrent savings and income generation schemes, underpinned by approved business cases, need to be quantified in the Transformation Programme and integrated into the Medium-Term Financial Plan Strategy (MTFP) to bridge the 2026/27 financial gap of £39.765 million and the remaining £55.393 million predicted funding gap to 2029/30.

Financial sustainability (continued)

Area for improvement: Transparency of HRA reporting

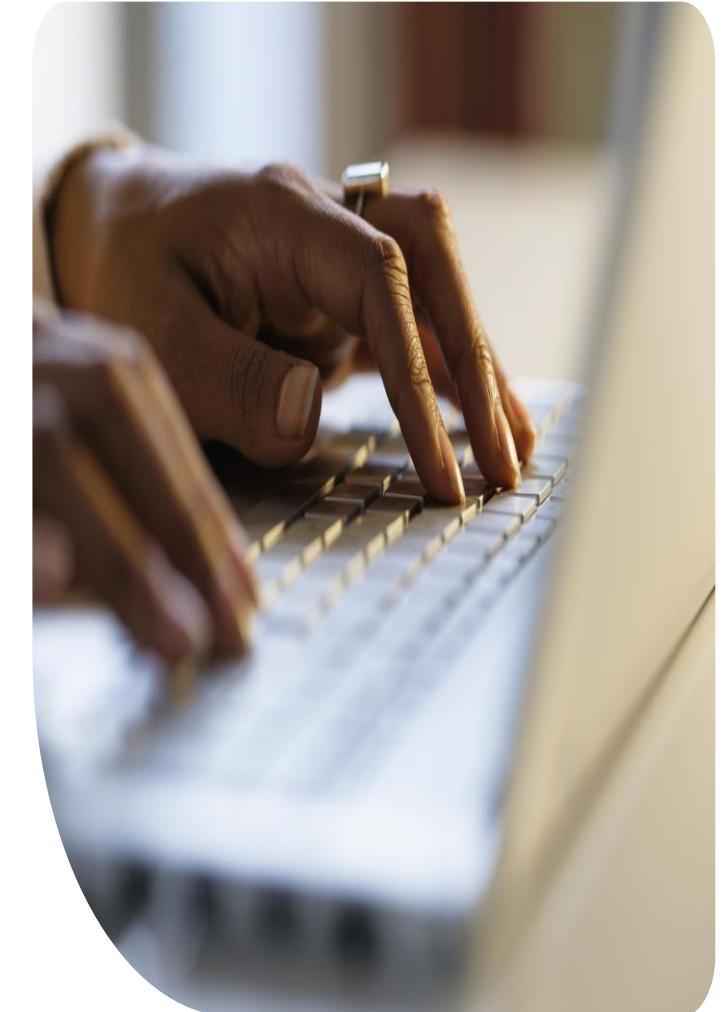
Key Finding: There are risks and uncertainties around the medium-term financial sustainability of the HRA and these issues need to be recognised in medium-term financial planning.

Evidence: Current trends indicate a growing underlying deficit in the Housing Revenue Account (HRA) over the medium term, demonstrated by the fact that there is a £0.242 m surplus in year one, falling to a £2.197m deficit by year five. This is an unsustainable position and needs addressing. The Regulator of Social Housing grading of a "C3 - significant improvement needed" RSH grading means that increased expenditure to refurbish properties to the required quality and safety standards is required. A proposed recovery plan funded by the HRA Reserves may be insufficient as the HRA continues to face significant uncertainty regarding its medium-term financial position. The 30 year HRA Business Plan should be analysed between short, medium and long terms goals in a HRA Delivery Action Plan so that the Council is assured that optimum action is being taken at the right time, and progress is reported on in terms of assuring progress in improving the condition of the housing stock and the financial sustainability of the HRA.

Impact: The monitoring and reporting of progress against a HRA Delivery Action Plan will give members assurance that the HRA's service and financial risks are being effectively managed.

Improvement recommendation 1

IR1: The Council needs to update its HRA MTFS for the liability for the housing refurbishment required over the next two years to meet the RSH Quality and Safety standard. The 30 year HRA Business Plan should be analysed between short, medium and long terms goals in a HRA Delivery Action Plan so that the Council is assured that optimum action is being taken at the right time, and progress is reported on in terms of assuring progress in improving the condition of the housing stock and the financial sustainability of the HRA.



Governance – commentary on arrangements

We considered how the Council:	Commentary on arrangements	Rating
monitors and assesses risk and how the Council gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud	<p>The Council continues to operate under a formal Risk Management Framework (RMF), approved in January 2025, which sets out structured governance and oversight arrangements. Strategic risks are reviewed quarterly at Directorate Management Teams (DMTs) and the Corporate Leadership Team (CLT). Following the CIPFA review of the Audit & Standards Committee in 2021 and the subsequent transition to a Cabinet governance model, oversight responsibilities for risk were redistributed between the Audit, Standards & General Purposes Committee (ASGPC) which focuses on the adequacy of the risk management framework, whilst the detailed scrutiny of strategic risks occurs through service committees and Cabinet. Cabinet receives a full list of strategic risks twice a year as part of the Council Plan progress updates. The Lead Cabinet Member for performance and risk receives quarterly updates.</p> <p>In 2024/25, the Strategic Risk Register (SRR) was presented to ASGPC twice in January and June 2025. Our assessment indicates that operational engagement with risk is well embedded through DMT and CLT reviews, and the reporting frequency to ASGPC is sufficient and demonstrates compliance with the RMF. Given the high overall risk profile reflected in the SRR—including three red-rated risks, two of which relate to financial sustainability and delivery of the Council Plan—continued emphasis on robust discussion and challenge at ASGPC remains important to ensure effective governance.</p> <p>Internal Audit provided a reasonable assurance rating on risk management for 2024/25 and identified areas for improvement, including development of a formal risk appetite statement and enhancements to training and action planning. We note that the Council is progressing these actions, with risk appetite statements scheduled for Cabinet in December 2025 and a new PowerBI dashboard to strengthen risk reporting.</p> <p>Internal Audit, delivered by Orbis, issued a partial assurance opinion for 2024/25. This was due to an increase in partial assurance reports, recurring weaknesses in financial systems (e.g. Payroll, Accounts Receivable), and persistent issues in contract management and direct payments. While the year-end implementation rate of high-priority actions was strong (97.1%), the Q1 dip to 76.5% indicates emerging risks and reduced consistency. To address this, we have issued an improvement recommendation on page 27 for the Council to strengthen its internal control environment, focusing on financial systems, procurement compliance, and timely implementation of audit actions.</p>	R

Governance – commentary on arrangements (continued)

We considered how the Council:	Commentary on arrangements	Rating
monitors and assesses risk and how the Council gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud (continued) 83	<p>Although the Council met its annual target for implementing high-priority audit actions, several actions from the previous year's Annual Governance Statement (AGS) remained incomplete, with limited evidence of in-year progress reporting to the ASGPC.</p> <p>The Counter Fraud Team received 75 allegations in 2024/25, more than double the previous year. Investigations covered a range of issues including overtime overclaims, procurement irregularities, and tenancy fraud. Financial savings from fraud prevention and detection were reported at £1.4 million. The updated Whistleblowing Policy clarified procedures and access for staff, the public, and elected members.</p> <p>The Council's Culture Change Programme in environmental services, during 2024/25, has had results. Despite improvements, some countercultural behaviours still persist and service improvements are still required as full cultural transformation is expected to take 2–5 years. As a result, we have retained and updated our key recommendation, on page 27, to support the Council's commitment to continued reporting, lessons learned exercises, and monitoring of staff wellbeing and behavioural risks.</p>	R



Annual Governance Statement (AGS) Progress Reports with RAG Ratings

Introducing a structured in-year AGS progress reporting mechanism to the Audit, Standards & General Purposes Committee, incorporating RAG ratings, explanations for delays, and recovery plans, could support more effective scrutiny and align with established sector practice. This could also provide clearer assurance on the status of governance actions and help maintain accountability for delivery of those actions.

Governance – commentary on arrangements

We considered how the Council:	Commentary on arrangements	Rating
approaches and carries out its annual budget setting process	<p>The Council operates an effective annual budget setting process, which is closely aligned with Council Plan priorities to ensure strategic focus and value for money. Elected members are actively involved through regular Budget Workshops and monthly Star Chamber sessions. These forums support scrutiny, challenge, and informed decision-making throughout the budget's development from May 2024 to February 2025. The engagement process enables thorough testing of savings proposals, investment plans, and service changes. It also facilitates assessment of delivery risks, capacity, equality impacts, and alignment with Council priorities and legal or financial considerations. Services submit Outline Business Cases to identify resource needs for invest-to-save opportunities. Notably, the Council developed an on-line 'Budget Simulator' that enabled residents and other stakeholders to make their own attempt to balance the council's budget by making choices about which service areas they would reduce or increase spending to close the budget gap.</p>	G
ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information; supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships	<p>The Targeted Budget Monitoring (TBM) framework is a risk-based financial management approach applied across all levels from Budget Managers to Cabinet. It ensures regular identification and management of financial risks throughout the year. Services monitor their TBM position monthly or quarterly, depending on budget complexity and risk. The framework prioritises areas with high-cost pressures or demand-led risks, enabling timely financial recovery planning and mitigation strategies. The TBM Reports provide a clear summary of in-year financial performance, including departmental variances and year-end forecasts. The financial dashboard visualises variances, RAG-rates overspends, compares historical TBM forecasts, and tracks savings delivery. Importantly, for departments with overspending risks, the TBM framework includes financial recovery plans, supporting the Council's response to its challenging financial position throughout the financial year.</p>	G

G No significant weaknesses or improvement recommendations.

A No significant weaknesses, improvement recommendations made.

R Significant weaknesses in arrangements identified and key recommendation(s) made.

Governance – commentary on arrangements (continued)

We considered how the Council:	Commentary on arrangements	Rating
ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency, including from audit committee	<p>The Council's governance arrangements reflect some transformation and improvement. The shift to a Leader and Cabinet model has streamlined decision-making and enhanced accountability. This change is supported by strategic initiatives including a Corporate Leadership Plan, a revised organisational structure, and the Learning Organisation Framework, all aimed at boosting capacity and responsiveness. Strengths include the Council's proactive governance updates—such as revisions to the Local Code of Corporate Governance and Risk Management Framework—and the establishment of oversight bodies like the Information Governance Board.</p> <p>Decision-making processes are well-documented and legally sound. Cabinet decisions, such as those on Microsoft licensing and cleaning contracts, are supported by detailed analysis and cross-departmental consultation. Scrutiny functions are active and effective, with three Overview and Scrutiny Committees providing critical challenge and influencing Cabinet planning. Public engagement is evident, particularly in discussions around the Community Infrastructure Levy, where councillors and community groups contributed meaningfully. However, there are areas for improvement. Risk reporting remains fragmented, with key risks embedded within narrative sections or raised during debate rather than presented in a consistent, structured format. In 2023/24, we identified a recommendation for the Council to introduce a visible “key risks” summary in all Cabinet and committee reports. As of 2024/25, this recommendation has not been fully implemented or evidenced. Therefore, we will rate this criterion as amber, reflecting the need for further progress to ensure consistent and transparent risk communication across decision-making processes.</p>	A

Governance – commentary on arrangements (continued)

We considered how the Council:	Commentary on arrangements	Rating
monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour	<p>The Council has made notable progress in establishing and maintaining standards for officer and member conduct, legislative compliance, and procurement practices. Codes of Conduct for both members and employees are embedded in the Constitution and include clear guidance on gifts, hospitality, and conflicts of interest. Oversight is provided by the Audit, Standards & General Purposes Committee (ASGPC), which receives regular updates and reviews complaints procedures. In 2024/25, the Committee approved procedural changes and reviewed complaint volumes, which remained consistent with 2023/24. Specifically, the Committee endorsed updates to the preliminary assessment criteria for member conduct complaints. These changes aimed to improve clarity, emphasise public interest, and ensure proportionality in decision-making. Of the 32 complaints submitted during 2024, 31 were resolved by year-end, with decisions made at the preliminary stage in consultation with Independent Persons. The actions taken enabled more efficient resolution and reduced the need for formal investigations.</p> <p>Mandatory training for all members supports awareness and compliance, while the refreshed Code of Corporate Governance and embedded action plan reflect a structured approach to continuous improvement. Internal audits on data handling and cyber resilience have provided reasonable assurance, with no formal data breaches requiring ICO reporting.</p> <p>Procurement arrangements are governed by updated Contract Standing Orders, which incorporate the Procurement Act 2023 and other relevant legislation. Officers follow structured processes for supplier selection and waiver approvals, supported by internal templates and Cabinet Office tools. Waivers are formally documented and require dual approval, with all records maintained in a central log. A Procurement Forward Plan was approved by Cabinet in February 2025, enhancing transparency and strategic oversight for high-value contracts. However, the Council does not currently have a standalone Procurement Strategy, and member reporting on contract waivers is still under development. These elements were part of an improvement recommendation issued in 2023/24, which remains only partially implemented. As such, we will rate this criterion as amber, reflecting that while the current arrangements are broadly adequate for compliance, further progress is needed to close strategic and transparency gaps and fully meet the recommended standards.</p>	A

Governance (continued)

Significant weakness identified in relation to governance

In response, to the Independent Review of Environmental Services in Nov 23, the Council's Culture Change Programme during 2024/25 has resulted in substantial improvements. Over 40 staff has left through disciplinary or capability processes. A public report to Cabinet, in May 2025, outlined substantial progress, challenges met and remaining, and reflections on unchecked behaviours citing political vulnerabilities, union dynamics, and weak managerial support.

Positive engagement with staff has substantially improved the culture within the service. This was recognised as being effective by the LGA Corporate Peer Challenge which stated that "significant work is underway within environmental services, early results show that transformation efforts are beginning to yield improvements in both culture at the depot and in service delivery. Some service improvements gained with improved systems to measure performance and new ways of working with digital technology in cabs. There has been positive engagement and training of staff, notably the Equality, Diversity and Inclusive training in December 2024. A vehicle replacement programme in place with new Head of Fleet from January 2025 and there are better working practices and strengthened industrial relations.

Despite improvements, some countercultural behaviours still persist and service improvements are still required as full cultural transformation is expected to take 2–5 years. We have therefore retained this as a significant weakness during 2024/25.

Key recommendation 2 – retained and updated from 2023/24

KR2: Recognising the progress made during 2024/25, the Council should continue to formally, consistently, and transparently track and report on the implementation of the KC recommendations to members, ensuring progress is monitored to completion. Given the scale and complexity of cultural change, and the Council's own estimate that full embedding may take 2–5 years, reporting should include cultural change metrics, staff wellbeing indicators, and mechanisms to detect and address persistent countercultural behaviours.

Governance (continued)

Area for improvement: Strengthening Internal Control Environment

Key Finding: Internal Audit issued a partial assurance opinion on the Council's governance, risk management, and internal control systems for 2024/25. This represents a decline from the prior year and reflects a notable increase in partial assurance reports.

Evidence: 16 out of 69 audits (23%) received partial assurance. Systemic weaknesses were identified in:

- Contract monitoring and compliance.
- Data validation and financial controls.
- Delays in implementing agreed actions.

Recurring issues in Direct Payments and contract management have persisted across multiple years. Capacity and resilience challenges were raised by management and reflected in audit outcomes. Implementation rate of high-priority actions dipped to 76.5% at the end of Q1 2025/26, below the 95% target.

Impact: The volume and nature of partial assurance opinions suggest weakness in internal controls across several service areas. Without targeted improvement, there is a risk of further deterioration in assurance levels and reduced confidence in the Council's control environment.

Improvement recommendation 2

IR2: The Council should strengthen arrangements for internal control by improving oversight of financial systems, contract management, and the timely implementation of audit actions, to ensure consistency and resilience across key risk areas.

Improving economy, efficiency and effectiveness – commentary on arrangements

We considered how the Council:	Commentary on arrangements	Rating
<p>uses financial and performance information to assess performance to identify areas for improvement</p> <p>44</p>	<p>The Council monitors performance against its strategic objectives through biannual Cabinet reports, aligned with four Council Plan outcomes. The performance framework integrates key performance indicators (KPIs), strategic risks, and improvement actions, with updates provided mid-year and at year-end. As of July 2025, 44% of KPIs met or exceeded targets, 28% were within tolerance, and 24% were significantly below target. Key areas of underperformance include waste and recycling, where missed collections and low recycling rates persist, and housing, where the number of households in temporary accommodation exceeded targets and the timeliness of repairs remained below expectations.</p> <p>Workforce diversity metrics showed some improvement but continued to fall short of city demographics. For example, As of March 2025:</p> <ul style="list-style-type: none"> • BME staff made up 11.9% of the workforce, just below the city benchmark of 12.1%. • Staff declaring a disability reached 9.9%, compared to a city benchmark of 11.7%. • LGBT representation was 15.7%, exceeding the city benchmark of 12.2%. <p>Oversight is provided by Overview and Scrutiny and Audit and Standards Committees, with Cabinet minutes reflecting active engagement. Benchmarking data, such as IT spend comparisons, supports strategic investment decisions. Overall, the Council has identified key areas for improvement and is implementing targeted actions to address performance shortfalls.</p> <p>The Council's Data Quality Policy, last updated in October 2023, underpins performance reporting. No internal audit of data quality was scheduled for 2024/25, indicating low perceived risk and there is no evidence of sample testing to verify the robustness of KPI calculations or reporting accuracy. We have therefore raised one improvement recommendation and provide insight in this area on page 33.</p>	A

Improving economy, efficiency and effectiveness (continued)

We considered how the Council:	Commentary on arrangements	Rating
evaluates the services it provides to assess performance and identify areas for improvement	<p>The Council was part of a Corporate Peer Challenge (CPC) in April 2025 which highlighted the professionalism and commitment of staff, positive Member-Officer relationships, and a collaborative organisational ethos. The Council's national leadership in equality, diversity, and inclusion was recognised, alongside visible regeneration achievements and early improvements in Environmental Services. The arrangements for monitoring and progressing the CPC are adequate, with structured oversight through the Corporate Leadership Plan. Additionally, the Council's children's services were rated 'Outstanding' by Ofsted in March 2024, reflecting excellent practice and outcomes.</p> <p>The Council has also made progress in its complaints handling, with a reduction in the Local Government Ombudsman's upheld rate from 83% to 60% in 2024/25, despite an increase in complaint volumes. This suggests improved internal resolution and responsiveness. However, a significant area of weakness remains in housing compliance. Following the Regulator of Social Housing's (RSH) C3 judgement in August 2024, the council entered a formal period of intensive engagement with the RSH. This involved monthly monitoring meetings and structured reporting on compliance performance, and risk mitigation. As part of its response, the council undertook a comprehensive root cause analysis which identified systemic failings in three key areas: data quality, governance, and workforce capacity. These findings have informed a targeted improvement programme embedded within the 2025/26 Housing Strategy Action Plan, aimed at restoring compliance and strengthening long-term resilience.</p> <p>While operational improvements are evident—including increased compliance in electrical safety (from 66.4% to 87.1%), smoke detector coverage (98.9%), and Legionella assessments (81%)—full compliance is not expected until December 2026. Fire safety remediation and repairs backlog clearance remain key priorities, with the backlog maintenance more advanced. The Council has responded with strengthened governance, regular Cabinet oversight, and a dedicated Housing Safety and Quality Assurance Board. These actions are embedded in the 2025/26 Housing Strategy and monitored through six-monthly public reporting. As a result of the ongoing work to address housing safety and compliance, we have therefore retained and updated the key recommendation from prior year to reflect the continued risk and the need for sustained focus through to full compliance.</p>	R

Improving economy, efficiency and effectiveness (continued)

We considered how the Council:	Commentary on arrangements	Rating
<p>ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives</p>	<p>The Council operates a broad network of partnerships that are central to delivering its strategic objectives. Strategic bodies such as Brighton & Hove Connected and the City Management Board provide cross-system leadership, while thematic partnerships like the Community Safety Partnership and Safeguarding Boards support statutory duties. Collaboration with NHS Sussex Integrated Care Board enables joint commissioning of health and social care services, including the Integrated Care Strategy.</p> <p>The Council is also working with East and West Sussex councils to establish a Mayoral Combined County Authority (MCCA), aimed at devolving funding and decision-making in areas such as transport, housing, and economic growth. Resident engagement is supported through platforms like Your Voice, which enables communities and stakeholders to shape policy and service design. These arrangements, alongside operational partnerships with developers, contractors, and voluntary sector organisations, contribute directly to outcomes in housing, health, and infrastructure.</p> <p>Partnership working is embedded in the Council Plan 2023–27, which commits to collaboration to achieve priorities such as affordable housing, sustainable transport, and net zero. Examples include the Enhanced Bus Partnership with operators and Homes for Brighton & Hove LLP with Hyde Housing. Voluntary and community sector partners, such as Voices in Exile, support homelessness prevention and refugee resettlement. Partners are also engaged in improvement activity where performance challenges exist. Following the Regulator of Social Housing judgment, the Council works with contractors, East Sussex Fire & Rescue, and tenant groups to address compliance gaps in building safety and repairs. Orbis Shared Services supports governance improvements in financial systems and contract management.</p> <p>Key partnership activity is reported through biannual Council Plan updates to Cabinet and annually to Full Council. Performance is monitored through KPIs, although partnership-specific contributions are not always isolated. Related risks, such as housing delivery (SR21), building safety (SR39), and digital modernisation (SR18), are managed through the Strategic Risk Register. We previously identified an opportunity for improvement in how the Council ensures its partnerships are aligned to the Council Plan priorities and contribute to defined outcomes. While the refreshed Council Plan now references partnerships, the formal mapping of each partnership to specific Council Plan outcomes is still under development, with full implementation not expected until 2026/27. Therefore, we continue to rate this criterion as Amber, and the prior year recommendation remains open.</p>	G

Improving economy, efficiency and effectiveness (continued)

We considered how the Council:	Commentary on arrangements	Rating
47 commissions or procures services, assessing whether it is realising the expected benefits	<p>The Council has made progress in establishing mechanisms to assess whether commissioned and procured services are delivering expected benefits. Contract management is governed by the Contract Standing Orders and devolved to service areas, with the Procurement Team offering guidance.</p> <p>Training has been delivered to over 160 officers, and a business case is being developed to address capacity challenges following staffing reductions. Internal Audit has played a key role in evaluating contract management effectiveness. A 2024/25 review of high-value contracts in Facilities and Building Services identified inconsistent application of the framework and limited compliance evidence, resulting in partial assurance. Similar findings were noted in audits of Temporary Accommodation Payments and the Home Purchase Scheme, where weak controls and procedural gaps were observed. In contrast, Public Health services demonstrated stronger practices, receiving reasonable assurance. Each audit led to specific improvement actions, including enhanced training, better data verification, and strengthened oversight.</p> <p>In 2024/25, the Council reported a modest underspend and slippage in its Capita programme, with minimal directorate-level variances, suggesting effective control. The Council also benefits from its membership in the Orbis Procurement Partnership, which supports joint tendering and strategic procurement oversight. The Annual Procurement Forward Plan (Feb. 2025) identifies contracts over £1 million and includes process flows to ensure transparency and efficiency.</p> <p>While the Council has the necessary structures in place and is actively addressing weaknesses, contract management practices are not yet consistently embedded across all services. Internal Audit findings and ongoing improvement efforts indicate that benefits realisation is being monitored, but further progress is needed to ensure consistent and effective delivery. As a result, we have issued one improvement recommendation on page 35 to support the council's contract management arrangements.</p>	A

Improving economy, efficiency and effectiveness (continued)

Significant weakness identified in relation to improving economy, efficiency and effectiveness

The Council has made progress on housing safety compliance since the 2023/24 judgement, improving electrical checks to 87.1%, nearly completing smoke detector coverage, and halving fire safety actions and repair backlogs. However, full compliance remains unmet, with water safety and electrical programmes ongoing until 2026. Systemic issues such as data quality, governance, and workforce capacity were identified posing regulatory and reputational risks. Governance has improved, but enforcement pressures and decisions on high-risk buildings continue to challenge the Council's compliance efforts.

The key recommendation is updated in 2024/25 because smoke detector compliance is nearly complete (98.9%), while timely repairs and electrical safety remain outstanding, with full compliance not expected until late 2025 and 2026, respectively. Governance improvements, including six-monthly Cabinet reporting, are in place, so the focus should shift to sustaining these and embedding systemic changes identified through the root cause analysis for long-term resilience.

Key recommendation 3 – retained and updated from 2023/24

KR3: The Council should complete outstanding actions to achieve full compliance with the Social Housing Regulator's standards by December 2026, focusing on:

- finalising electrical safety testing and certification;
- addressing the challenges around water and fire safety;
- clearing the repairs backlog and sustaining timely repairs;
- embedding governance and systemic improvements to prevent recurrence.

Progress should continue to be reported publicly to Cabinet every six months until compliance is achieved.

Improving economy, efficiency and effectiveness

Area for Improvement: testing KPI accuracy

Key Finding: The Council has established frameworks for performance monitoring and data quality, but there is currently no independent validation of how accurately KPIs are calculated and reported.

Evidence: The Council's Data Quality Policy (updated October 2023) outlines roles and responsibilities for ensuring reliable data. KPI performance is monitored quarterly and reported biannually to Cabinet, with 24% of KPIs significantly below target at year-end.

The Council undertakes annual benchmarking to compare performance against sector norms (e.g., Gartner IT Benchmark), which informs strategic priorities and investment decisions.

However, no internal audit work was undertaken on data quality in 2024/25, and there is no evidence of sample testing to verify the robustness of KPI calculations or reporting accuracy.

Impact: Without sample testing, there is limited assurance over the reliability of KPI data. This may hinder the Council's ability to identify what is working well and where improvements are needed—particularly important for a learning organisation committed to continuous improvement.

Improvement Recommendation 3

IR3: The Council could sample test KPI accuracy periodically to complement its existing benchmarking and performance monitoring processes. This would provide independent validation of reported outcomes and enhance confidence in decision-making.



Grant Thornton insight

Strengthening Cabinet Oversight of Underperforming KPIs

Given that 24% of KPIs are significantly below target at the end of 2024/25, consideration should be given to increasing the frequency of performance reporting to Cabinet from biannual to quarterly. This could enable more timely oversight and intervention, particularly in areas of persistent underperformance, and support the Council's commitment to continuous improvement.

Improving economy, efficiency and effectiveness – commentary on arrangements (continued)

Area for Improvement identified: contract management assurance

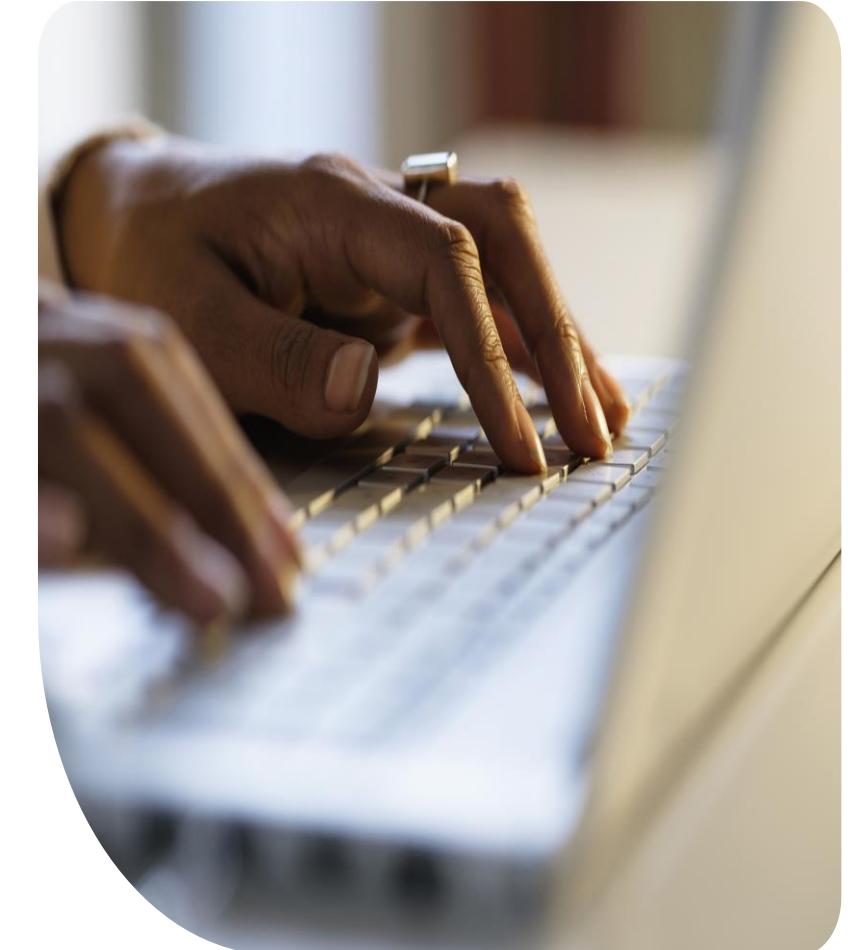
Key finding: The Council has established a Contract Management Framework to guide service areas in managing procured contracts. However, Internal Audit reviews in 2024/25 found that the framework is not yet consistently embedded across all departments. Contract management responsibilities are devolved, and while training has been delivered, the current arrangements lack maturity and uniform application.

Evidence: Internal Audit provided partial assurance ratings for several high-value contracts, including those in Facilities and Building Services, Temporary Accommodation, and the Home Purchase Scheme. These audits revealed inconsistent use of the framework, weak oversight controls, and limited documentation of compliance. Although improvement actions were agreed, the need for follow-up audits indicates that assurance is not yet sustained.

Impact: Without fully embedded and consistently applied contract management practices, the Council faces increased risks of inefficiencies, poor value for money, and reduced accountability in service delivery. The lack of mature oversight mechanisms may hinder the Council's ability to realise expected benefits from commissioned services. Therefore, we recommend continued embedding of the framework, strengthening oversight, and ensuring follow-up audits confirm sustained improvements.

Improvement Recommendation 4

IR4: The Council should continue embedding the contract management framework, strengthen oversight mechanisms, and ensure follow-up audits confirm that improvements are sustained. The current arrangements are developing but not yet mature to ensure effective contract management assurance.



05 Summary of Value for Money Recommendations raised in 2024/25

Key recommendations raised in 2024/25

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	Recommendation	Relates to	Management Actions
KR1	<p>The Council must urgently implement step changes in transformational planning and modernisation of service delivery to secure financial sustainability. It is critical that there is a dedicated transformation team with governance structures under which to develop strategies to drive genuine change and savings. A pipeline of recurrent savings and income generation schemes, underpinned by approved business cases, need to be quantified in the multi-year Transformation Programme and integrated into the Medium-Term Financial Plan Strategy (MTFP) to bridge the 2026/27 - 2029/30 predicted budget gap of £95.158 million and address the month 5 forecast overspend of £9.406 million for 2025/26.</p>	<p>Financial sustainability (page 19)</p>	<p>Actions: The Council has been developing a comprehensive medium term financial strategy throughout 2025 to address the Council's financial sustainability. A draft medium term financial plan underpinned by a transformation programme will be reported to Cabinet in December 2025, with the final version approved in February 2026. The Council is also reviewing the resources and expertise across the organisation to deliver this transformation programme. Details of this will be included in the February Cabinet report.</p> <p>Responsible Officer: Chief Finance Officer and Director of People and Innovation</p> <p>Due Date: 28 February 2026</p>

Key recommendations raised in 2024/25

Recommendation	Relates to	Management Actions
<p>KR2</p> <p>The Council should continue to formally, consistently, and transparently track and report on the implementation of the KC recommendations to members, ensuring progress is monitored to completion.</p> <p>Given the scale and complexity of cultural change, and the Council's own estimate that full embedding may take 2–5 years, reporting should include cultural change metrics, staff wellbeing indicators, and mechanisms to detect and address persistent countercultural behaviours.</p>	<p>Governance (page 27)</p>	<p>Actions: Significant progress has been made in tackling the issues raised within the KC report, and It is important for the service that we continue to focus on the future and embed the culture change over the next 2-5 years. We are developing a dashboard for performance in the service and are working on tracking staff sentiment. Reporting will continue to Cabinet in 2026 to further update on progress.</p> <p>Responsible Officer: Director of Human Resources & Organisational Development</p> <p>Due Date: 31 March 2026</p>

Key recommendations raised in 2024/25

Recommendation	Relates to	Management Actions
<p>54</p> <p>KR3</p> <p>The Council should complete outstanding actions to achieve full compliance with the Social Housing Regulator's standards by December 2026, focusing on:</p> <ul style="list-style-type: none"> • finalising electrical safety testing and certification; • addressing the challenges around water and fire safety; • clearing the repairs backlog and sustaining timely repairs; • embedding governance and systemic improvements to prevent recurrence. <p>Progress should continue to be reported publicly to Cabinet every six months until compliance is achieved.</p>	<p>Improvement economy, efficiency and effectiveness (page 32)</p>	<p>Actions: We will continue to drive improvements across all areas of housing compliance over the course of the next 12 months and continue to report this regularly to Cabinet.</p> <p>Responsible Officer: Corporate Director Homes and Adults Social Care</p> <p>Due Date: 31 December 2026</p>

Improvement recommendations raised in 2024/25

Recommendation	Relates to	Management Actions
<p>IR1</p> <p>The Council needs to update its HRA MTFS for the financial liability for the housing refurbishment required over the next two years to meet the RSH Quality and Safety standard. The 30 year HRA Business Plan should be analysed between short, medium and long terms goals in a HRA Delivery Action Plan so that the Council is assured that optimum action is being taken at the right time, and progress is reported on in terms of assuring progress in improving the condition of the housing stock and the financial sustainability of the HRA.</p>	<p>Financial sustainability (page 20)</p>	<p>Actions: A comprehensive review of the HRA medium term financial strategy has taken place throughout the autumn of 2025, to consider the many competing priorities for HRA resources, ensuring that these can be delivered alongside ensuring continued financial sustainability. The updated HRA 30-year business plan will be reported to Cabinet in February 2026.</p> <p>Responsible Officer: Corporate Director Homes and Adults Social Care and Chief Finance Officer</p> <p>Due Date: 28 February 2026</p>

Improvement recommendations raised in 2024/25

56	Recommendation	Relates to	Management Actions
IR2	The Council should strengthen arrangements for internal control by improving oversight of financial systems, contract management, and the timely implementation of audit actions, to ensure consistency and resilience across key risk areas.	Governance	<p data-bbox="1082 505 2401 659">Actions: Internal Audit progress reports are part of the CLT assurance agenda on a regular basis, where oversight of internal controls as well as implementation of audit actions is considered. Arrangements are being further strengthened by ensuring that these items are also considered by DLTs on a regular basis.</p> <p data-bbox="1082 678 1794 707">Responsible Officer: Corporate Leadership Team</p> <p data-bbox="1082 725 1505 754">Due Date: 30 January 2026</p>
IR3	The Council could sample test KPI accuracy periodically to complement its existing benchmarking and performance monitoring processes. This would provide independent validation of reported outcomes and enhance confidence in decision-making.	Improvement economy, efficiency and effectiveness (page 33)	<p data-bbox="1082 879 2426 1042">Actions: Management teams across the Council will ensure that KPI data is of good quality, and this is also subject to oversight through quarterly performance reporting. In addition, although not the focus of the reviews, internal audit will continue to examine aspects of data quality as part of individual audit assignments, and report on these as necessary.”</p> <p data-bbox="1082 1061 1794 1090">Responsible Officer: CLT leads for respective KPIs</p> <p data-bbox="1082 1108 1461 1137">Due Date: 31 March 2026</p>

Improvement recommendations raised in 2024/25

	Recommendation	Relates to	Management Actions
IR4 57	The Council should continue embedding the contract management framework, strengthen oversight mechanisms, and ensure follow-up audits confirm that improvements are sustained. The current arrangements are developing but not yet mature to ensure effective contract management assurance.	Improvement economy, efficiency and effectiveness (page 34)	<p>Actions: The Council is reviewing and enhancing its approach to contract management, recognising some of the concerns noted in internal audit reports over the past year, as well as recognising the opportunity for savings that can arise from a more enhanced approach. A procurement board is being created to oversee procurement and contract management across the Council, as well as being considered regularly at DLT level.</p> <p>Responsible Officer: Chief Finance Officer, Head of Procurement</p> <p>Due Date: 31 March 2026</p>

06 Follow up of previous Key recommendations

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Follow up of 2023/24 Key recommendations

50	Prior Recommendation	Raised	Progress	Current status	Further action
KR1	<p>The Council must consider a realignment of priorities to coincide with securing financial sustainability. This may involve making politically unattractive or undesirable decisions in the interest of the Authority's future viability. The Council must put effort toward exploring all opportunities for increasing income from fees and charges, potential fundraising opportunities, service transformation which may include significantly drawing back services to the statutory minimum, revision of policy priorities to ensure alignment with financial sustainability, reallocation of earmarked reserves, asset sales and alternative means of cost avoiding or income generating in order to bridge the 2025/26-2027/28 budget and address the current forecast overspend for 2024/25.</p>	2022/23	<p>Actions: The Budget Update reports to September Cabinet and the November joint Scrutiny meeting set out the budget process and approach for 2025/26 and the component parts of the process including:</p> <ul style="list-style-type: none"> - Capital Programme Board review of affordability - Consideration of fundraising opportunities and, more importantly, flexible use of available funds in 2025/26 - The use of Outline Business Cases. The 2025/26 process is also focused on longer-term transformation and invites Outline Business Cases to support sustainable change over the Medium-Term Financial Plan period. <p>The LGA have also been invited to provide peer support and challenge to the process including providing the council with sector-wide learning and best practice opportunities that it has not already implemented. The 2025/26 budget will also include provision for Transformation using 'capital receipt flexibilities' and will set out a Reserve Strategy over the 4-year period</p> <p>Responsible Officer: Chief Finance Officer</p> <p>Executive Lead: Cabinet Member for Finance & City Regeneration</p> <p>Due Date: The outcomes of the above processes will feed into the budget and MTFS package for approval by Cabinet on 13 February 2025.</p>	Limited progress made	Yes. Updated Key Recommendation on page 37

Follow up of 2023/24 Key recommendations (continued)

Prior Recommendation	Raised	Progress	Current status	Further action
<p>80</p> <p>KR2</p> <p>The Council should:</p> <ul style="list-style-type: none"> * formally report to members on the progress to date on the recommendations raised by the KC report on the City Clean Service * undertake a lesson learnt exercise to establish why these behaviours were able to go unchecked for so long and if improvements might be applicable to other service areas. 	2023/24	<p>The Council has undertaken measures to address the toxic culture and operational failures within the City Clean (now Environmental Services) department including a Culture Change Programme.</p> <p>A detailed public report presented to Cabinet in May 2025, outlined progress on KC recommendations and ongoing challenges.</p> <p>The Cabinet report includes reflection on why behaviours went unchecked, referencing historical political vulnerabilities, union dynamics, and lack of managerial support.</p> <p>However countercultural behaviours persist among a small group, and the Council acknowledges that full cultural change may take 2–5 years to embed.</p>	Partially implemented	<p>Yes.</p> <p>Updated Key recommendation on page 38.</p>

Follow up of 2023/24 Key recommendations (continued)

Prior Recommendation	Raised	Progress	Current status	Further action
<p>19</p> <p>KR3</p> <p>The Council should address the failings raised by the Social Housing Regulator, including:</p> <ul style="list-style-type: none"> * electrical safety requirements * meeting legal requirements for smoke detectors in all homes * providing an effective and efficient, and timely repairs and maintenance service for its homes. <p>Progress should be reported to Cabinet in a public meeting, every six months..</p>	2023/24	<p>The Council has made progress and embedded actions into its 2025/26 Action Plan, but full implementation remains in progress and will extend into 2026.</p> <p>There has been strong progress—such as electrical safety compliance improving to 87.1%, smoke detector coverage reaching 98.9%, and the repairs backlog halving—the Council will not achieve full compliance on electrical testing and repairs until December 2026 and December 2025, respectively .</p> <p>The Council has met the requirement to report progress publicly every six months, with Cabinet updates in May 2025 and a further report scheduled for November 2025 .</p> <p>However, the original failings have not been fully resolved and systemic improvements are still in progress.</p>	Partially implemented	<p>Yes.</p> <p>Updated Key recommendation on page 39</p>

07 Appendices

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Appendix A: Responsibilities of the Council

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Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Council's Chief Finance Officer is responsible for preparing the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Finance Officer is required to comply with CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer is responsible for assessing the Council's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Council will no longer be provided.

The Council 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.



Appendix B: Value for Money Auditor responsibilities

Our work is risk-based and focused on providing a commentary assessment of the Council's Value for Money arrangements

Phase 1 – Planning and initial risk assessment

As part of our planning, we assess our knowledge of the Council's arrangements and whether we consider there are any indications of risks of significant weakness. This is done against each of the reporting criteria and continues throughout the reporting period.

Phase 2 – Additional risk-based procedures and evaluation

Where we identify risks of significant weakness in arrangements, we will undertake further work to understand whether there are significant weaknesses. We use auditor's professional judgement in assessing whether there is a significant weakness in arrangements and ensure that we consider any further guidance issued by the NAO.

Phase 3 – Reporting our commentary and recommendations

The Code requires us to provide a commentary on your arrangements which is detailed within this report. Where we identify weaknesses in arrangements we raise recommendations.



A range of different recommendations can be raised by the Council's auditors as follows:

Statutory recommendations – recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.

Key recommendations – the actions which should be taken by the Council where significant weaknesses are identified within arrangements.

Improvement recommendations – actions which are not a result of us identifying significant weaknesses in the Council's arrangements, but which if not addressed could increase the risk of a significant weakness in the future.

Information that informs our ongoing risk assessment

Cumulative knowledge of arrangements from the prior year

Key performance and risk management information reported to the Executive or full Council

Interviews and discussions with key stakeholders

External review such as by the LGA, CIPFA, or Local Government Ombudsman

Progress with implementing recommendations

Regulatory inspections such as from Ofsted and CQC

Findings from our opinion audit

Annual Governance Statement including the Head of Internal Audit annual opinion

Appendix C: Follow up of 2023/24 improvement recommendations

Prior Recommendation	Raised	Progress	Current position	Further action
<p>65</p> <p>IR1</p> <p>The Council should continue to work with schools to address school deficits and overspending across the DSG schools' budget.</p>	2023/24	<p>The Council has put in place a wide and urgent programme of work with the school leadership community to address School Organisation issues and falling roll numbers, one of the principal causes of schools' financial challenges locally. Limited but necessary closures have been implemented, potential site mergers and federation model considerations are in discussion for some schools and consultation has started on a new School Admissions policy and approach that also aims to re-balance Secondary Phase Published Admission Numbers (PANs) to align with the Admissions Policy. Additional Finance and Education advisory support has been provided to support schools to identify cost reduction and restructuring opportunities including bringing in independent DfE School Resource Management Advisers (SRMA) to help schools experiencing deficits.</p>	Not implemented as work ongoing	Yes

Appendix C: Follow up of 2023/24 improvement recommendations

	Prior Recommendation	Raised	Progress	Current position	Further action
99	Given the Brighton i360's challenging financial position, the future financing of the operation and its impact on the Council's financial position should be reported to Members as soon as practicably possible.	IR2 2023/24	The company administration process is now progressing and the council will formally report to members when a conclusion is reached and a course of action, for example sale of the business, is recommended by the Administrators. January 2025 Cabinet received a report on the outcome of the Administration which stated that the proposed disposal of the asset to the preferred bidder will mean the net debt of £51.040 million is unrecoverable. The council is currently writing down this debt over the original loan period ending in 2041 and anticipates to continue to do to ensure the financial stability of the council. This assumption will have oversight from the external auditors as part of the audit of the 2024/25 financial statements.	Implemented	None
	Having received 500 equal pay claims in relation to the recent media coverage, the Council should seek to establish the potential legal and financial risks posed by the claims, if any.	IR3 2023/24	Process ongoing	Not implemented as work ongoing	Yes

Appendix C: Follow up of 2023/24 improvement recommendations

Prior Recommendation	Raised	Progress	Current position	Further action
IR4 The Council should develop an overarching approach which brings together its savings plans, covering more than one year and includes the Council's modernisation activities to ensure a focus on delivery of cashable savings.	2023/24	The Council is developing a 4-year Medium Term Financial Strategy that aims to achieve balance across the 4-year period. This will include a new 'Transformation Fund' supported by capital receipt financing that will enable invest-to-save initiatives to be supported. The current budget setting process includes Outline Business Case templates to enable identification of invest-to-save proposals and the associated resource requirements for delivery.	Not implemented as work ongoing	Yes
IR5 The Council should ensure that it consults with residents and businesses as part of the budget setting process.	2023/24	The Council developed an on-line 'Budget Simulator' that enabled residents and other stakeholders to make their own attempt to balance the council's budget by making choices about which service areas they would reduce or increase spending to close the budget gap. This is hosted on the council's consultation and engagement platform 'Your Voice' and will be accompanied by a facilitated public event at Hove Town Hall on 12 December 24 and a further community-focused event on 16 January. 2025.	Implemented	None
IR6 The Council should consider introducing a summary of the key risks within Cabinet and committee reports.	2023/24	While risk issues are being identified and discussed in Cabinet and Committee settings, they are presented piecemeal—within financial/risk implications or through councillor questioning—rather than through a consistent, visible "key risks" summary in every report.	Not implemented as work ongoing	Yes

Appendix C: Follow up of 2023/24 improvement recommendations

	Prior Recommendation	Raised	Progress	Current position	Further action
89	IR7 The Council should continue to ensure that its partnerships are aligned to its Council Plan priorities and ensure that each partnership clearly contributes to defined outcomes within the Council Plan.	2023/24	The refreshed Council Plan 2023–27 strongly emphasises partnership working across all four strategic outcomes, but the governance mechanism (partnership register, alignment tracking, and performance reporting) is still in development.	Not implemented as work ongoing	Yes
90	IR8 The Council should: <ul style="list-style-type: none">update its Corporate Procurement Strategy to reflect the procurement Act 2023 requirements and any other updates as requiredreport to members the number and value of contract waivers on a regular basis.	2023/24	While the Council has made progress by updating its Contract Standing Orders (CSOs) to reflect the Procurement Act 2023 and embedding a Procurement Forward Plan approved by Cabinet, the recommendation remains partially implemented. Therefore, the criteria is rated amber because: Key elements of the recommendation are in progress but not yet complete. The current arrangements are broadly adequate for compliance, but strategic and transparency gaps remain that need to be addressed before the recommendation can be closed.	Not implemented as work ongoing	Yes

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Audit Standards & General Purposes Committee

Agenda Item 49

Subject: Annual Surveillance Report 2025

Date of meeting: 27 January 2026

Report of: Corporate Director – City Operations

Contact Officer: Name: David Currie
Email: David.currie@brighton-hove.gov.uk

Ward(s) affected: All

For general release

1. Purpose of the report and policy context

1.1 The purpose of this report is to appraise Committee of the activities that have been undertaken utilising the powers under the Regulation of Investigatory Powers Act 2000 (RIPA) since the last report to Committee in January 2025

1.2 The report also introduces an updated Policy and Guidance document

2. Recommendations

2.1 That Committee approves the continued use of covert surveillance as an enforcement tool to prevent and detect crime and disorder investigated by its officers, providing the activity is in line with the Council's Policy and Guidance and the necessity and proportionality rules are stringently applied.

2.2 That Committee notes the surveillance activity undertaken by the authority since the report to Committee in January 2025 as set out in paragraph 3.3

2.3 That committee approves the continued use of the Policy and Guidance document as set out in Appendix 1 in its updated form.

3. Context and background information

3.1 The Regulation of Investigatory Powers Act 2000 ('RIPA') governs the use of covert surveillance techniques by public authorities, including local authorities. RIPA was enacted as part of a suite of legislation flowing from the Human Rights Act 1998. RIPA requires that when public authorities need to use covert techniques to obtain information about someone, they do it in a way that is necessary and compatible with human rights.

- 3.2 RIPA regulates the interception of communications, directed and intrusive surveillance and the use of covert human intelligence sources (informants). Local authorities may only carry out directed surveillance and use informants.
- 3.3 One surveillance authorisation was approved in this period. The application was authorised in order to monitor the activities of three connected 'vape shops' all of whom had been identified as selling illicit tobacco through the carrying out of routine inspections and test purchases. The surveillance was applied for in order to establish where the tobacco was being stored and who was supplying it.
- 3.4 The Protection of Freedoms Act was enacted in November 2012. Since then, approval must be sought from a Magistrate when local authorities wish to conduct surveillance activity, access communications data and/or use informants. This is in addition to the authorisation which must be obtained from an Authorising Officer within the authority who has considered whether the relevant activity meets specified criteria.
- 3.5 In addition to seeking the approval of a Magistrate, all applications must meet the Serious Offence test. This stipulates that any directed surveillance is restricted to the investigation of offences that carry a custodial sentence of six months or more. The only offence where this will not apply is in regard to the investigation of underage sales of tobacco or alcohol.

4. Analysis and consideration of alternative options

- 4.1 The only alternative is for the Council to completely curtail the use of RIPA but this is not considered an appropriate step.

5. Community engagement and consultation

- 5.1 There has been no consultation in the compilation of this report as it is a requirement of the Code of Practice pursuant to section 71 of RIPA that elected members review the authority's use of RIPA and set the policy once a year

6. Conclusion

- 6.1 It is considered vital to ensure the effective use of the Council's enforcement powers that officers are able to use the RIPA powers where necessary and within the threshold set out in the Protection of Freedoms Act 2012, but only after excluding all other methods of enforcement. An authorisation will only be given by the relevant 'Authorising Officer' following vetting by the 'Gatekeeper'. Therefore, it is unlikely that the powers will be abused. There is now the additional safeguard of judicial sign off.
- 6.2 The implementation of the Annual review aims to provide an additional safeguard and to ensure that the process is transparent and demonstrates to the public that the correct procedures are followed.

7. Financial implications

7.1 There are no financial implications arising from this report. Any covert surveillance undertaken is currently being met from within current budget resources.

Name of finance officer consulted: David Wilder Date consulted:05/01/2025

8. Legal implications

8.1 The legal framework that governs the Council's use of its powers under RIPA and related legislation is described in the body of the Report. The annual review by this Committee of the Council's policy toward its use of these legal powers as well as the data provided on its use of them in the last year is mandated by statutory guidance. This Report provides reassurance that the Council exercises its powers lawfully and proportionately, and only where relevant criteria have been met.

Name of lawyer consulted: Victoria Simpson Date consulted 22/12/2025

9. Equalities implications

9.1 The proper and consistent application of the RIPA powers should ensure that a person's basic human rights are not interfered with, without justification. Each application will be assessed by the gatekeeper for necessity and proportionality prior to the authorisation by a restricted number of authorising officers. The application will also be signed off by a Magistrate. This process should identify any inconsistencies or disproportionate targeting of minority groups and enable action to be taken to remedy any perceived inequality.

10. Sustainability implications

10.1 There are no sustainability implications in this report

11. Other Implications

11.1 **Crime & disorder implications:** These are contained within the body of the report

Supporting Documentation

Appendices

1. Policy and Guidance Document version January 2026

Corporate Policy & Procedures Document on the Regulation of Investigatory Powers Act 2000 (RIPA) and the Investigatory Powers Act 2016 (IPA)

- Use of Directed Surveillance
- Use of Covert Human Intelligence Sources
- Accessing Communications Data

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The Regulation of Investigatory Powers Act 2000 refers to 'Designated Officers'. For ease of understanding and application this document refers to 'Authorising Officers'.

Introduction

This document is based on the requirements of the Regulation of Investigatory Powers Act 2000 (RIPA) and the Home Office's Covert Surveillance Code of Practice, Covert Human Intelligence Sources (CHIS) Code of Practice and the Investigatory Powers Act Codes of Practice in relation to communications data. It takes into account the oversight provisions contained in the revised Covert Surveillance Code of Practice and Part 3 of the Investigatory Powers Act which came into force in June 2019 and replaced many elements of the Regulation of Investigatory Powers Act 2000.

The authoritative position on RIPA is the Act itself and any Officer who is unsure about any aspect of this document should contact the Head of Regulatory Services or the Head of Law, for advice and assistance.

This document has been approved by elected members and is available from the Head of Regulatory Services.

The Corporate Director for City Operations will maintain the Central Register of all authorisations, reviews, renewals, cancellations and rejections. It is the responsibility of the relevant Authorising Officer to ensure that relevant form is submitted, for inclusion on the register, within 1 week of its completion.

This document will be subject to an annual review by the Head of Regulatory Services and will be approved by elected members.

In terms of monitoring e-mails and internet usage, it is important to recognise the interplay and overlap with the Council's Information Technology policies and guidance, the Telecommunications (Lawful Business Practice)(Interception of Communications) Regulations 2000, the Data Protection Act 2018 and its Code Of Practice and the General Data Protection Regulations. RIPA forms should only be used where **relevant** and they will only be **relevant** where the **criteria** listed are fully met.

Policy Statement

The Council takes its statutory responsibilities seriously and will at all times act in accordance with the law and take necessary and proportionate action in these types of matters. In that regard the Head of Regulatory Services is duly authorised to keep this document up to date and amend, delete, add or substitute relevant provisions, as necessary. For administrative and operational effectiveness, the Head of Regulatory Services is authorised to add or substitute Authorising Officers with the agreement of the Senior Responsible Officer.

It is this Council's Policy that

- All covert surveillance exercises conducted by the Council should comply with the requirements of RIPA
- An Authorisation will only be valid if initialled by a gatekeeper and signed by an authorising officer.
- Authorising 'Access to Communications data' will be restricted to the Head of Regulatory Services and the Trading Standards Operations Manager. The National Anti Fraud Network is the Single Point of Contact for purposes of Access to Communications Data.

Senior Responsible Officer

The revised Code of Practice recommends that each public authority appoints a Senior Responsible Officer. This officer will be responsible for the integrity of the process in place within the public authority to authorise directed surveillance; compliance with the relevant Acts and Codes of Practice; engagement with the Commissioners and Inspectors when they conduct their inspections and where necessary overseeing the implementation of any post inspection action plans recommended or approved by a Commissioner.

The Senior Responsible Officer should be a member of the corporate management team and for the purposes of this policy the Corporate Director City Operations has been so delegated. It is the responsibility of the Senior Responsible Officer to ensure that all authorising officers are of an appropriate standard in light of any recommendations in the inspection reports prepared by the Investigatory Powers Commissioner's Office. Where an inspection report highlights concerns about the standards of authorising officers, it is the responsibility of the Senior Responsible Officer to ensure these concerns are addressed.

Authorising Officers Responsibilities

The Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) Order 2010 specify the seniority of officers who are able to authorise surveillance activity. These are Directors, Head of Service, Service Manager or equivalent.

It is essential that Senior Managers and Authorising Officers take personal responsibility for the effective and efficient operation of this document.

It is the responsibility of the Senior Responsible Officer in conjunction with the Head of Regulatory Services to ensure that sufficient numbers of Authorising Officers receive suitable training on RIPA and this document, and that they are competent.

It will be the responsibility of those Authorising Officers to ensure that relevant members of staff are also suitably trained as 'Applicants'.

An authorisation must not be approved until the Authorising Officer is satisfied that the activity proposed is necessary and proportionate.

However, it will be the responsibility of the gatekeeper to review any applications prior to submission to the Authorising Officer. They should ensure that the correct form has been used. These are the latest Home Office forms and are available on gov.uk and that the applicant has obtained a Unique Reference Number (URN) from the Corporate Director City Operations Corporate Leadership Assistant. The gatekeeper should also ensure that the form has been correctly completed and contains sufficient detail and information to enable the authorising officer to make an informed decision whether to authorise the application.

The gatekeeper should also scrutinise the form to ensure that it complies with the necessity and proportionality requirements before the authorising officer receives the form. A gatekeeper should be a person with sufficient knowledge and understanding of the enforcement activities of the relevant public body, who should vet the applications as outlined above. Once the gatekeeper is satisfied with the application they should initial the form and submit any comments on the application in writing to the Authorising Officer and provide necessary feedback to the applicant. In order that there is consistency with the quality of applications the Head of Regulatory Services and Trading Standards Operation Manager will act as gatekeepers for the Council. It should be noted that the Head of Regulatory Services will not act as gatekeeper and Authorising Officer on the same application.

- **Necessary** in this context includes consideration as to whether the information sought could be obtained by other less invasive means, and that those methods have been explored and been unsuccessful or could have compromised the investigation. The Authorising Officer must be satisfied that there is necessity to use covert surveillance in the proposed operation. To be satisfied there must be an identifiable offence to prevent or detect before an authorisation can be granted on the grounds falling within sec 28(3)(b) and 29(3)(b) of RIPA. The application should identify the **specific offence** being investigated (**including the Act and section**) and the **specific point(s) to prove** that the surveillance is intended to gather evidence about. The applicant must show that the operation is **capable of gathering that evidence** and that such **evidence is likely to prove** that part of the offence.
- Deciding whether the activity is **proportionate** includes balancing the right to privacy against the

seriousness of the offence being investigated. Consideration must be given as to whether the activity could be seen as excessive. An authorisation should demonstrate how the Authorising Officer has reached the conclusion that the activity is proportionate to what it seeks to achieve; including an explanation of the reasons why the method, tactic or technique proposed is not disproportionate to what it seeks to achieve. A potential model answer would make it clear that the 4 elements of proportionality had been fully considered.

1. Balancing the size and scope of the operation against the gravity and extent of the perceived mischief,
2. Explaining how and why the methods to be adopted will cause the least possible intrusion on the target and others,
3. That the activity is an appropriate use of the legislation and the only reasonable way, having considered all others, of obtaining the necessary result and,
4. Evidencing what other methods had been considered and why they were not implemented.

Authorising Officers must pay particular attention to Health & Safety issues that may be raised by any proposed surveillance activity. Approval must not be given until such time as any health and safety issue has been addressed and/or the risks identified are minimised.

Authorising Officers must ensure that staff who report to them follow this document and do not undertake any form of surveillance, or access communications data, without first obtaining the relevant authorisation in compliance with this document.

Authorising Officers must ensure when sending copies of any forms to the Corporate Director City Operations for inclusion in the Central Register, that they are sent via email marked **Strictly Private & Confidential**.

General Information on RIPA

The Human Rights Act 1998 (which brought much of the European Convention on Human Rights and Fundamental Freedom 1950 into UK domestic law) requires the City Council, and organisations working on its behalf, to respect the private and family life of citizens, his home and his correspondence.

The European Convention did not make this an absolute right, but a qualified right. Therefore, in certain circumstances, the City Council may interfere in an individual's right as mentioned above, if that interference is:-

- a. **In accordance with the law;**
- b. **Necessary;** and
- c. **Proportionate.**

The Regulation of Investigatory Powers Act 2000 (RIPA) provides a statutory mechanism (i.e. 'in accordance with the law') for authorising **covert surveillance** and the use of a '**covert human intelligence source**' ('**CHIS**') – e.g. undercover agents. It seeks to ensure that any interference with an individual's right under Article 8 of the European Convention is necessary and proportionate. In doing so, the RIPA seeks to ensure both the public interest and the human rights of individuals are suitably balanced.

Directly employed Council staff and external agencies working for the City Council are covered by the Act for the time they are working for the City Council. All external agencies must, therefore, comply with RIPA and the work carried out by agencies on the Council's behalf must be properly authorised by an Authorising Officer after scrutiny by a gatekeeper.

The Protection of Freedoms Act 2012 introduced two significant changes to the use of RIPA

- 1) All local authority authorisations to use RIPA can only be given effect once an order approving the authorisation is given by a Justice of the Peace.
- 2) Applications for directed surveillance by local authorities must first meet the 'directed surveillance crime threshold'. Directed surveillance may only be authorised to prevent or detect criminal offences that;
 - Are punishable by a maximum term of at least 6 months imprisonment, or,
 - Are related to the sale of alcohol or tobacco to underage persons.

In cases of conflict between the Policy or Reference Guide and relevant statutes or the statutory Code of Practice, the statute or statutory Code shall prevail.

A list of officers who may authorise Directed Surveillance is kept by the Corporate Director City Operations and the current list is attached at **Appendix 1**. This list will be updated annually. The designated gatekeepers for the Council are the Principal Trading Standards Operations Manager and the Head of Regulatory Services.

If the correct procedures are not followed, evidence may be dis-allowed by the courts, a complaint of mal-administration could be made to the Ombudsman, and/or the Council could be ordered to pay compensation. Such action would not, of course, promote the good reputation of the City Council and will, undoubtedly, be the subject of adverse press and media interest.

A flowchart of the procedures to be followed appears at **Appendix 2**. A list of useful websites is available at **Appendix 3**.

What RIPA Does and Does Not Do

RIPA does:

- Requires prior authorisation of directed surveillance
- Prohibits the Council from carrying out intrusive surveillance
- Requires authorisation of the conduct and use of a CHIS
- Require safeguards for the conduct and use of a CHIS
- Requires proper authorisation to obtain communication data
- Prohibits the Council from accessing 'traffic data'

RIPA does not:

- Make unlawful conduct which is otherwise lawful
- Prejudice or dis-apply any existing powers available to the City Council to obtain information by any means not involving conduct that may be authorised under this Act. For example, it does not affect the Council's current powers to obtain information via the DVLA or to get information from the Land Registry as to the ownership of a property.

If the Authorising Officer or any Applicant is in any doubt, they should ask the Head of Regulatory Services or the Head of Law before any directed surveillance, CHIS, or Access to Communications is authorised, renewed, cancelled or rejected.

Types of Surveillance

‘Surveillance’ includes

- Monitoring, observing, listening to persons, watching or following their movements, listening to their conversations and other such activities or communications.
- Recording anything mentioned above in the case of authorised surveillance
- Surveillance, by or with, the assistance of appropriate surveillance device(s).

Surveillance can be overt or covert.

Overt Surveillance

Most surveillance activity will be done overtly, that is, there will be nothing secretive, clandestine or hidden about it. In many cases, officers will be behaving in the same way as a normal member of the public (e.g. in the case of most test purchases), and/or will be going about Council business openly (e.g. a Neighbourhood Warden walking through the estate).

Similarly, surveillance will be overt if the subject has been told it will happen (e.g. where a noisemaker is warned (preferably in writing) that noise will be recorded if the noise continues, or where an entertainment licence is issued subject to conditions, and the licensee is told that officers may visit without notice or identifying themselves to the owner/proprietor to check that the conditions are being met.

The following are NOT normally Directed Surveillance:

- Activity that is observed as part of normal duties, e.g. by an officer in the course of day-to-day work.
- CCTV cameras (unless they have been directed at the request of investigators) – these are overt or incidental surveillance, and are regulated by the Data Protection Act.

Covert Surveillance

Covert Surveillance is carried out in a manner calculated to ensure that the person subject to the surveillance is unaware of it taking place. (Section 26(9)(a) RIPA) It is about the intention of the surveillance, not about whether they are actually aware of it; it is possible to be covert in Council uniform where, for example, the person is intended to mistake the reason for the officer being there.

RIPA regulates two types of covert surveillance, (Directed Surveillance and Intrusive Surveillance) and the use of Covert Human Intelligence Sources (CHIS).

Directed Surveillance

Directed Surveillance is surveillance which: -

- Is covert; and
- Is not intrusive surveillance;
- Is not carried out in an immediate response to events which would otherwise make seeking authorisation under the Act unreasonable, e.g. spotting something suspicious and continuing to observe it; and
- It is undertaken for the purpose of a **specific investigation or operation** in a manner **likely to obtain private information** about an individual (whether or not that person is specifically targeted for purposes of an investigation).

Private information in relation to a person includes any information relating to his private and family life, his home and his correspondence. The fact that covert surveillance occurs in a public place or on business premises does not mean that it cannot result in the obtaining of private information about a person. Prolonged surveillance targeted on a single person will undoubtedly result in the obtaining of private information about him/her and others that s/he comes into contact, or associates, with.

Examples of Expectations of Privacy:

Two people are holding a conversation on the street and, even though they are talking together in public, they do not expect their conversation to be overheard and recorded by anyone. They have a 'reasonable expectation of privacy' about the contents of that conversation, even though they are talking in the street.

The contents of such a conversation should be considered as private information. A directed surveillance authorisation would therefore be appropriate for a public authority to record or listen to the conversation as part of a specific investigation or operation and otherwise than by way of an immediate response to events.

A Surveillance officer intends to record a specific person providing their name and telephone number to a shop assistant, in order to confirm their identity, as part of a criminal investigation.

Although the person has disclosed these details in a public place, there is nevertheless a reasonable expectation that the details are not being recorded separately for another purpose. A directed surveillance authorisation should therefore be sought.

For the avoidance of doubt, only those officers designated as 'Authorising Officers' for the purpose of RIPA can authorise 'Directed Surveillance' IF, AND ONLY IF, the RIPA authorisation procedures detailed in this document, are followed.

Reconnaissance- Examples

Officers wish to drive past a café for the purposes of obtaining a photograph of the exterior. Reconnaissance of this nature is not likely to require a directed surveillance authorisation as no private information about any person is likely to be obtained or recorded. If the officers chanced to see illegal activities taking place, these could be recorded and acted upon as 'an immediate response to events'. If, however, the officers intended to carry out the exercise at a specific time of day, when they expected to see unlawful activity, this would not be reconnaissance but directed surveillance, and an authorisation should be considered. Similarly, if the officers wished to conduct a similar exercise several times, for example to establish a pattern of occupancy of the premises

by any person, the accumulation of information is likely to result in the obtaining of private information about that person or persons and a directed surveillance authorisation should be considered.

Intrusive Surveillance

This is when it: -

- Is covert;
- Relates to residential premises and private vehicles; and
- Involves the presence of a person in the premises or in the vehicle or is carried out by a surveillance device in the premises/vehicle. Surveillance equipment mounted outside the premises will not be intrusive, unless the device consistently provides information of the same quality and detail as might be expected if they were in the premises/vehicle.

Only police and other law enforcement agencies can carry out this form of surveillance.

Council Officers must not carry out intrusive surveillance.

Notes about 'Intrusive'

Surveillance is generally 'Intrusive' only if the person is on the same premises or in the same vehicle as the subject(s) of the surveillance. Carrying out surveillance using private residential premises (with the consent of the occupier) as a 'Static Observation Point' does not make that surveillance 'Intrusive'. A device used to enhance your external view of property is almost never an *intrusive* device. A device would only become *intrusive* where it provided a high quality of information from inside the *private residential premises*. A device used to enhance your external view of property is almost never an *intrusive* device. A device would only become intrusive where it provided a high quality of information from inside the *private residential premises*. If premises under surveillance are known to be used for legally privileged communications, that surveillance must also be treated as *intrusive*.

Examples:

Officers intend to use an empty office to carry out surveillance on a person who lives opposite. As the office is on the 4th floor, they wish to use a long lens and binoculars so that they can correctly identify and then photograph their intended subject covertly. This is NOT intrusive surveillance, as the devices do not provide high quality evidence from inside the subject's premises. Officers intend using a surveillance van parked across the street from the subject's house. They could see and identify the subject without binoculars but have realised that, if they use a 500mm lens, as the subject has no net curtains or blinds, they should be able to see documents he is reading. This IS intrusive surveillance, as the evidence gathered is of a high quality, from inside the premises, and is as good as could be provided by an officer or a device being on the premises.

Examples of different types of Surveillance

Type of Surveillance	Examples
<u>Overt</u>	<ul style="list-style-type: none">• Police Officer or Parks Warden on patrol• Sign-posted Town Centre CCTV cameras (in normal use)• Recording noise coming from outside the premises after the occupier has been warned that this will occur if the noise persists.• Most test purchases (where the officer behaves no differently from a normal member of the public).
<u>Covert</u> but not requiring prior authorisation	<ul style="list-style-type: none">• CCTV cameras providing general traffic, crime or public safety information.
<u>Directed</u> (must be RIPA authorised)	<ul style="list-style-type: none">• Officers follow an individual or individuals over a period, to establish whether s/he is working when claiming benefit or off long term sick from employment.• Test purchases where the officer has a hidden camera or other recording device to record information that might include information about the private life of a shop-owner, e.g. where s/he is suspected of running his business in an unlawful manner.
<u>Intrusive</u>	<ul style="list-style-type: none">• Planting a listening or other device (bug) in a person's home or in their private vehicle. <p>THE COUNCIL CANNOT CARRY OUT THIS ACTIVITY AND FORBIDS ITS OFFICERS FROM CARRYING IT OUT</p>

Conduct and Use of a Covert Human Intelligence Source (CHIS)

Who is a CHIS?

A Covert Human Intelligence Source (CHIS) is someone who establishes or maintains a personal or other relationship for the covert purpose or facilitating anything falling under the following bullet points;

- Covertly uses such a relationship to obtain information or to provide access to any information to another person or,
- Covertly discloses information obtained by the use of such a relationship, or as a consequence of the existence of such a relationship.

RIPA may or may not apply in circumstances where members of the public volunteer information to the Council or to contact numbers set up to receive such information (such as benefit fraud hotlines). It will often depend on how the information was obtained. If an individual has obtained the information in the course of or as a result of a personal or other relationship it may be that they are acting as a CHIS. The contrast is between such a person and one who has merely observed the relevant activity from 'behind his (actual or figurative) net curtains.

A relationship is covert if it is conducted in a manner that is calculated to ensure that one of the parties to the relationship is unaware of its purpose.

If a person who volunteers information is then asked to obtain further information, it is likely that they would either become a CHIS or that a directed surveillance authorisation should be considered.

Examples of a CHIS may include:

- Licensing officers, working with the Police, covertly building a business relationship with a cab company which is believed to be using unlicensed drivers.
- Food safety officers posing as customers to get information on what is being sold at premises and developing a relationship with the shopkeeper beyond that of supplier and customer

What must be authorised?

Officers must not create or use a CHIS without prior authorisation. If there is any doubt as to whether an individual is acting as a CHIS advice should be sought from the Head of Regulatory Services.

- Creating (or "Conduct of") a CHIS means procuring a person to establish or maintain a relationship with a person so as to secretly obtain and pass on information. The relationship could be a personal or 'other' relationship (such as a business relationship) and obtaining the information may be either the only reason for the relationship or be incidental to it. Note that it can also include asking a person to continue a relationship which they set up of their own accord.

- Use of a CHIS includes actions inducing, asking or assisting a person to act as a CHIS and the decision to use a CHIS in the first place.

Use of the Internet, Social Media and Online Selling Platforms

The growth of the internet and the scale of information available online create significant opportunities for public authorities to gather material that can assist in preventing or detecting crime, carrying out statutory functions, and understanding or engaging with the public. Public authorities should make full and lawful use of such information. Much can be accessed without RIPA authorisation, and use of the internet prior to an investigation will not normally engage privacy considerations. However, if reviewing an individual's online presence becomes persistent, or if material is extracted, recorded, and retained such that privacy may be engaged, RIPA authorisations should be considered.

Use of the internet may itself constitute a covert surveillance technique where the subject is unaware monitoring is occurring. If conducted covertly for a specific investigation or operation and likely to yield private information, consider directed surveillance authorisation.

Where reasonable steps are taken to inform the public/individuals that monitoring may occur, activity may be overt and a directed surveillance authorisation will not normally be available. Information openly and commonly accessible (e.g., telephone directories, Companies House) generally carries a reduced expectation of privacy. Similarly, content posted to communicate with a wide audience may carry reduced expectations.

Where access controls/privacy settings are applied, the author generally has a reasonable expectation of privacy. Where such settings are available but not applied, data may be considered open source and authorisation is not usually required—but repeat viewings of “open source” content can, on a case-by-case basis, amount to directed surveillance.

Directed surveillance authorisation should be considered where online monitoring is systematic/persistent, directed at a person or group, and is likely to obtain private information, or where information is extracted and retained to build an intelligence picture (e.g., identity, habits, associations, pattern of life). If it is necessary and proportionate to covertly breach access controls, the minimum requirement is directed surveillance authorisation.

If someone acting for a public authority establishes or maintains a relationship online (i.e., goes beyond merely viewing/reading content) without disclosing their identity, a CHIS authorisation may be required. It is not unlawful to create a false identity, but doing so for a covert purpose without authorisation is inadvisable. Using photographs of other persons without permission to support a false identity may infringe other laws.

Preliminary, oneoff checks to see if a site or content is of interest—will usually not interfere with a reasonable expectation of privacy and will not normally require authorisation. Once activity becomes persistent or information is extracted/recorded/retained (particularly to build a profile), consider directed surveillance (and CHIS if relationships are formed/maintained).

Name/number search: A simple search (name, address, number) to locate an online presence is unlikely to need authorisation. If the profile is then monitored or information extracted for retention because it is relevant to an investigation, authorisation should be considered.

Initial profile check: A one-off visit to assess relevance is unlikely to need authorisation. If, during that visit, information is extracted and recorded to develop a profile (identity, pattern of life, habits, intentions, associations), it may be advisable to have authorisation even for that single visit (purpose, scope, and likely privacy impact are key).

General monitoring (no specific investigation): Broad scanning to identify trends, indicators, or themes does not require RIPA. If this leads to discovery of previously unknown subjects and a decision is made to monitor them as part of an investigation or operation, authorisation should be considered.

Factors when deciding whether directed surveillance authorisation is required include:

- whether the proposed online activity;
- Is directed towards an identifiable individual or organisation;
- Is likely to result in obtaining private information about a person or group;
- Involves visiting internet sites to build an intelligence picture or profile;
- Will result in information being recorded and retained;
- Is likely to reveal a pattern of life;
- Will be combined with other sources such that it amounts to information about a person's private life;
- Forms part of an ongoing piece of work involving repeated viewing;
- Is likely to capture third party information (friends/family/associates), creating collateral intrusion.
- Internet searches by a third party or use of a search/monitoring tool on behalf of a public authority may still require directed surveillance authorisation, depending on the purpose, persistence, and privacy impact. Using automated tools to detect generic terminology linked to illegal activity, or conducting general data analysis (e.g., predictive hotspotting, trend analysis) is not usually directed surveillance when not targeted at specific individuals as part of an investigation.
- Officers must adhere to the following prohibitions and constraints to prevent basic research from becoming surveillance:
 - No setting up of false profiles.
 - No bypassing of security/access controls.
 - No gathering of private information.
 - No repeated viewing of individuals' accounts, even if public/unprotected.

Any approved research should be recorded, including date, sites visited, and reason/necessity. Records must be available for inspection by the Investigatory Powers Commissioner's Office (IPCO). If research identifies a need to capture online evidence (e.g., screenshots of an

offence), this should be recorded and stored in line with local policy. These measures help eliminate the risk of basic online research slipping into covert surveillance without appropriate authorisation.

Example 1: A police officer undertakes a simple internet search on a name, address or telephone number to find out whether a subject of interest has an online presence. This is unlikely to need an authorisation. However, if having found an individual's social media profile or identity, it is decided to monitor it or extract information from it for retention in a record because it is relevant to an investigation or operation, authorisation should then be considered.

Example 2: A customs officer makes an initial examination of an individual's online profile to establish whether they are of relevance to an investigation. This is unlikely to need an authorisation. However, if during that visit it is intended to extract and record information to establish a profile including information such as identity, pattern of life, habits, intentions or associations, it may be advisable to have in place an authorisation even for that single visit. (As set out in the following paragraph, the purpose of the visit may be relevant as to whether an authorisation should be sought.)

Example 3: A public authority undertakes general monitoring of the internet in circumstances where it is not part of a specific, ongoing investigation or operation to identify themes, trends, possible indicators of criminality or other factors that may influence operational strategies or deployment. This activity does not require RIPA authorisation. However, when this activity leads to the discovery of previously unknown subjects of interest, once it is decided to monitor those individuals as part of an on-going operation or investigation, authorisation should be considered.

Juvenile Sources and Vulnerable Individuals

Section 4 of the Covert Human Intelligence Sources revised code of practice provides for special considerations for certain authorisations

Juvenile Sources

Special safeguards apply to the use or conduct of juvenile sources (i.e. under 18 year olds). On **no occasion can a child under 16 years of age be authorised to give information against his or her parents.**

Authorisations for juvenile CHIS must not be granted unless: -

- A risk assessment has been undertaken as part of the application, covering the physical dangers and the psychological aspects of the use of the child
- The risk assessment has been considered by the Authorising Officer and he is satisfied that any risks identified in it have been properly explained; and
- The Authorising Officer has given particular consideration as to whether the child is to be asked to get information from a relative, guardian or any other person who has for the time being taken responsibility for the welfare of the child.

Only the Chief Executive may authorise the use of Juvenile Sources. The Investigatory Powers Commissioner must be informed within seven working days of a CHIS authorisation of a juvenile source.

Vulnerable Individuals

A Vulnerable Individual is a person who is or may be in need of community care services by reason of mental or other disability, age or illness and who is or may be unable to take care of himself or herself, or unable to protect himself or herself against significant harm or exploitation.

A Vulnerable Individual will only be authorised to act as a source in the most exceptional of circumstances.

Only the Chief Executive may authorise the use of Vulnerable Individuals. The Investigatory Powers Commissioner must be informed within seven working days of a CHIS authorisation of a vulnerable individual.

Test Purchases

Carrying out test purchases will not require the purchaser to establish a relationship with the supplier with the covert purpose of obtaining information and, therefore, the purchaser will not normally be a CHIS. For example, authorisation would not normally be required for test purchases carried out in the ordinary course of business (e.g. walking into a shop and purchasing a product over the counter).

By contrast, developing a relationship with a person in the shop, to obtain information about the seller's suppliers of an illegal product (e.g. illegally imported products) will require authorisation as a CHIS. Similarly, using mobile hidden recording devices or CCTV cameras to record what is going

on in the shop will require authorisation as directed surveillance. A combined authorisation can be given for a CHIS and also directed surveillance.

Please also see below under 'Serious Crime'

Anti-social behaviour activities (e.g. noise, violence, racial harassment etc)

Persons who complain about anti-social behaviour, and are asked to keep a diary, will not normally be a CHIS, as they are not required to establish or maintain a relationship for a covert purpose. Recording the level of noise (e.g. the decibel level) will not normally capture private information and, therefore, does not require authorisation.

Recording sound (with a DAT recorder) on private premises could constitute intrusive surveillance, unless it is done overtly. For example, it will be possible to record if the noisemaker is warned that this will occur if the level of noise continues.

Placing a covert stationary or mobile video camera outside a building to record anti social behaviour on residential estates will require prior authorisation.

Acquisition of Communications Data under IPA

There are circumstances when “Communications Data” (CD) is permitted to be obtained from Communications Service Providers (CSPs). Part 3 of the Investigatory Powers Act 2016 (IPA) contains provisions relating to authorisations for obtaining communications data. This part of the Act came into force on 11 June 2019 and replaced many of the provisions in RIPA.

IPA governs how Local Authorities use the investigatory powers available to them. These powers provide for the lawful acquisition of Communications. Communications Data includes the ‘who’, ‘when’, ‘where’, and ‘how’ of a communication, but not the content i.e. what was said or written. Local Authorities may only acquire less intrusive types of Communications Data; “Entity data” (e.g. the identity of the person to whom services are provided) or “Events Data” (e.g. the date and time sent, duration, frequency of communications). Local Authorities are prohibited from obtaining the content of any communication.

The acquisition of Communications Data by a local authority is no longer subject to judicial approval by a magistrate. Applications for Communications Data are subject to independent examination, scrutiny and approval by the Investigatory Powers Commissioner’s Office. Local Authority Service (e.g. Trading Standards) applications for Communications Data are submitted to the IPCO through a service provided by the National Anti-Fraud Network (NAFN).

The Trading Standards Service collaborates with NAFN to maintain compliance with IPA and to ensure any application follows best practice. The Trading Standards Service consults and works with NAFN throughout the application process to ensure the legal basis for all applications are met. NAFN will act as a Single Point of Contact between both the CSPs and the Trading Standards Service concerning the request and provision of Communications Data. More practical guidance on the process and procedure for making Communications Data checks is available directly from Trading Standards.

Trading Standards will not acquire Communications Data unless an application for authorisation is approved by the Investigatory Powers Commissioner’s Office (IPCO). In respect of applications for Communications Data made under the IPA, the “applicable crime purpose” must be met concerning all applications for both Entity Data and Events Data. The applicable crime purpose is defined differently in relation to each of these data types. Where the Communications Data sought is Entity Data, the applicable crime purpose is the prevention or detection of crime or the prevention of disorder. Where the Communications Data is wholly or partly Events Data, the applicable crime purpose is defined as preventing or detecting serious crime (the serious crime threshold).

IPCO will only retain the Communications Data applications and decisions for a limited period of time, therefore the Trading Standards Service keep records of both the applications and the decisions received from the IPCO, as required.

Authorisation Procedures

Directed surveillance and the use of a CHIS can only be lawfully carried out if properly authorised, and in strict accordance with the terms of the authorisation. **Appendix 2** provides a flow chart of the process to be followed.

Authorising Officers

Directed surveillance and or the use of CHIS can only be authorised by the officers listed in this document attached at Appendix 1. Authorising officers should ensure that they undertake at least one refresher training course on RIPA during each calendar year. The list will be kept up to date by the Corporate Director City Operations and amended as necessary. The SRO can add, delete or substitute posts to this list as required.

Authorisations under RIPA are separate from delegated authority to act under the Council's Scheme of Delegation and internal departmental Schemes of Management. RIPA authorisations are for specific investigations only and must be renewed or cancelled once the specific surveillance is complete or about to expire.

Only the Chief Executive can authorise the use of a CHIS who is a juvenile or a vulnerable person or in cases where it is likely that confidential information will be obtained through the use of surveillance.

Training Records

A certificate of attendance will be given to anyone undertaking training in relation to the use of RIPA. Training will be recorded on their individual learning and development plan.

Application Forms

Only the currently approved forms, available on the Home Office website, may be used. Any other forms will be rejected by the gatekeeper/authorising officer.

A gatekeeper role will be undertaken by either the Head of Regulatory Services or the Trading Standards Operations Manager who will check that the applications have been completed on the correct forms, have a URN and that they contain sufficient grounds for authorisation. They will provide feedback to the applicant and will initial the forms before being submitted to the authorising officer.

The Head of Regulatory Services can fulfil both the role as gatekeeper and authorising officer but will not fulfil both roles for an individual application.

Grounds for Authorisation

Directed Surveillance or the Conduct and Use of the CHIS can be authorised by an Authorising Officer where he believes that the authorisation is necessary in the circumstances of the particular case. For local authorities the only ground that authorisation can be granted is;

- For the prevention or detection of crime
- Or preventing disorder

Serious Crime and Non RIPA Surveillance

Serious Crime

From 1st November 2012, the Protection of Freedoms Act introduced an additional requirement for officers seeking to use directed surveillance or CHIS. From this date, with the exception of Trading Standards' work regarding test purchases for alcohol and tobacco, all applications must meet the 'serious crime' threshold. This has been identified as any offence for which the offender could be imprisoned for 6 months or more. An analysis of relevant offences indicates that covert surveillance may therefore be used by, Trading Standards (various offences including doorstep crime and counterfeiting), Waste Enforcement (fly tipping), Fraud against the Council and Child Protection and Adult Safeguarding issues. Where an offence meets the serious crime threshold, the applicant will apply to the Authorising Officer in the normal way via a gatekeeper, but will then need to attend Magistrate's Court to obtain judicial sign off.

Non RIPA Surveillance

This new process will automatically restrict the use of surveillance activity under the RIPA framework by a number of our services as the offences they deal with do not meet the serious crime threshold.

RIPA does not grant any powers to carry out surveillance, it simply provides a framework that allows authorities to authorise surveillance in a manner that ensures compliance with the European Convention on Human Rights. Equally, RIPA does not prohibit surveillance from being carried out or require that surveillance may only be carried out following a successful RIPA application.

Whilst it is the intention of this Authority to use RIPA in all circumstances where it is available, for a Local Authority, this is limited to preventing or detecting crime and from 1st November 2012 to serious crime. The Authority recognises that there are times when it will be necessary to carry out covert directed surveillance when RIPA is not available to use. Under such circumstances, a RIPA application must be completed and clearly endorsed in red 'NON-RIPA SURVEILLANCE' along the top of the first page. The application must be submitted to a RIPA Authorising Officer in the normal fashion, who must consider it for Necessity and Proportionality in the same fashion as they would a RIPA application. The normal procedure of timescales, reviews and cancellations must be followed. Copies of all authorisations or refusals, the outcome of reviews or renewal applications and eventual cancellation must be notified to the Corporate Director City Operations who will keep a separate record of Non-RIPA activities, and monitor their use in the same manner as RIPA authorised activities.

Assessing the Application Form

Before an Authorising Officer authorises an application, **they must**

Be mindful of this Corporate Policy & Procedures Document

Satisfy themselves that the RIPA authorisation is

- **in accordance with the law**,
- **Necessary** in the circumstances of the particular case on the ground specified above; and
- **Proportionate** to what it seeks to achieve

This means that they must consider

- whether other less invasive methods to obtain the information have been considered. The least intrusive method will normally be considered the most proportionate unless for example it is impractical or would undermine the investigation.
- balance the right of privacy against the seriousness of the offence under investigation. When considering necessity and proportionality, an authorising officer should spell out in terms of the 5 W's, (who, what, why, where, when and how) what specific activity is being sanctioned.
- Take account of the risk of intrusion into the privacy of persons other than the specified subject of the surveillance (**Collateral Intrusion**).
- Ensure that measures are taken wherever practicable to avoid or minimise collateral intrusion.
- Set a date for review of the authorisation and review on only that date where appropriate.
- Ensure that the form carries a unique reference number
- Ensure that the applicant has sent a copy to the Corporate Director City Operations for inclusion in the Central Register within 1 week of the authorisation.
- Ensure that the application is cancelled when required.

NB the application **MUST** make it clear how the proposed intrusion is necessary and how an absence of this evidence would prejudice the outcome of the investigation. If it does not then the application **SHOULD** be refused. Some guidance on how to complete the form for both authorising officers and applicants is available at **Appendix 4** and **Appendix 5**

Retention and Destruction of the Product

Where the product of surveillance could be relevant to pending or future legal proceedings, it should be retained in accordance with established disclosure requirements for a suitable further period. This should be in line with any subsequent review. Attention should be drawn to the requirements of the Code of Practice issued under the Criminal Procedures and Investigations Act 1996. This states that material obtained in the course of a criminal investigation and which may be relevant to the investigation must be recorded and retained.

There is nothing in RIPA 2000 which prevents material obtained from properly authorised surveillance being used in other investigations. However we must be mindful to handle, store and destroy material obtained through the use of covert surveillance appropriately. It will be the responsibility of the Authorising Officer to ensure compliance with the appropriate data protection

requirements and to ensure that any material is not retained for any longer than is necessary. It will also be the responsibility of the Authorising Officer to ensure that the material is disposed of appropriately.

Confidential Material

Particular care should be taken where the subject of the investigation or operation might reasonably expect a high degree of privacy, or where confidential information is involved.

Confidential Information consists of matters subject to legal privilege, confidential personal information or confidential journalistic information. So for example extra care should be taken where through the use of surveillance, it would be possible to obtain knowledge of discussions between a minister of religion and an individual relating to the latter's spiritual welfare, or where matters of medical or journalistic confidentiality, or legal privilege may be involved.

Where it is likely, through the use of surveillance, that confidential information will be obtained, authorisation can only be granted by Heads of Service or in their absence the Chief Executive.

Descriptions of what may constitute legally privileged information are set out in section 98 of Police Act 1997 and further guidance is set out in Paragraphs 9.1 – 9.6 of the Covert surveillance and property interference code of practice

Confidential Personal Information and Confidential Journalistic Information

Similar considerations to those involving legally privileged information must also be given to authorisations that involve the above. Confidential personal information is information held in confidence relating to the physical or mental health or spiritual counselling concerning an individual (whether living or dead) who can be identified from it. This information can be either written or oral and might include consultations between a doctor and patient or information from a patient's medical records. Spiritual counselling means conversations between an individual and a Minister of Religion acting in an official capacity, where the individual being counselled is seeking or the Minister is imparting forgiveness, absolution or the resolution of conscience with the authority of the Divine Being(s) of their faith.

Confidential journalistic material includes material acquired or created for the purpose of journalism and held subject to an undertaking to hold it in confidence, as well as communications resulting in information being acquired for the purposes of journalism and held subject to such an undertaking.

Further information or guidance regarding Confidential Information can be obtained from the Head of Law.

Additional Safeguards when Authorising a CHIS

When authorising the conduct or use of a CHIS, the Authorising Officer **must also**

- Be satisfied that the **conduct** and/or **use** of the CHIS is proportionate to what is sought to be achieved;

- Be satisfied that **appropriate arrangements** are in place for the management and oversight of the CHIS and this must address health and safety issues through a risk assessment; At all times there will be a person designated to deal with the CHIS on behalf of the authority and for the source's security and welfare. This person should be in at least the position of Head of Service.
- Consider the likely degree of intrusion of all those potentially affected;
- Consider any adverse impact on community confidence that may result from the use or conduct or the information obtained; and
- Ensure **records** contain particulars and are not available except on a need to know basis

Records must be kept that contain the information set out in Statutory Instrument 2000/2725 – The Regulation of Investigatory Powers (Source Records) Regulations 2000. Further guidance on the requirements can be obtained from the Head of Regulatory Services.

Duration

The application form **must be reviewed in the time stated and cancelled** once it is no longer needed. The 'authorisation' to conduct the surveillance lasts for a maximum of 3 months for Directed Surveillance and 12 months for a Covert Human Intelligence Source.

Authorisations can be renewed in writing when the maximum period has expired. The Authorising Officer must consider the matter afresh, including taking into account the benefits of the surveillance to date, and any collateral intrusion that has occurred.

The renewal will begin on the day when the authorisation would have expired.

Urgent authorisations, if not ratified by written authorisation, will cease to have effect after 72 hours, beginning from the time when the authorisation was granted.

Working with Other Agencies

If an officer wishes to utilise the CCTV system operated by the Police

Directed Surveillance Authorisation must be obtained before an approach is made to the Control Room. If immediate action is required an Authorisation must be obtained within 72 hours of the request being made.

When some other agency has been instructed on behalf of the City Council to undertake any action under RIPA, this Document and the Forms in it must be used (as per normal procedure) and the agency advised or kept informed, as necessary, of the various requirements. They must be made aware explicitly what they are authorised to do.

When another Enforcement Agency (e.g. Police, HMRC etc):

- Wish to use the City Council's resources (e.g. CCTV surveillance systems), that agency must use its own RIPA procedures. Before any Officer agrees to allow the City Council's resources to be used for the other agency's purposes, they must obtain a copy of that agency's RIPA form, or written confirmation that a Directed Surveillance Authorisation is in place.

- Wish to use the City Council's premises for their own RIPA action, the Officer should, normally, co- operate with the same, unless there is security or other good operational or managerial reasons as to why the City Council's premises should not be used for the agency's activities. Suitable insurance or other appropriate indemnities may be sought, if necessary, from the other agency for the City Council's co-operation in the agent's RIPA operation. In such cases, however, the City Council's own RIPA forms should not be used as the City Council is only 'assisting' not being 'involved' in the RIPA activity of the external agency.

Record Management

A Central Register of all Authorisation Forms will be maintained and monitored by the Corporate Director City Operations

Records maintained in the Department

- A copy of the Forms together with any supplementary documentation and notification of the approval given by the Authorising Officer;
- A record of the period over which the surveillance has taken place;
- The frequency of reviews prescribed by the Authorising Officer;
- A record of the result of each review of the authorisation;
- A copy of any renewal of an authorisation, together with supporting
- Documentation submitted when the renewal was requested;
- The date and time when any instruction was given by the Authorising Officer;
- The Unique Reference Number for the authorisation (URN).

Central Register maintained by City Operations

Authorising Officers must forward details of each form to the Corporate Director City Operations Corporate Leadership Assistant for the Central Register, **within 1 week of the authorisation, review, renewal, cancellation or rejection.**

Records will be retained for six years from the ending of the authorisation. The Investigatory Powers Commissioner's Office (IPCO) and the Interception Commissioner can audit/review the City Council's policies and procedures, and individual authorisations.

Consequences of Non Compliance

Where covert surveillance work is being proposed, this Policy and Guidance must be strictly adhered to in order to protect both the Council and individual officers from the following:

- **Inadmissible Evidence and Loss of a Court Case / Employment Tribunal / Internal Disciplinary Hearing** – there is a risk that, if Covert Surveillance and Covert Human Intelligence Sources are not handled properly, the evidence obtained may be held to be inadmissible. Section 78 of the Police and Criminal Evidence Act 1984 allows for evidence that was gathered in a way that affects the fairness of the criminal proceedings to be excluded. The Common Law Rule of Admissibility means that the court may exclude evidence because its prejudicial effect on the person facing the evidence outweighs any probative value the evidence has (probative v prejudicial).
- **Legal Challenge** – as a potential breach of Article 8 of the European Convention on Human Rights, which establishes a “right to respect for private and family life, home and correspondence”, incorporated into English Law by the Human Rights Act (HRA) 1998. This could not only cause embarrassment to the Council but any person aggrieved by the way a local authority carries out Covert Surveillance, as defined by RIPA, can apply to a Tribunal – see section 15.
- **Offence of unlawful disclosure** – disclosing personal data as defined by the DPA that has been gathered as part of a surveillance operation is an offence under Section 55 of the Act. Disclosure can be made but only where the officer disclosing is satisfied that it is necessary for the prevention and detection of crime, or apprehension or prosecution of offenders. Disclosure of personal data must be made where any statutory power or court order requires disclosure.
- **Fine or Imprisonment** – Interception of communications without consent is a criminal offence punishable by fine or up to two years in prison.
- **Censure** – the Investigatory Powers Commissioner’s Office conduct regular audits on how local authorities implement RIPA. If it is found that a local authority is not implementing RIPA properly, then this could result in censure.

Oversight by Members

- Elected Members shall have oversight of the Authority’s policy and shall review that policy annually.
- The report to members shall be presented to the Elected Members by the SRO. The report must not contain any information that identifies specific persons or operations.
- Alongside this report, the SRO will report details of ‘Non-RIPA’ surveillance in precisely the same fashion
- Elected Members may not interfere in individual authorisations. Their function is to, with reference to the reports; satisfy themselves that the Authority’s policy is robust and that it is being followed by all officers involved in this area. Although it is elected members who are accountable to the public for council actions, it is essential that there should be no possibility of political interference in law enforcement operations.

Concluding Remarks

Where there is an interference with the right to respect for private life and family guaranteed under Article 8 of the European Convention on Human Rights, and where there is no other source of lawful authority for the interference, or if it is held not to be necessary or proportionate to the circumstances, the consequences of not obtaining or following the correct authorisation procedure may be that the action (and the evidence obtained), is held to be inadmissible by the Courts pursuant to Section 6 of the Human Rights Act 1998.

Obtaining an authorisation under RIPA and following this document will ensure, therefore, that the action is carried out in accordance with the law and subject to stringent safeguards against abuse of anyone's human rights.

Authorising Officers should be suitably competent and must exercise their minds every time they are asked to sign the request. They must never sign or rubber stamp form(s) without thinking about their personal and the City Council's responsibilities.

Any boxes not needed on the Form(s) must be clearly marked as being 'NOT APPLICABLE', 'N/A' or a line put through the same. Great care must also be taken to ensure accurate information is used and is inserted in the correct boxes. Reasons for any refusal of an application must also be kept on the form and the form retained for future audits.

For further advice and assistance on RIPA, please contact the Head of Regulatory Services.

Directed Surveillance/CHIS Forms can be obtained from the Home Office website or from NAFN in relation to Access to Communications Data.

Appendix 1: RIPA and IPA roles

Roles for RIPA

Senior Responsible Officer - The Council's scheme of delegation appointed the Director of City Operations as the Senior Responsible Officer.

Authorising Officer – Head of Regulatory Services

Gatekeepers:

- Operation Manager - Trading Standards (or other service manager if use of surveillance powers are required)
- Head of Regulatory Services

Applicant – Officer in charge of investigation

Contact City Operations Corporate Leadership Assistant for a URN

Investigatory Powers Act 2016 (IPA) Roles

Legal Oversight - Director Governance & Law

Senior Responsible Officer - Director City Operations

Approved Rank Officers

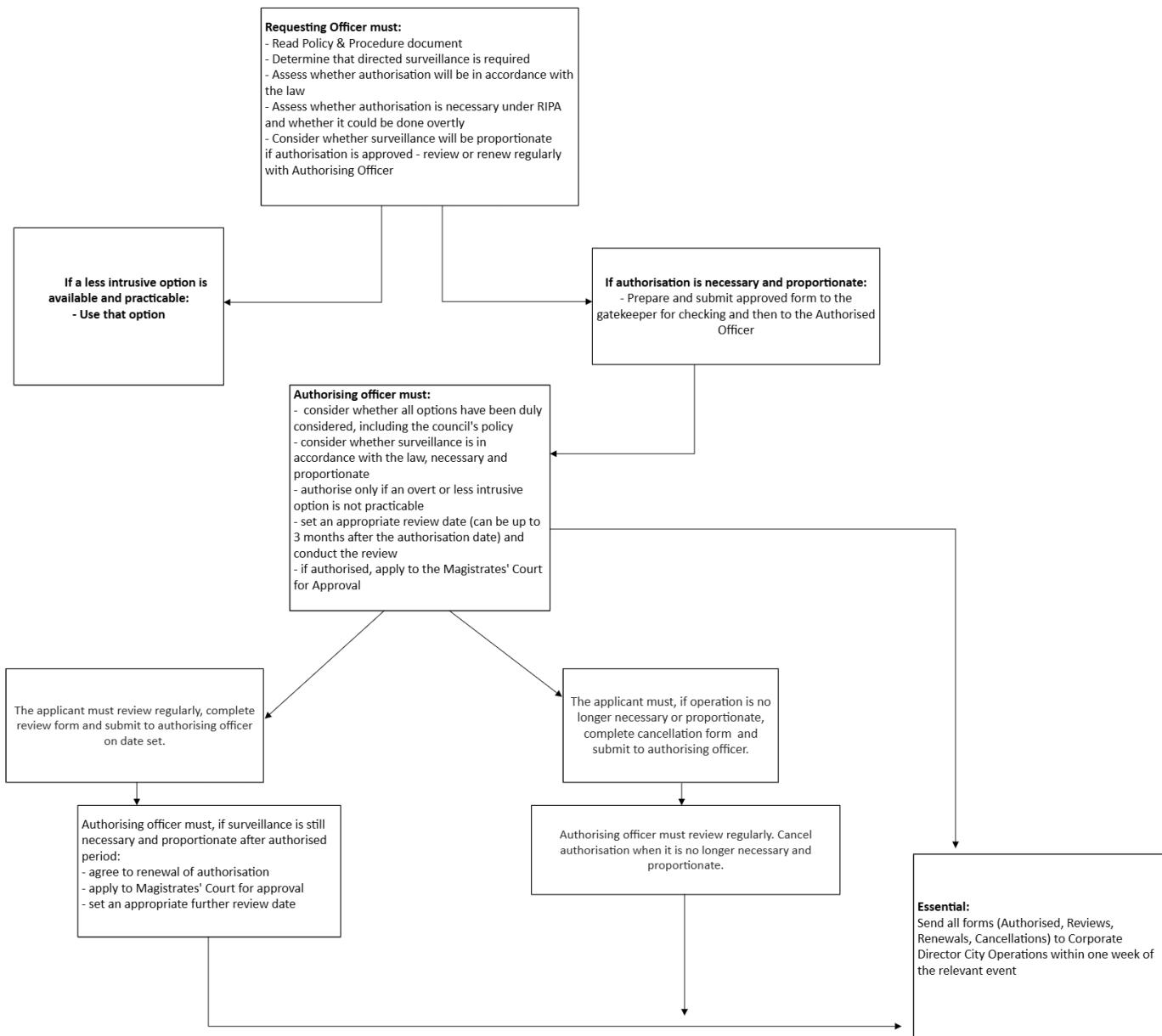
- Head of Regulatory Services
- Operations Manager - Trading Standards

Single Point of Contact for Accessing Communications Data

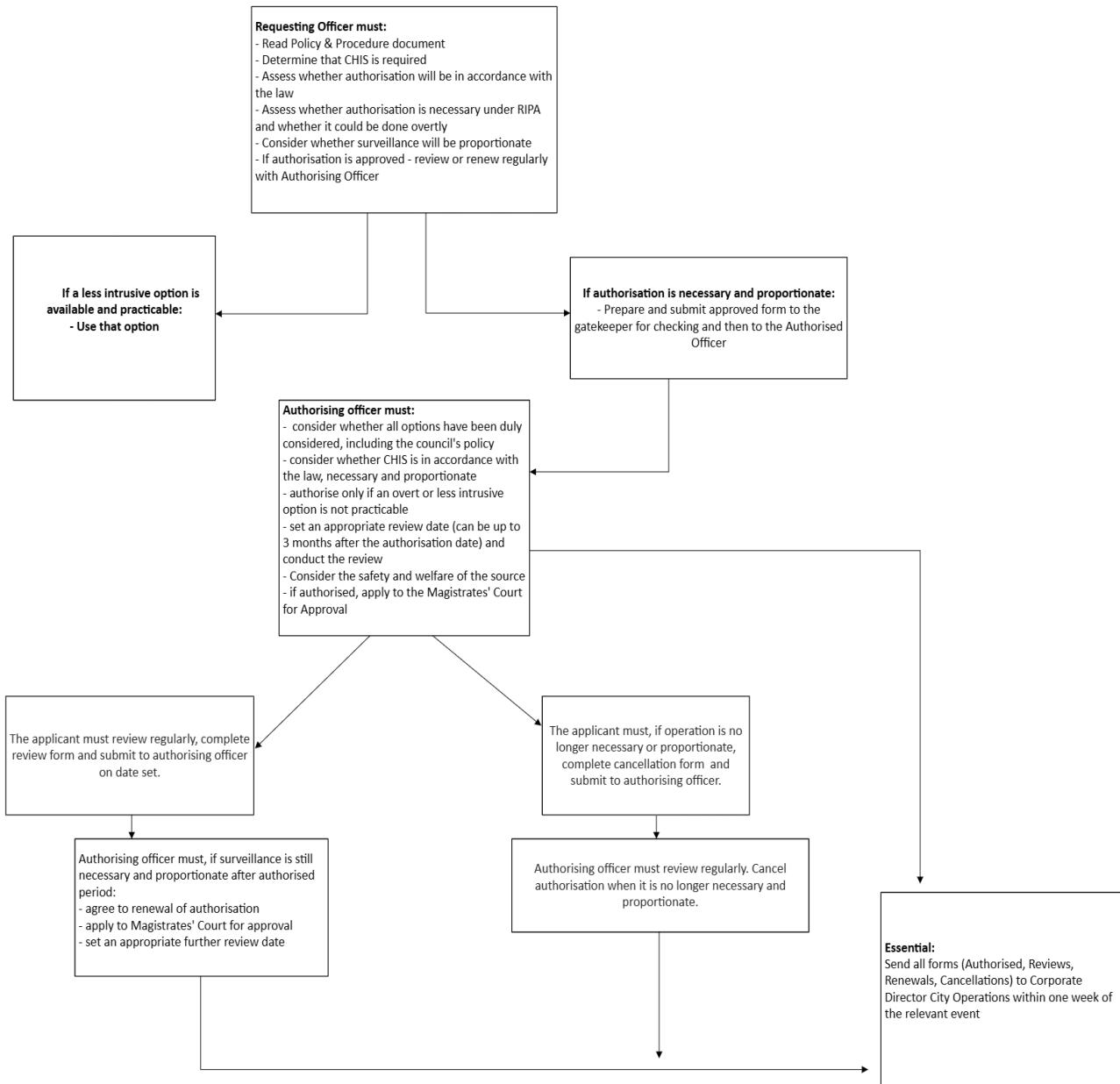
- National Anti Fraud Network (NAFN)

Appendix 2: Flow chart outlining process for Directed Surveillance and CHIS

Process for authorising Directed Surveillance



Process for authorising a CHIS



Appendix 3: List of Useful Websites

RIPA and IPA Forms, Codes of Practice and Advice

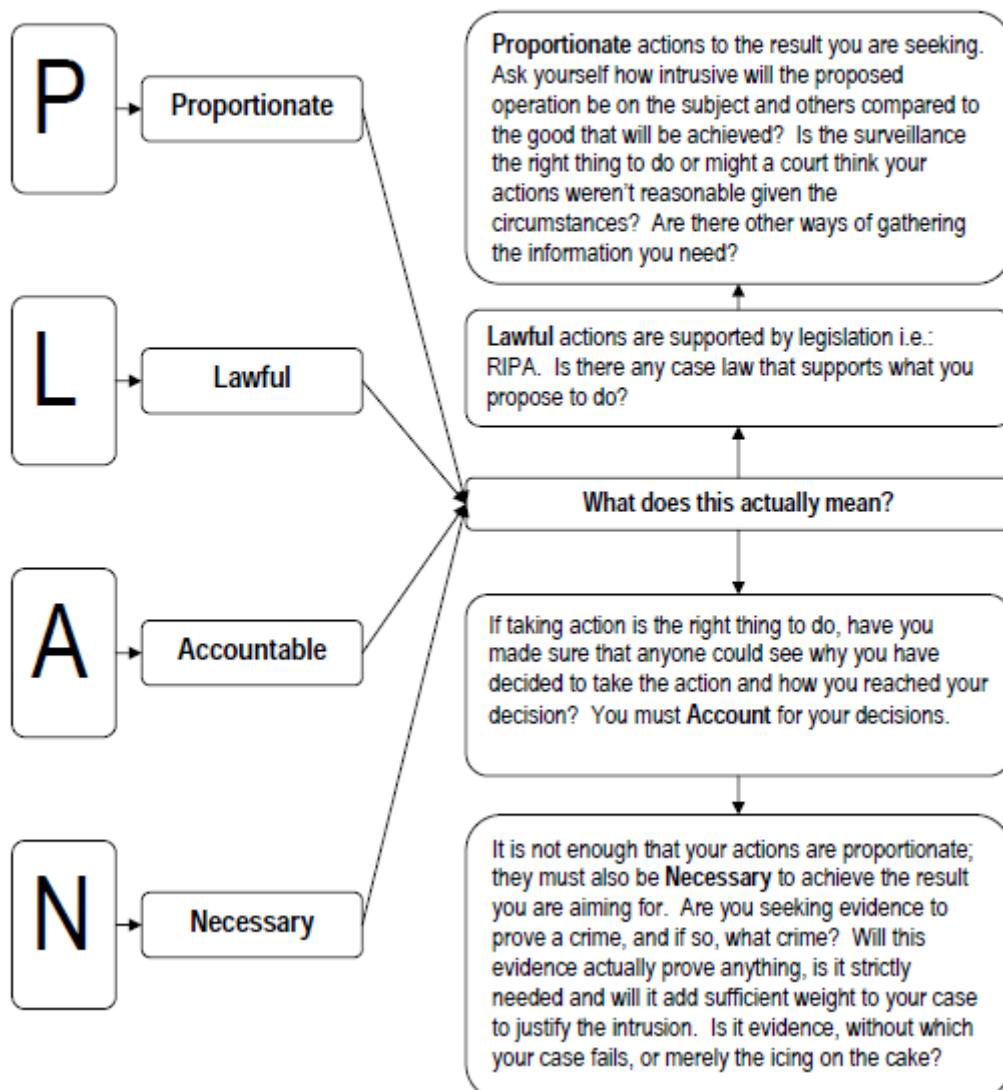
The policy requires you to use the most up-to-date versions of forms and codes of practice. Rather than reproduce forms and codes of practice that are subject to change, we have provided links to the currently approved versions. You should access the document you require by following the relevant link.

- The most up-to-date RIPA forms must always be used. These are available from the Home Office website and may be found by following this link :
www.gov.uk/government/collections/ripa-forms--2
- The full text of the RIPA Codes of Practice are available here :
www.gov.uk/government/collections/ripa-codes#current-codes-of-practice
- The full text of the IPA Codes of Practice are available here :
www.gov.uk/government/publications/communications-data-code-of-practice
- The Regulation of Investigatory Powers Act 2000 t is available here:
<http://www.legislation.gov.uk/ukpga/2000/23/contents>
- The Investigatory Powers Act 2016 is available here:
[/www.legislation.gov.uk/ukpga/2016/25/contents](http://www.legislation.gov.uk/ukpga/2016/25/contents)
- The Investigatory Powers Commissioner's Office website has some useful information and advice and is available here :
www.ipco.org.uk

Appendix 4: Guidance for Authorising Officers

APPENDIX FOUR

Notes for Guidance for Authorisation – Directed Surveillance



Authorised Officer's Statement

12. Authorising Officer's Statement. [Spell out the "5 Ws" – Who; What; Where; When; Why and the following box.]

I hereby authorise directed surveillance defined as follows: [Why is the surveillance necessary; directed against; Where and When will it take place; What of surveillance activity/equipment? / What is sought to be achieved?]

You must start by fully explaining what operation you are authorising. State why the surveillance is necessary to the case, what will be achieved, how it will be carried out, how many people used, what equipment / vehicles / technology you authorise the use of and where the operation will happen.

Make sure it is clear exactly what it is that you are authorising.

13. Explain why you believe the directed surveillance is necessary. [Code paragraph 2.4]

Explain why you believe the directed surveillance to be proportionate to what is sought to be achieved by carrying it out. [Code paragraph 2.5]

Now you must explain your decision. Simply stating that you "agree with the officer who applied for the reasons they gave" is not acceptable. You must give, in your own words, a detailed account of how you came to decide that the operation was necessary and proportionate. Make sure that you review the guidance in section seven and show how the evidence is necessary to the offence, and how the offence is one that it is necessary to investigate. Now ensure that you demonstrate how the officer has shown the need to obtain the evidence to be proportionate, when balanced against the person's expectation of privacy, the privacy of innocent third parties and the seriousness of the offence.

If you have completed a surveillance authorisation worksheet, go back over this as you should have already stated your reasons there.

You must explain why you feel it is in the public interest to carry out the action; is it serious, prevalent in the area, an abuse of position, premeditated? Why do you think that the investigation will be prejudiced without surveillance? Are you certain there is no other obvious and less intrusive way of obtaining the information? Does it need to be done? Record everything in this section.

This section must stand on its own, if you are called to court to justify your authorisation.

Authorised Officer's Statement

<p>14. (Confidential Information Authorisation.) Supply detail demonstrating compliance with 3.1 to 3.12</p> <p>This should be no more than four weeks from the date of authorisation. If you wish to restrict the length of time an officer may carry out surveillance for, you can use this box to set an early review date.</p>											
<table border="1"> <tr> <td colspan="2">Date of first review</td> </tr> <tr> <td colspan="2">Programme for subsequent reviews of this authorisation: [Code paragraph 4.22]. Only complete dates after first review are known. If not or inappropriate to set additional review dates then leave</td> </tr> </table>				Date of first review		Programme for subsequent reviews of this authorisation: [Code paragraph 4.22]. Only complete dates after first review are known. If not or inappropriate to set additional review dates then leave					
Date of first review											
Programme for subsequent reviews of this authorisation: [Code paragraph 4.22]. Only complete dates after first review are known. If not or inappropriate to set additional review dates then leave											
<p>Use this box to record dates for review. The normal review period is no longer than every four weeks. It doesn't have to be completed but is useful to do so, especially when a shorter review period is appropriate.</p>											
<table border="1"> <tr> <td>Name (Print)</td> <td>Grade / Rank</td> </tr> <tr> <td>Signature</td> <td>Date and time</td> </tr> <tr> <td>Expiry date and time [e.g.: authorised on 30 June 2005, 23:59]</td> <td>End on 1 April 2005 - expires</td> </tr> <tr> <td colspan="2"> <p>+++++ +++++</p> </td> </tr> </table>				Name (Print)	Grade / Rank	Signature	Date and time	Expiry date and time [e.g.: authorised on 30 June 2005, 23:59]	End on 1 April 2005 - expires	<p>+++++ +++++</p>	
Name (Print)	Grade / Rank										
Signature	Date and time										
Expiry date and time [e.g.: authorised on 30 June 2005, 23:59]	End on 1 April 2005 - expires										
<p>+++++ +++++</p>											
<p>Finally, write your name, sign the form giving the date and time. You must also record the expiry date. This is always three months, to the minute, from the date that the authorisation was given, no longer, or shorter. The operation can be cancelled before this date if appropriate. (See 7.14 (above) for guidance.)</p>											

Sections 15 and 16:

These sections relate to oral authorisations that may be granted or renewed only in urgent cases. In the case that an oral authorisation is granted, the AO should record the reasons why they considered the case urgent and why they believed it was not practicable to delay in order for the investigator to complete an application. Urgent oral authorisations last for seventy-two hours from the time of the authorisation. The officer carrying out the surveillance must complete a written application at the earliest opportunity, not necessarily at the end of the seventy-two hours.

Appendix 5: Guidance for Applicants

The RIPA 1 Form – Guidance Notes on Completion

Directed Surveillance Unique Reference Number (URN) (to be supplied by the central monitoring officer).

Unique reference number. This must be provided by the Authorising Officer

PART II OF THE REGULATION OF INVESTIGATORY POWERS ACT (RIPA) 2000

APPLICATION FOR AUTHORISATION TO CARRY OUT DIRECTED SURVEILLANCE

Public Authority (including full address)	Unit/Branch /Division
Full address	Unit/Branch /Division
Contact details	Full address of your dept / office / building.
Investigation/Operation Name (if applicable)	You can give the operation a name if you wish.
Investigating Officer (if a person other than the applicant)	If the person who is the investigator in the case is someone other than you, record their name here.
Details of application:	
1. Give rank or position of authorising officer in accordance with the Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) Order 2003; No. 3171. For local authorities, exact position of the authorising officer should be given. For example, Head of Trading Standards.	
You must give the position of the Authorised Officer who will be reviewing the application. You do not need to give their name. This should be their full job title, rank or position.	

Record your name. Not the name of the officers carrying out the surveillance (unless that is you).

Give a phone number, email address and / or fax number to contact you on.

Page Two

<p>2. Describe the purpose of the specific operation or investigation.</p>		<p>Enter a summary of the reason for the operation and what you are planning to do. Be brief: what will you do, why are you doing it and what will you get out of it?</p>
<p>3. Describe in detail the surveillance operation to be authorised and expected duration, including any premises, vehicles or equipment (e.g. camera, binoculars, recorder) that may be used.</p>		
<p>4. The identities, where known, of those to be subject of the directed surveillance.</p> <p>Name: • Address • DOB • Other information as appropriate:</p>		<p>Who are you intending to gather evidence on? If you do not know the identity of all parties you must describe them as best as you are able.</p>
<p>5. Explain the information that it is desired to obtain as a result of the directed surveillance.</p>		
<p>What evidence do you intend to obtain from the surveillance? Specify exactly what you intend to get, how much and what types. This is so a judgement can be made on the weight of the evidence that you will get. Be careful what you write here: when you have achieved these aims the surveillance must stop immediately.</p>		

Page Three

<p>Specify the offences that you are investigating or preventing. State why the information has to be obtained by surveillance, why do you need it for the reason you specified? How is it essential to the case?</p>	<p>6. Identify on which grounds the directed surveillance is necessary under Section 28(3) of RIPA. Delete that are inapplicable. Ensure that you know which of these grounds you are entitled to rely on (SI 2003 No 2171)</p> <ul style="list-style-type: none">• In the interests of national security;• For the purpose of preventing or detecting crime or of preventing disorder;• In the interests of the economic well-being of the United Kingdom;• In the interests of public safety;• for the purpose of protecting public health;• for the purpose of assessing or collecting any tax, duty, levy or other imposition, contribution or charge payable to a government department;	<p>Cross out the conditions that do not apply to you. In the case of a local authority, the only one that <i>does</i> is prevention or detecting crime or disorder.</p>
	<p>7. Explain why this directed surveillance is necessary on the grounds you have identified [Code paragraph 2.4]</p>	
		<p>8. Supply details of any potential collateral intrusion and why the intrusion is unavoidable. [Bear in mind Code paragraphs 2.6 to 2.10.]</p> <p>Describe precautions you will take to minimise collateral intrusion</p>
		<p>Collateral intrusion is where the operation interferes with the private lives of those not intended to be subject to the surveillance. This could be members of the suspect's family, their partners, colleagues or members of the public. You must identify where there is a risk that you will gather this sort of information. You must take steps to minimise this risk and show that the risk left is unavoidable: what times are you conducting surveillance? Can you avoid catching others on camera? Do you have facilities to remove identifying features? The AO must be satisfied that the need to carry out the operation outweighs this risk.</p>

Page Four

This is where you must justify your actions as proportionate. You should have completed a planner and decided that surveillance is necessary and the last resort. Record here what you have done already and what you cannot do as it'll prejudice the investigation. Tell the AO why the need to carry out the action outweighs the suspect's right to privacy. How serious is the matter? How intrusive will the operation be on the suspect and on others? What might happen if you don't carry out surveillance? Why can't you get the information in other ways? What will be achieved by gathering the evidence?

9. Explain why this directed surveillance is proportionate to what it is on the subject of surveillance or on others? And why is this surveillance in operational terms or can the evidence be obtained 2.5]

proportionate might it be by the need for evidence? [Code paragraph 2.5]

10. Confidential information [Code paragraphs 3.1 to 3.12].

INDICATE THE LIKELIHOOD OF ACQUIRING ANY CONFIDENTIAL INFORMATION.

11. Applicant's details

Name (print)		Tel No:	
Grade/Rank		Date	
Signature			

Finish by giving your name, telephone number, job title or rank. Date the form and sign it.

Confidential information is special knowledge of a person's religious, political or medical life or information of a confidential journalistic nature (journalistic sources). Communications subject to legal privilege are also confidential. If there is a chance that you might gather this sort of information, indicate the risk here. The authorisation can then only be given by the person within your public body designated by the RIPA code of practice for this purpose.

Brighton & Hove City Council

Audit, Standards and General Purposes Committee

Agenda Item 50

Subject: General Fund Draft Budget and Resources Update – 2026-27 to 2029-30

Date of meeting: 27 January 2026

Report of: Cabinet Member for Finance and City Regeneration

Lead Officer: Name: Chief Finance Officer

Contact Officers: Name: John Hooton, Haley Woollard

Email: john.hooton@brighton-hove.gov.uk
haley.woollard@brighton-hove.gov.uk

Ward(s) affected: All

For general release

1 Purpose of Report & Policy Context

- 1.1 This report provides Audit, Standards and General Purposes Committee an update on the budget planning process for the 2026/27 annual budget and Council Tax setting process together with Medium Term Financial Plan projections over the next 4-year period. Cabinet received a draft budget report in December, which is included as an appendix to this report.
- 1.2 The draft budget report has been taken to People and Place Scrutiny Committees in January 2026, and their remit is to scrutinise specific budget proposals as they relate to the People and Place Scrutiny Committee remits. The Audit, Standards and General Purposes Committee remit includes considering whether the council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, whether the Council ensuring sound budget management and whether the Council is putting in place steps to secure long term financial sustainability.

2 Recommendations:

That Audit, Standards and General Purposes Committee:

- 2.1 Note the draft budget report set out in Appendix 1 to this report; and
- 2.2 Comment on the draft budget report, specifically in respect of the Council's arrangements to secure economy, efficiency and effectiveness, putting in place sound budget management and ensuring the long term financial sustainability of the organisation.

3 Context and Background Information

- 3.1 The General Fund Budget & Resources update to December Cabinet outlined that the context for budget setting remains very challenging. There are significant budget pressures arising from increases in demand from statutory services, particularly temporary accommodation, adults and children's placements, and home to school transport. Compounding this, the

government's review of the allocation of local government resources under the Fair Funding Review, coupled with the Business Rates Reset, has resulted in the council's core spending power increasing more slowly than the assumptions within the MTFS, resulting in lower resources than previously anticipated.

3.2 The Council must set a balanced budget each year for the financial year ahead. It is also important that the Council sets a medium term financial strategy that balances the budget over the medium term for a number of reasons, primarily as follows:

- It enables the Council to plan ahead and ensure that savings proposals are fully developed and implemented before the financial year begins;
- It enables the Council to focus on preventative activity to reduce demand for statutory services, which can take time, but ultimately will deliver better outcomes for residents; and
- It enables the Council to focus on transformational work, such as investing in digital technology to improve the efficiency of services, or reduce the costs of operational assets.

3.3 The draft budget report sets out proposals that close the gap from 2026 to 2030 by approximately 50%. The final budget report will need to ensure that further proposals are included that close the remainder of this gap.

3.4 Additional savings proposals are being developed in line with the Council's transformation programme, focusing in particular on the following:

- Reducing the cost and demand for statutory services – in particular adults social care, children's social care and emergency and temporary accommodation; and
- Transforming the organisation – improving productivity through digital innovation, rationalising our use of assets, increasing income through greater commercialisation of services and savings through better procurement and contract management.

3.5 A comprehensive medium term financial strategy underpinned by the Council's transformation programme, will be recommended to Cabinet for approval in February.

3.6 The timetable for concluding the budget process is as follows:

Date	Event	Update
3 Dec 2025	Publication	Completed
11 Dec 2025	Cabinet	Completed
Dec to early-Jan	Development of further budget proposals	The provisional local government settlement was received in December. Further budget proposals are being drafted for February Cabinet.
w/c 15 Dec	Provisional Local Government Financial Settlement	The provisional LGFS has been received. This was broadly in line with the assumptions set out in the December report, with a slight adverse movement from these assumptions.
Jan 2026	CFO/HR/Unions	Further union meetings are scheduled for the end of January.

19 Jan 2026	Joint Overview and Scrutiny committee	This will have been completed by the time of the Audit and Standards Committee.
22 Jan 2026	Cabinet	Council Tax Base report published for Cabinet in January.
By 3 Feb 2026	Department Consultative Group's	Sharing overall final budget package and staffing impacts (assuming publication on 4 Feb)
4 Feb 2026	Publication	Publication of Final Budget proposals on the council's web site
12 Feb 2026	Cabinet	General Fund and HRA Revenue & Capital Budget reports; TBM month 9 report.
26 Feb 2026	Budget Council	General Fund and HRA Revenue & Capital Budget reports.

4 Financial Implications:

4.1 The financial implications are contained in the body and appendices of this report.

Finance Officer consulted: Haley Woppard Date: 15/01/2026

5 Legal Implications:

5.1 The legal implications are contained within the body and appendices of this report.

Lawyer consulted: Elizabeth Culbert Date: 19/01/26

6 Risk Implications

6.1 As set out in the appendix to this report.

7 Equalities Implications:

7.1 As set out in the appendix to this report.

8 Sustainability Implications

8.1 As set out in the appendix to this report.

9 Health and Well-being Implications

9.1 As set out in the appendix to this report.

10 Conclusion

10.1 The council is under a statutory duty to set its budget and council tax before 11 March each year. The current set of budget proposals do not fully address the Budget Gap in either 2026/27 or across the MTFS, and therefore further options are being explored for the February report. This report provides Audit, Standards and General Purposes Committee an opportunity to scrutinise the Council's approach to ensuring it manages long term financial sustainability and secures good value for money in delivering services for residents.

SUPPORTING DOCUMENTATION

Appendices:

1. Budget report to Cabinet, December 2025.

Brighton & Hove City Council

Cabinet

Agenda Item 84

Subject: General Fund Draft Budget and Resources Update – 2026-27 to 2029-30

Date of meeting: Thursday, 11 December 2025

Report of: Cabinet Member for Finance and City Regeneration

Lead Officer: Name: Chief Finance Officer

Contact Officers: Name: John Hooton, Haley Woppard

Email: john.hooton@brighton-hove.gov.uk
haley.woppard@brighton-hove.gov.uk

Ward(s) affected: All Wards

Key Decision: Yes

Reason(s) Key: Expenditure which is, or the making of savings which are, significant having regard to the expenditure of the City Council's budget, namely above £1,000,000 and is significant in terms of its effects on communities living or working in an area comprising two or more electoral divisions (wards).

For general release

1 Purpose of Report & Policy Context

- 1.1 This report provides a budget planning and resource update as a key part of the preparation for the 2026/27 annual budget and Council Tax setting process together with Medium Term Financial Plan projections over the next 4-year period, including any changes in assumptions and estimates together with a high level assessment the key impacts of the government's Autumn Statement, announced 26 November 2025, and the Local Government Finance Policy Statement announced 20 November 2025, as far as they can be locally interpreted.
- 1.2 The council aims to align all spending, ringfenced and un-ringfenced, to support the achievement of Council Plan outcomes and priorities. The General Fund budget in particular is an expression of the Council Plan in financial terms and aims to ensure that revenue and capital budgets and investment plans are aligned to achieving the outcomes of the Council Plan for a 'better Brighton and Hove for all'.

2 Recommendations:

That Cabinet:

- 2.1 Note the updated forecasts including funding assumptions and net expenditure projections included in this report.
- 2.2 Note the updated predicted budget gaps totalling over £86 million over the Medium Term Financial Strategy period, including £24.926m in 2026/27.
- 2.3 Note the draft savings proposals totalling £12.446m at Appendix 1.

- 2.4 Note the draft accompanying Equality Impact Assessments (EIAs) at Appendix 4, and note that the final EIAs will be provided to Cabinet and Budget Council in February 2026.
- 2.5 Approve the extension of the Innovation Fund to 2029/30, committing additional total funding of £8.140m, as detailed in Section 6, to ensure the continuation of transformational activity across the full Medium Term Financial Strategy period to 2029/30.
- 2.6 Approve the release of £1.041m of earmarked reserves into a new general risk reserve as set out in Section 8 and Appendix 5.
- 2.7 Note that plans to arrive at a legally balanced budget for 2026/27, and the legal requirement to set a Council Tax will be presented to Cabinet and Budget Council in February 2026.
- 2.8 Note that projections for next year and the Medium Term Financial Strategy (MTFS) will be updated following the announcement of the Provisional Local Government Finance Settlement, expected week commencing 15 December 2025.

3 Context and Background Information

Overview

- 3.1 The General Fund Budget & Resources update to July Cabinet outlined that the context for budget setting remains very challenging. There are significant budget pressures arising from increases in demand from statutory services, particularly temporary accommodation, adults and children's placements, and home to school transport. In addition, there are various other pressures across the council in terms of demand, pressures on income sources and the cost of providing services over and above inflation. These pressures are the key drivers of the budget shortfalls over the MTFS, as the anticipated increase in resources is largely expected to fund the inflationary increase in the cost of delivery services over the period.
- 3.2 Compounding this, the government's review of the allocation of local government resources under the Fair Funding Review, coupled with the Business Rates Reset, is expected to result in the council's core spending power increasing much more slowly than the assumptions within the MTFS, resulting in lower resources than previously anticipated.
- 3.3 Consequently, the July report estimated an expected budget gap of nearly £40 million in 2026/27 and more than £95 million over the 4-year MTFS period.
- 3.4 The council's financial sustainability is also impacted by the low level of reserves held compared to other similar sized authorities. The authority is therefore unable to withstand significant financial shocks at a time where financial risks to councils are arguably greater than they have ever been.
- 3.5 The report in July indicated the authority would need to take a longer-term view and focus on managing the pressures being faced by the authority and taking a transformation approach to planning to meet the budget shortfalls forecast over the 4-year period and to bring the authority into a more sustainable financial position.
- 3.6 A substantial amount of work has taken place between July and December on the Council's budget position, particularly in terms of working to reduce/mitigate pressures. This work, alongside reviewing the capital programme and incorporating the updated pensions employer contributions,

has resulted in an updated budget gap for 2026/27 of £24.926m. Savings proposals have been identified of £12.446m, leaving a remaining gap of £12.480m. Further work is ongoing to identify further savings, as well as assessing the impact of the Fair Funding Review on the Council's funding position. If further savings proposals cannot be found, or if the projected government funding position is not significantly improved, then the Council would need to apply to the government for exceptional financial support.

- 3.7 As well as balancing the budget for 2026/27, the Council needs to develop a comprehensive medium term financial plan that addresses its budget gap over the 4 year period to 2030. The Council's transformation programme is the mechanism for developing this plan. Good progress has been made on this, but there is much more to do, further detail is set out in section 5 of this report.

National Context

- 3.8 The Local Government Finance Policy Statement (policy statement) was published by the government on 20 November 2025, outlining the government's approach to funding local government over the multi-year settlement period of 2026/27 to 2028/29. In addition, the government also published its outcome responses to both the Fair Funding Review 2.0 (FFR) consultation and the Business Rates reset (BRR) consultation; both of which were consulted upon earlier in 2025.
- 3.9 The Provisional Local Government Finance Settlement (Provisional LGFS) is expected to be announced the week commencing 15 December 2025. Whilst this leaves some uncertainty over the council's final funding position for 2026/27 until the provision LGFS is published, the announcement will be the first multi-year settlement since 2016, providing certainty for the council as to its level of resources over the three-year period to 2028/29. This will in turn facilitate planning and provide certainty over the extent of the transformation activity required over the next three years.
- 3.10 The policy statement set out that an additional £3.4 billion new grant funding would be delivered through the multi-year settlement. Taken together with the 2.99% core council tax and 2.0% ASC precept, this will result in a 2.6% real terms increase in core spending power across the multi-year period. It's important to note, however, that this 2.6% is an average increase; the Fair Funding Review and Business rates reset will ultimately redistribute funding across all Local Authorities, and therefore actual changes in core spending power will be very different across local authorities.
- 3.11 Paragraphs 4.2 to 4.9 provide more detail on the announcements within the policy statement, the outcome of the fair funding review consultation and the expected impact on the council. A pressure of £6.000m was included to reflect the expected impact of the FFR on the authority. Whilst there has been some changes in the principles and methodology from what was consulted on, these are not expected to make a significant impact compared to what was already included in the MTFS within the July Report.
- 3.12 The government published its Autumn Budget on 26 November 2025, which announced several changes that will impact on Local Authorities going forwards. Most notably, the budget confirmed that the government's plans for Special Educational Needs & Disabilities (SEND) reforms will be announced early in the new year, including the announcement that the current statutory override will be extended for a year. Additionally, the government will not be

expecting local authorities to meet future funding implications for SEND within the general fund once the override ends at the end of 2027/28.

3.13 Paragraph 4.1 provides further information about the government's Autumn Budget

Local Financial Planning Context

3.14 The Targeted Budget Management (TBM) Month 7 report (elsewhere on this agenda) shows a forecast overspend of £7.776m for 2025/26. The key drivers for the overspend are adults and children's social services, home to School transport, and Homelessness and Temporary Accommodation. These are the same key drivers of the council's service pressures across the MTFS. In particular, the council has seen a sharp increase in families presenting as homeless and a corresponding increase in the cost of providing temporary accommodation, which is one of the major challenges facing the authority currently.

3.15 The Council's reserves are at a critically low level, and one of the lowest levels in the country across unitary authorities. This creates significant issues in terms of the Council's inability to withstand financial shocks (for example unexpected costs or increases in demand for statutory services). Diligent financial management over the past two years has seen the Council's General Fund working balance increase from under £7 million to a current position of £9 million. The target level of un-ringfenced General Fund reserves (i.e. General Fund working balance and General risk reserve) over the MTFS period is £12-£15 million. Given the current overspend position at TBM7, the Council's Chief Finance Officer is undertaking a review of all earmarked reserves and will bring all funds that are not contractually committed into the risk provision, to ensure that these are available to offset in-year overspend position.

3.16 The Council has received a few recommendations in respect of its level of reserves and lack of financial sustainability. The external auditors have raised a significant weakness in respect of financial sustainability, and the LGA Corporate Peer Challenge highlighted financial sustainability as the Council's top issue, noting that it needed to prioritise a plan to increase its level of reserves at pace.

4 Resources and Planning Assumptions 2026/27

Autumn Statement 2025

4.1 The government published its Autumn Budget on 26 November 2025, which included the following key headlines:

- The abolition of the two child limit for Universal Credit claimants, which will help the City's poorest households;
- Extension of the current override for deficits on the Dedicated Schools Grant (DSG) to March 2028, and the announcement that the government does not expect local authorities to continue to fund deficits within the general fund after the override ends. SEND Reform plans will be announced in early 2026;
- A council tax surcharge to be introduced in April 2028 for high value properties over £2 million, which will be used to support local government services;

- Additional funding of £48 million to go into the Planning system to boost capacity and capability over the next three years;
- Announcement of plans to allow authorities to introduce an overnight visitor levy, along with a consultation regarding the design;

Local Government Finance Policy Statement

4.2 The Local Government Finance Policy Statement 2026/27 to 2028/29 (policy statement) was published on the 20 November 2025 alongside the government's outcome response to the Fair Funding Review 2.0 consultation.

4.3 The policy statement sets out the government's proposals for the 2026/27 to 2028/29 multi-year local government finance settlement. Whilst the policy statement does not provide individual allocations for authorities, it does provide the principles for allocations ahead of the Provisional Local Government Finance Settlement (LGFS). Uncertainty over actual allocations will remain until the Provisional LGFS is announced, likely to be week commencing 15 December 2025.

4.4 The FFR 2.0 aims to align funding with local need and deprivation whilst simplifying and consolidating multiple fundings streams for local authorities. This is the most significant change in local government funding since 2013. In addition, the Provisional LGFS will be the first multi-year settlement announced since the four-year settlement of 2016, allowing local authorities better certainty and ability to plan over the medium term.

4.5 As a result of the consultation, the government has made some changes to the formula methodology as well as increasing protections by introducing new funding floors for those authorities losing from the funding reforms. This increase in protection will result in all authorities moving incrementally to their new funding allocations over the settlement period.

4.6 The policy statement also confirmed the continuation of the Recovery Grant of £600 million, first distributed in 2025/26 to 50% of authorities based on tax raising ability and deprivation. This will continue to be allocated across the settlement period on the same methodology as 2025/26, which demonstrates the government's objective of distributing funding to those areas that need it most. The council did not receive any of the 2025/26 recovery grant and will therefore not receive any recovery grant over the settlement period.

4.7 The government confirmed additional local government funding of £3.4 billion over the settlement period, previously announced in the Spending Review in June 2025. The phasing of this additional funding is yet to be announced. The policy statement did confirm, however, that this funding included specific allocations of £900 million for Adult social care and £547 million for Children's Social Care over the settlement period. MHCLG have also confirmed that new burdens funding for food waste is included in the £3.4 billion.

4.8 What is not clear, but is assumed, is whether the total £3.4 billion includes the following allocations:

- the additional protection floors being provided;
- the continuation of the Recovery Grant of £600 million as announced as part of the policy statement.

4.9 The changes to the funding model are complex, At the time of writing, officers are working with local government finance experts to model and understand the likely impact of these changes will have on the Council's funding for

2026/27 to 2028/29. It is likely that there are changes that will be both favourable and unfavourable to the Council's position, and therefore until the Provisional LGFS is announced, the prevailing assumptions will remain in the MTFS.

Revenue Investment to Support Council Plan Priorities

4.10 The Council Plan 2023 to 2027 (as refreshed in July 2025) sets out a vision for Brighton & Hove to be a city to be proud of, a healthy, fair and inclusive city where everyone thrives. To deliver the vision of a Better Brighton and Hove for All, the council aims to be a learning council with well-run services.

4.11 Estimates for the need for investment in services, increased cost of delivering services and changes in demand for services in order to deliver the Council Plan are reviewed and updated regularly throughout the year. The below tables compares the estimates included in the July report (using TBM2 data up to May 2025) and current estimates (which use TBM6 data up to September 2025).

Table 1: Council Plan Investments & Service Pressures	Original Recurrent Investment & Pressures 2026/27 (July)	Original Recurrent Investment & Pressures 2026/27 (Nov)	Movement
	£m	£m	£m
A City to be proud of:			
Closure of New England House pending decision on the future of the building	1.200	1.200	-
Tree Disease Management	0.300	0.300	-
Investing in the future of service delivery (including revenue impact of assets to deliver services)	0.832	0.600	(0.232)
All other investments and pressures	0.428	0.580	0.152
A City to be proud of: Total	2.760	2.680	(0.080)
A fair & inclusive city			
Housing - Temporary Accommodation	10.951	11.106	0.155
Loss of Housing Benefit Subsidy	0.400	2.400	2.000
Expected loss of grant funding	0.687	0.700	0.013
All other investments and pressures	0.255	0.549	0.294
A fair & inclusive city: Total	12.293	14.755	2.462
A healthy city where people thrive			
Home to School Transport - Cost & Demand	1.285	1.285	-
Children's Agency Placements	3.378	1.811	(1.567)
Children's Disability Placements	0.583	0.483	(0.100)
Supporting Adults with Physical Needs	2.932	0.793	(2.139)
Supporting Adults with Learning Disability Needs	1.679	0.625	(1.054)
Supporting Adults with Mental Health Needs	3.732	0.891	(2.841)
Supporting children with complex needs in-house	0.452	0.301	(0.151)
Family Hub & preventative children's services	0.580	0.637	0.057
Support for Increased SEN Demand	0.469	0.366	(0.103)
Other Educational Services & Support	1.180	0.547	(0.633)

All other investments and pressures	0.385	-	(0.385)
A healthy city where people thrive: Total	16.655	7.739	(8.916)
A learning council with well-run services			
Loss of Funding from FFR	6.000	6.000	-
Investment in Emergency Planning service	-	0.150	0.150
Estimated cost of changes in Digital Innovation service	0.430	0.390	(0.040)
Income pressure within commercial property portfolio	-	0.201	0.201
New policy announcement re Cllrs in LGPS	-	0.100	0.100
All other investments and pressures	0.802	1.929	1.127
A learning council with well-run services: Total	7.232	8.770	1.538
Total Council Plan Investments & service pressures	38.940	33.944	(4.996)

4.12 Pressures are reviewed regularly through the year and updated based on demographic and demand changes, as well as management actions undertaken to mitigate and address pressures.

4.13 A number of pressure mitigations are being implemented to get to the budget position set out in this report. For example, automatic fee uplifts will not be made through our adult social care contracts and these will be assessed on a case by case basis looking at market data.

Council Tax

4.14 The council tax increase for 2026/27 and future years of the MTFS is currently assumed at 4.99%, which includes the continuation a 2.0% increase for an Adult Social Care Precept. These council tax increase levels were recently confirmed for the next 3 years in the local government finance policy paper as the maximum increases without requiring a referendum.

4.15 The impact of the current financial climate on council tax income continues to be difficult to predict. New housing developments have been assumed for 2026/27, with a council tax base increase assumed of 0.87%. Over the last few years, the cost-of-living crisis has impacted on the council tax collection rate. It is therefore assumed to remain at the 2025/26 level of 98.75% rather than reverting to the pre-pandemic level of 99%.

Business Rates

4.16 The government is introducing significant changes to the business rates system in 2026/27. This includes:

- The introduction of three new multipliers which will provide a more complex system for assessing the business rates liability of different types of businesses;
- A full Business Rate Reset, designed to redistribute growth accumulated by authorities since 2013/14;
- A new rating valuation list. This will update the rateable values for all properties, adding further uncertainty in the level of business rates income.

4.17 The Business Rate Reset is expected to result in a loss of locally retained business rates; the business rate income from 2026/27 will be based on the revised settlement funding assessment which will be derived from the changes implemented by the Fair Funding Review. The reduction of business rates

income is included in the £6.000m pressure in 2026/27 for loss of resources in relation to the Fair Funding Review and Business Rates Reset.

- 4.18 Business Rates forecasts continue to be an area of financial risk that is heightened by the unknown impacts of global financial events and the impact of current economic conditions on businesses. In addition, appeals continue to have a significant impact on forecasting business rates and the new valuation list will have its own level of appeal activity to forecast. Therefore, business rates estimates could change significantly ahead of setting the budget.
- 4.19 The provisional Local Government Finance Settlement is due week commencing 15 December 2025 at which time the level of assumed locally retained business rates will become much clearer.

Corporate Planning Assumptions

- 4.20 The July Cabinet report included an Appendix which outlined the corporate planning assumptions within the MTFS at that time. The current assumptions are included in Appendix 2 of this report.
- 4.21 The only change in core planning assumptions compared to those reported in July is the change in the Council's employer pension contribution rate. The council's contribution to the Local Government Pension Fund is agreed every three years based on a triennial actuary review of the fund's assets and expected liabilities. Following the most recent triennial review of the East Sussex Pension Fund by the fund's actuary, the council's pension fund assets are forecast to be in excess of the fund's liabilities by the next triennial review. This has resulted in an agreed reduction of the council's Employer Contribution rate by 4.9% from 19.8% to 14.9% for the next three years. Therefore, the council's cost of employer contributions is expected to reduce by £6.920m per annum from 1 April 2026.

Fees & Charges

- 4.22 The vast majority of Fees and Charges budgets for 2026/27 are assumed to increase by a standard inflation rate of 3.00%. The February Budget report will include an appendix of all fees & charges for 2026/27 that are required to be approved in advance of the financial year.
- 4.23 A number of budget proposals within Appendix 1 report are linked to proposed changes in fees or charges. The changes in fees and charges linked to these draft proposals will be included in the February report.

Commitments

- 4.24 The budget projections for 2026/27 includes commitments of (£1.788m), reflecting corporate changes and decisions already made. This represents a reduction in commitments of £10.019m compared to the commitments included in the July Report.
- 4.25 The below table shows the change in commitments between July & November:

Table 2: Commitments in the 2026/27 budget:	Jul 2025 Estimate	Dec 2025 Estimate	Movement
	£m	£m	£m
Budget Commitments (including capital financing)	3.839	0.740	(3.099)
Mainstream Digital funding	0.550	0.550	-
Change in contribution to reserves	3.015	3.015	-
2025/26 Pay Award above modelled allowance	0.827	0.827	-
Change in Employers Pension Contribution	-	(6.920)	(6.920)
Total Budget commitment	8.231	(1.788)	(10.019)

4.26 The primary movement is the change in employer pension contribution rate, as described in 4.21 above. Other significant changes include the impact of the 2025/27 capital programme review, and changes relating to the one-off use of grant to cover core budget expenditure.

5 Annual Budget and Medium Term Finance Plan Estimates

5.1 There are significant challenges to being able to balance the 2026/27 and the Medium Term Financial Plan (MTFP). Section 3 gives some wider context on the challenges being faced by the organisation both on a national level and locally. The 2026/27 budget shortfall as reported in July 2025 was the largest seen by the authority, largely due to the cost of and demand for a number of statutory services. This requires the authority to take urgent action to mitigate demand pressures and identify savings and transformation programmes that will address the gap both in 2026/27 and across the medium term. This is necessary to become a financially sustainable organisation. Identifying savings is becoming increasingly more difficult; the organisation has been required to make cumulative savings of more than £248 million since 2010.

5.2 In addition, the government have consulted on the largest changes in Local Government Funding since 2013. Whilst estimates have been made as to the council's expected ongoing funding position from both the Fair Funding review and the related Business Rates Reset (BRR), there will not be certainty on the outcome and impact of these changes until the Provisional Local Government Finance Settlement, expected to be announced in the third week of December. However, it must be acknowledged that why this brings uncertainty until announced, when announced, local authorities will have increased certainty over the medium term than has been the case in a number of years due to this being the first multi-year settlement since 2016.

5.3 Lastly, the Council Tax Base and Business Rate Tax Base will be set by Cabinet in January 2026.

5.4 The table below shows the current estimate for the 2026/27 budget gap and how it's moved from July report.

Table 3: Budget Gap Latest 2026/27	£m
Budget Gap per July Cabinet Report	39.765
Reduction in Council Plan investments & service pressures (table 1)	(4.996)
Impact of Capital Programme Review	(1.309)
Impact of Change in Employer Pension Contribution	(6.920)
Short term borrowing costs for King Alfred Leisure Centre	0.634

Change in use of grants	(2.408)
Other Changes	0.160
Budget Gap before Savings Proposals	24.926
Draft Saving Proposals to date (Appendix 1)	(12.446)
Remaining Budget Gap	12.480

5.5 Table below shows that the budget shortfalls is estimated at £86.658m over the MTFS before any savings proposals are considered.

Table 4: Budget Gaps – 2026/27 to 2029/30	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m
Commitments & decisions already made	(1.788)	2.296	1.323	1.224
Net inflation (on Pay, Prices, Income, Pension)	9.691	9.437	10.191	10.478
Service Pressures (Demand and Cost)	33.944	25.132	25.112	19.661
Funding Changes (RSG & Tax Base)*	(16.921)	(13.845)	(14.258)	(15.019)
Budget Gap before Savings Proposals	24.926	23.020	22.368	16.344
Draft Saving Proposals to date (Appendix 1)	(12.446)	-	-	-
Draft MTFS proposals (Table 5)		(9.075)	(8.025)	(4.259)
Remaining Budget Gap	12.480	13.945	14.343	12.085

**This value will change following the Provisional Local Government Finance Settlement expected to be announced week commencing 15 December 2025. Currently there is a service pressure included to reflect the expected changes from the Fair Funding Review.*

5.6 Table 4 shows there would be a remaining shortfall of £52.853m based on current draft proposals within Table 5 and Appendix 1.

5.7 There are other options currently being explored to address the remaining gap in 2026/27, which are being developed and will come forward as part of the final budget report in February.

5.8 There is clearly still some way to go to ensure that the authority can reach a balanced budget in 2026/27 and a balanced MTFS, which will be addressed in the February report.

Addressing the Budget Gap – 2026/27 and over MTFS

5.9 There has been several workstreams and activity to address the budget shortfalls over the MTFS:

- A Capital Programme Review has been undertaken to ensure the programme is properly prioritised and funded over the 5-year Capital Investment Programme, given the current strain on the revenue budget. This workstream has identified areas for prioritisation, de-prioritisation and deferral which provide saving and reprofiling of borrowing costs from the 2026/27 budget;
- A Transformation & Innovation portfolio containing a number of strategic programmes has been established as described more fully in section 6 and Appendix 3. These programmes will use the Innovation Fund to strategically address areas of pressure and to exploit commercial opportunities which will help transform the council into a financially sustainable organisation by the end of the MTFS;

- An Asset Management Strategy has been developed, which both identifies capital disposals to support the Innovation Fund and Transformation programmes, and which can contribute to ongoing revenue savings via the reduction of the council's property portfolios;
- A benchmarking exercise has been undertaken across the organisation to identify areas for further investigation. This work has been taken into account in both identifying savings proposals and transformation opportunities;
- Directorate Leadership Teams (DLTs) have rigorously reviewed service areas for efficiencies and savings, taking into account transformation programmes and service benchmarking.

5.10 Appendix 1 provides detailed draft budget proposals that have arisen thus far from the work described above.

5.11 A portfolio of strategic programmes (see section 6 and Appendix 3) is being developed that underpins the Council's financial sustainability. It is really important that the Council develops medium and longer term plans to improve efficiency and reduce demand as these programmes take time to implement successfully. They will also lead to better outcomes than short term budget cuts. This will focus on the following:

- Areas of the most significant demand pressures that the Council is facing – emergency and temporary accommodation, adults social care and children's social care. These programmes will focus on preventative work to reduce the need for statutory services, as well as work on things like increasing the supply of temporary accommodation at more affordable rates, and managing the adults and social care markets.
- Organisational transformation – this will focus on improving the Council's use of operational assets and reducing the associated revenue costs, a digital strategic programme to improve efficiency and reduce demand, as well as making savings through better procurement and contract management.
- Commercialisation – there are considerable opportunities to increase income across the city, for example through activating the Council's seafront assets, increasing income through advertising, as well as maximising fees and charges across our services.

5.12 A summary of the savings already identified from all the workstreams outlined above are set out below. While significant progress has been made, there is still a substantial gap between the potential savings from these programmes and workstreams and the MTFS gap.

Table 5: Savings & Transformation Plans

	2026/27	2027/28	2028/29	2029/30
	£m	£m	£m	£m
Changes in Delivery Models	0.300	0.200	0.000	0.000
Procurement & contract management efficiencies	0.204	0.317	0.450	0.650
Transformation Programme: Adult Social Care	8.892	4.150	2.900	1.850
Transformation Programme: Homes & Homelessness	4.843	0.664	0.304	0.000
Transformation Programme: Children's Services	0.971	1.386	1.207	1.059
Transformation Programme: Income & Commercialisation	1.305	1.087	1.860	0.260

Other Income & Commercialisation Initiatives	0.160	0.100	0.200	0.000
Digital & Innovation Initiatives	0.030	0.105	0.100	0.100
Service Redesigns and Functional Alignments	0.704	0.255	0.305	0.120
Reduction or reprovision of non-statutory services	0.830	0.199	0.199	
Efficiencies in delivering services	0.284	0.018	0.018	0.018
Other new funding sources or repurposing	0.491	0.366	0.382	0.102
Asset Management Strategy	0.775	0.088	0.000	0.000
Corporate Landlord and Net Zero Programme	0.320	0.140	0.100	0.100
Less: proposals that will reduce pressures already accounted for within the budget gap	(7.663)	0.000	0.000	0.000
Total net savings & transformation proposals	12.446	9.075	8.025	4.259
Budget Gap in each year	24.926	23.020	22.368	16.344
Remaining budget gaps	12.481	13.945	14.343	12.085

5.13 The February Report will provide a full MTFS and directorate Budget Strategies which will indicate the overall direction of travel for the delivery of services in each directorate and set out each directorate's approach to supporting Council Plan priorities.

6 The Innovation Fund & Transformation Programmes

6.1 Achieving transformation and change often involves significant one-off costs that cannot be afforded from revenue and cannot normally be funded by capital receipts or borrowing, for example, redundancy costs or project and programme management staffing. The government has extended the ability of all Local Authorities to use capital receipts to support the transformation of services to deliver savings and efficiencies (known as the Flexible Use of Capital Receipts) to March 2030.

6.2 The 2025/26 Budget approved in February 2025 included a four-year Innovation Fund to 2028/29 with a total investment need of £20 million to support the transformation and change of services and invest-to-save proposals over the period of the MTFS.

6.3 The officer-led Savings & Innovation Delivery Board and the Corporate Leadership Team have designed a Transformation & Innovation portfolio containing a number of strategic programmes. This approach will make use of the Innovation Fund to strategically prioritise one off resources towards addressing the budget shortfalls across the MTFS. The overarching strategic programmes are outlined in more detail in Appendix 3. To summarise the strategic aims, the programmes are intended to:

- address areas of high demand, implementing strategies to reduce demand through investing in prevention and reducing the cost of delivery;
- review delivery models for services across the council to ensure the most effective and efficient models are being used
- explore the use of Digital Innovation & technology to enhance and transform service delivery;
- review and maximise the use of assets across the council, primarily its property portfolio;

- explore opportunities to increase revenue income and reduce the cost of delivering services.

6.4 It is likely that to balance the council's MTFS, the council will further need to take advantage of the ability to fund transformation through the Flexible Use of Capital Receipts to support the MTFS over the four-year period to 2029/30. Therefore, it is recommended that Cabinet approve the Innovation Fund to be extended into 2029/30 on the same basis as 2028/29. In addition, to support the transformation activity across the council, the fund is recommended to be increased to 28.140m in total to 2029/30, which is an increase of £8.140m compared to the current fund commitment of £20.000m to 31 March 2029. This increase recognises that the fund will need to continue for an additional year to 31 March 2030, as well as increase in overall value per year to support the scale of the change necessary for the Council to become a financial sustainable organisation.

6.5 The indicative Innovation Fund, including the use in the current financial year, is shown in Table 6 below:

Table 6: Indicative Innovation Fund					
Category of Investment	2025/26	2026/27	2027/28	2028/29	2029/30
	£m	£m	£m	£m	£m
Transformation & Innovation strategic programmes	1.200	3.300	1.400	0.700	0.700
Invest-to-Save business cases	1.600	0.600	0.200	0.200	0.200
Digital and AI Development	1.906	1.550	1.550	1.550	1.550
Managing Staffing Changes (exit packages)	1.250	1.250	0.500	0.500	0.500
Enabling Resources (e.g Project Officers, Workstyles Team, HR etc)	1.030	1.226	1.226	1.226	1.226
Total	6.986	7.926	4.876	4.176	4.176

6.6 The investments are described in outline below:

- Transformation & Innovation strategic programmes:** Described further in 6.3 and Appendix 3, a Transformation & Innovation portfolio has been established to address the council's budget gap across the MTFS strategically. The strategic programmes within it will require one off funding of resources and technology to enable the delivery of savings across the MTFS. It is currently estimated that a total of £7.3m is required across the period, which is likely to be front-loaded to maximise the savings across the MTFS.
- Invest-to-Save Business Cases:** The medium-term planning process encourages innovation and invest-to-save business cases aimed at complementing the council's Transformation & Innovation portfolio, supporting the achievement of Council Plan priorities and, importantly, contributing to the future financial sustainability of the council. Business cases will need to demonstrate a return on investment within a reasonable time period (max 5 years) but ideally within the 4-year medium-term financial plan period.
- Digital and AI Development & Skills:** Digital and AI is a specific form of invest-to-save. The council has already invested heavily in staff, systems and technologies to provide improved digital and on-line services. However,

this process does not stop and as technologies, including AI and robotics, improve and develop, the council will need to move with the technology and ensure appropriate skills are developed to make the most of any investment. Provision of at least £1.550 million each year is included but some of this cost could potentially be transferred to revenue in later years if this is affordable within the overall budget envelope.

- **Managing Staffing Changes:** Transformation and change inevitably results in significant changes to services which will entail changes to the mix or level of staffing in services. This can lead to potential redundancies which the council attempts to manage through holding vacancies or redeployment as far as possible, but otherwise through voluntary severance where this meets the council's business case criteria. This can involve significant redundancy and/or pension strain costs. At least £4.0 million is expected to be required over the period.
- **Transformation Enabling Resources:** Ensuring that transformation and change can be delivered requires resources that can be flexibly deployed across different programmes or to ongoing long-term change programmes. Informed by previous experience, the Innovation Fund provides resources of £1.226m per annum to support a wide variety of transformation, change and savings programmes and projects. This will need to be reviewed as future budgets are developed and the level of support for each change proposal is fully understood. The costs are broadly expected to cover the following:

Table 7: Transformation Enabling – Recurrent Annual Costs	
Category of Investment	Annual Cost
	£m
Project & Programme Management Resources	0.766
Workstyles Resources (to rationalise operational buildings)	0.180
HR Management of Change Support	0.128
Leadership Development	0.052
Finance Support	0.100
Total	1.226

7 Capital Strategy and Capital Investment Programme

7.1 The detailed capital strategy and capital investment programme will be brought to the February Cabinet & Budget Council as part of the budget report. Many the Council's capital investment plans fall within longer-term programmes to support Council Plan priorities.

A Fair & Inclusive City:

- New Homes for Neighborhoods and Home Purchase Scheme;
- Purchase of and investment in new units for Temporary Accommodation.
- Investment in new build housing through the Housing Revenue Account and Housing Joint Venture (with Hyde Housing);
- Investment in maintaining and improving the Council Housing Stock and building safety through the Housing Revenue Account.

- The Strategic Investment Fund (SIF) provides project support for major regeneration programmes that draw in substantial private sector investment.

A Healthy City where People Thrive:

- Investment in a new leisure centre at King Alfred site;
- Investment in other leisure facilities such as the Withdean Sports Complex swimming pool and 3G pitches at Moulsecoomb and Hove Park;
- The Education capital programme, which provides investment from central government including New Pupil Places, Education Capital Maintenance and Devolved Formula Capital for schools;
- Disabled Facilities Grant funded adaptations to support independence at home.

A City to be Proud of:

- Renovation and restoration of the Madeira Terraces;
- Development of Valley Gardens Phase III;
- The Local Transport Plan (LTP) covering a wide range of transport-related schemes;
- Significant investment in coast protection programmes such as the Brighton marina to River Adur scheme;

A Responsive and Learning Council with Well-run Services:

- The Information Technology & Digital Investment Fund to maintain and upgrade the council's infrastructure and IT architecture;
- The Corporate Systems Improvement (CSI) Programme to improve the council's core HR, Payroll, Finance & Purchasing systems and associated applications;
- The Asset Management Fund (AMF) to maintain operational buildings, improve sustainability and reduce long-term maintenance costs;
- Corporate Planned Maintenance (PMB) to undertake planned building works and upgrades;
- Vehicle and plant annual replacement programmes.

7.2 Investment options and requirements are kept under review, and any new programmes will come forward to February Cabinet meeting subject to the affordability of financing options, viable outline business cases, or available capital resources including capital receipts. The council's financial position requires continual review in terms of affordability, particularly where schemes are financed from borrowing.

Capital Receipts

7.3 Capital receipts from the sale of surplus land and buildings support the capital programme and the Innovation Fund and the projections are regularly reviewed. The Asset Management Strategy and Capital Asset Strategy seek to review both the Council's commercial property portfolio and the operational portfolio to dispose of properties to support the capital programme and Innovation Fund over the medium term and to streamline the cost of managing property estates.

7.4 Capital receipts are under severe pressure due to competing demands for the resources and the certainty and speed with which capital receipts can be realised. Additional staff resources have been deployed in Property and Legal services to support the delivery of these capital receipts. In addition to the Innovation fund, capital receipts are committed to annual investment funds including the Asset Management fund, Strategic Investment Fund and the Commercial Asset Investment fund as well as commitments within already approved capital schemes.

7.5 The table below reflects agreed capital disposals and commitments against the receipts. Capital Receipt commitments include existing and approved capital schemes together with an assumed minimum investment in the Innovation Fund of £28.140 million (see Section 6). The table shows a shortfall in net capital receipts over the MTFS of £30.2 million. Further options to meet this resource requirement through either additional capital receipts or reduced commitments will be presented to Cabinet in due course.

Table 8: Capital Strategy & Capital Receipts	Year 1	Year 2	Year 3	Year 4	Year 5
	2025/26 £'m	2026/27 £'m	2027/28 £'m	2028/29 £'m	2029/30 £'m
Brought forward balance	0.189	(6.586)	(10.425)	(19.488)	(23.769)
Expected Capital Receipts	12.912	10.445	4.223	2.201	0
Innovation Fund (Table 6)	(6.986)	(7.926)	(4.876)	(4.176)	(4.176)
Investment in Temporary Accommodation		(4.000)	(6.000)		
Other Capital Programme commitments	(12.701)	(2.358)	(2.410)	(2.306)	(2.250)
Carry forward balance (deficit)	(6.586)	(10.425)	(19.488)	(23.769)	(30.195)

8 Reserves Position and One-off resources

Review of Reserves and Provisions

8.1 A one-off review of reserves and provisions has been undertaken during November. This is annual exercise, but has been carried out earlier in the year than previous years as a result of recovery measures being implemented to address the 2025/26 forecast outturn overspend.

8.2 Reserves and balances have been reviewed to identify balances that can either be released, or held as part of a general risk reserve rather than as individual earmarked balanced. This exercise has identified £1.041m of earmarked balances that is recommended for release to a newly created General Risk Reserve. Table 9 lists the reserves recommended for release:

Table 9: Reserve or Provision	Amount to be Released £'000	Rationale for release
Section 106 Interest Reserve	6	Unrequired residual balance
Legacy LEP funds Revenue Reserve	4	Unrequired residual balance
Winter Maintenance Reserve	540	Pool with other risks under a general risk reserve
East Brighton Parking Surplus Reserve	70	Release of reserves following agreement to un-ringfence surpluses

Preston Park Parking Surplus Reserve	275	Transport & Sustainability committee (6 Feb 2024)
Cemeteries Maintenance Reserve	65	Pool with other risks under a general risk reserve
Insurance Provision	81	Change to reflect revised bi-annual actuarial review
Total Reserves & Provisions to be released	1,041	

8.3 A further review will be undertaken before the February budget report, and any further changes will be reported to Cabinet in February.

Latest Financial Performance in 2025/26

8.4 The forecast outturn position in the current year is important because it affects the availability of one-off resources. A projected underspend adds to the one-off resources available while a projected overspend will need to be funded from one-off resources or carried forward to the next financial year, adding to the financial challenge.

8.5 In-year financial performance is monitored through the council's Targeted Budget Management (TBM) framework and the TBM Month 7 (October) report elsewhere on the agenda shows a projected year-end General Fund overspend of £7.776m. The overall overspend has reduced by £1.630m since TBM Month 5. A one-off risk provision of £1.747m is not included within this forecast. Therefore the TBM forecast needs to improve by at least £6.029m by the end of the current financial year in order for reserves to remain intact and not be drawn down to support the 2025/26 overspend.

8.6 The council's share of the net deficit on the Council Tax and Business Rates collection funds, after allowing for Section 31 grant, is forecast to be £1.764m and must also be funded from one-off resources in the 2026/27 budget.

8.7 Table 10 summarises the potential resources and liabilities that will need to be taken into account in setting the 2026/27 budget. At this stage, this assumes that spending in 2026/27 will be in line with the TBM Month 7 (October) report projections included elsewhere on this agenda.

8.8 The table shows an estimated shortfall in one-off resources of £1.764m after taking account of other expected one-off requirements. This position is expected to change and will be updated for the February budget report. The main factor expected to affect the position is the latest TBM position which will be updated for month 9 (December). As described in paragraph 8.5, the call on one off resources assumes that the TBM forecast for 2025/26 will improve by at least £6.029m, and therefore there is a risk that the need for one off resources will increase.

8.9 Additionally, a further review of in-year Collection Fund (tax yield) performance will take place in TBM Month 9. Any improvement will reduce the call on one-off resources and vice versa.

Table 10: Projected One-Off resources	£m	£m
Revenue Budget position 2025/26 (TBM):		
- Forecast outturn overspend (Month 7/October)	-7.776	
- Application of one-off risk provision	1.747	
- Estimated improvement due to recruitment & spending controls	6.029	
Estimated 2025/26 Outturn		-0.000

Collection Fund position 2025/26:		
- Estimated 2025/26 Council Tax collection fund net deficit	- 1.195	
- Estimated 2025/26 Business Rates Retention collection fund position	-1.137	
- Contribution from Section 31 grant timing reserve	0.568	
Sub-total: Projected Collection Funds position		-1.764
Shortfall before allocations		-1.764
Current One-off Resources Shortfall		-1.764

8.10 The table above indicates an estimated call on one-off resources of £1.764m. The February budget report will need to identify resources to fund this requirement.

8.11 There is a significant risk around the TBM position, with an assumption that the current spending and recruitment controls and directorate financial recovery plans will improve the forecast outturn position for 2025/26 by at least £6.029m. As highlighted elsewhere in this report and previous reports, the council's level of available reserves and balances is very low, and therefore the need for one off resources of this level potentially places the authority at serious risk of requiring Exceptional Financial Support if the estimates of the one-off resources and the forecast for 2025/26 required do not improve significantly.

8.12 As indicated above, there are a number of factors that can affect a change to these figures. Further work is also needed to fully understand one-off pressures and consider options for mitigating some of these costs and whether any appropriate temporary funding mechanisms are available to support the one-off costs expected for 2026/27.

9 Staffing Implications (General Fund)

9.1 At this stage, the first draft budget proposals indicate that 11.7 full time equivalent (fte) posts could be deleted from the council's staffing structure, which is approximately 0.32% of total staffing. Whilst a number of these posts will be vacant during 2025/26, some proposals may initially result in some staff being placed at risk of redundancy. This is difficult to estimate with any certainty, but approximately 2.8 fte staff (not headcount) have been potentially identified at risk at this stage if budget proposals are agreed. The proposals currently have no TUPE implications for staff. This information was shared with the council's recognised trade unions and the staff affected in advance of the release of this report.

9.2 As in previous years, actual numbers of staff affected will be highly dependent on the detailed options proposed, further savings proposals coming forward in the February report and on the outcome of formal consultation with staff and unions which will often lead to changes to the original proposals. As previously experienced, it is likely that any reductions in posts will be resolved through normal turnover, or through redeployment to other vacancies across the council, thereby minimising the risk of redundancies as far as possible.

9.3 If the proposals do potentially place any staff at risk of redundancy the council will support them by:

- Providing appropriate support to staff throughout the change process to enable them to maximise any opportunities available;
- Controlling recruitment and ensuring there is a clear business case for any recruitment activity;
- Managing redeployment at a corporate level and maximising the opportunities for movement across the organisation;
- Managing the use of temporary or agency resources via regular reports to Directorate Leadership Teams (DLT's);
- Inviting applications for voluntary severance where appropriate to staff affected by budget proposals, subject to viability and approval on a case by case basis.

9.4 These measures will remain in place as consultation with trade unions, staff and other stakeholders is undertaken. Where necessary, a targeted voluntary approach to releasing staff in areas undergoing change will be managed to support service redesigns whilst ensuring that the organisation retains the skills that will be needed for the future.

10 Housing Revenue Account (HRA) Budget & Capital Programme

10.1 This report is primarily concerned with the development of the General Fund revenue and capital budget. However, there are links to the Housing Revenue Account (Council Housing) revenue budget and capital programme which follow a separate budget setting process. Summary information is provided below.

10.2 The Housing Revenue Account is a ring-fenced fund dedicated to the management and maintenance of the council's housing stock. Legislation requires the HRA to remain balanced; the council must demonstrate that projected income will cover planned expenditure, thereby ensuring the account's long-term viability.

10.3 The prevailing economic climate and operational challenges continue to place considerable strain on HRA resources for 2025/26. Consistent with trends across the sector, our authority faces increasing financial pressures. The latest Medium Term Financial Strategy forecasts a deficit for the HRA over the next 5 years. Contributing factors include a rising number and cost of disrepair claims, significant investment requirements to comply with the Building Safety Act, Fire Safety Regulations, and the Social Housing Regulation Bill, alongside the as the impact of inflation on services and financing costs.

10.4 A particular ongoing challenge is the investment required in 8 Large Panel System (LPS) high-rise blocks across the city. While a staggered investment approach was initially planned, the need to maintain short to medium term safety standards now necessitates immediate and substantial revenue investment. In 2025/26, temporary fire safety measures, such as 'waking watch' arrangements, have been introduced at several high-rise blocks. Longer-term options for these LPS blocks are under review, with associated capital investments to be included in future budget proposals when cost estimates are sufficiently robust.

10.5 Recent announcements from central government have introduced a long-term rent policy, enabling social landlords to increase rents by CPI+1% annually for the next decade, with further consultation on rent convergence. The current Medium Term Financial Strategy assumed this increase for only five years; as

such, the extension to ten years should enhance the HRA's financial sustainability over the long term.

- 10.6 The HRA capital programme focuses on two principal areas: improving the quality, safety, and energy efficiency of existing council homes, and expanding the supply of affordable housing. Investment in the existing stock is primarily funded through tenants' rents (including related rent rebates) and HRA borrowing, both supported by rental income over time. In contrast, new supply is largely financed by retained capital receipts (including those from Right to Buy sales and commuted sums), grant funding, and further HRA borrowing.
- 10.7 The capital investment strategy for 2026/27 to 2030/31 will be informed by the latest stock condition surveys and the council's Asset Management Strategy, taking into account emerging priorities. Key objectives include enhancing home safety and quality, ensuring compliance with statutory regulations, and working collaboratively with stakeholders such as the Regulator of Social Housing, East Sussex Fire and Rescue Service, tenants, and leaseholders to shape our planned works. In addition, ongoing investment in carbon reduction initiatives will underpin the council's commitment to achieving carbon neutrality by 2030.
- 10.8 To increase the delivery of affordable council homes, the HRA is progressing a range of initiatives, including the New Homes for Neighborhoods Programme, the Home Purchase Scheme, the Converting Spaces initiative, and the Homes for the City of Brighton & Hove Joint Venture. These programs are designed to ensure that newly delivered homes generate a surplus, thereby supporting the sustainable funding of ongoing maintenance and repairs.
- 10.9 Throughout 2026/27, efforts will continue to develop the housing supply pipeline. The Home Purchase Scheme will seek opportunities to repurchase former council properties sold under Right to Buy, while the extended scheme will pursue 'off the shelf' acquisitions to further expand the affordable housing portfolio within the HRA.
- 10.10 The Housing Revenue Account budget and business plan will be reported to Cabinet for approval in February 2026.

11 Schools Budgets and Funding

- 11.1 The Dedicated Schools Grant (DSG) is a ring-fenced grant that provides funding for Schools, Academies, Early Years, Special Educational Needs and a small number of allowable Central items. The DSG is allocated to schools and academies on the basis of a National Funding Formula (NFF) primarily driven by pupil numbers.
- 11.2 The DSG is divided into four blocks – the Schools Block, the High Needs Block (HNB), the Central School Services Block and the Early Years Block. Each of the four blocks of the DSG are determined by separate national funding formulae (NFF).
- 11.3 In a similar way to the HRA, the development and setting of schools' budgets follows a separate process involving statutory consultation and oversight of the Schools Forum. However, there are links with the General Fund budget setting process as General Fund budget proposals and savings can potentially impact schools and vice versa.
- 11.4 Detailed announcements and full allocations regarding the 2026/27 DSG will not be published by Government until mid-December 2025. However, in November 2025, the Department for Education (DfE) published provisional

funding allocations for mainstream schools and local authorities in 2026/27 through the schools and central school services NFFs.

- 11.5 Provisional funding for mainstream schools through the schools NFF will total £50.9 billion in 2026/27. To simplify the funding system, the 2026/27 schools NFF will include funding for pay and national insurance contributions costs that were previously allocated separately.
- 11.6 On top of this rolled-in funding, the core factor values in the 2026/27 schools NFF are rising by 2.1%, to increase the funding available to schools. However, as funding to schools is pupil-led, schools with falling rolls will continue to be in a very challenging financial position next financial year. This is in the context of unavoidable cost pressures such as 2026/27 pay awards that are likely to absorb the benefit of the 2.1% funding uplifts.
- 11.7 Local authorities will continue to be responsible for operating local funding formulae, which will determine the funding that individual schools and academies in their area receive. To support moves to a more consistent funding system, DfE will continue to require those local authorities which are not already “mirroring” the NFF in their local formulae to move closer to the NFF. Brighton and Hove is not currently “mirroring” the NFF and it has been agreed with Schools Forum that local formulae will move 30% closer to the NFF rates in 2026/27.
- 11.8 The central school services block funds local authorities for the ongoing responsibilities they continue to have for all schools, and some historic spending commitments that local authorities face. The central school services NFF for 2026/27 includes funding for pay and national insurance contributions costs that were previously allocated outside the NFF.
- 11.9 Full allocations of schools and central school services funding for 2026/27 will be published in December, taking account of the latest pupil data at that point. The publication of 2026/27 high needs block and early years block allocations will also follow by the end of the year.

Updated School Balances Position

- 11.10 Detailed information relating to the latest school and central DSG balances was contained in the July 2025 budget report, however the most recent school balances position is summarised below:

Table 11: Schools Balances	Nursery £'000	Primary £'000	Secondary £'000	Special £'000	Total £'000
Final 2023/24 balances	24	(1,143)	2,048	(648)	281
Final 2024/25 balances	163	(2,665)	(395)	274	(2,623)
Movement	139	(1,522)	(2,443)	922	(2,904)

- 11.11 At the end of the 2024/25 financial year school balances for maintained schools within the council showed a net deficit position of £2.623m. The net deficit is expected to increase further in 2025/26, with a forecast year-end net deficit in the region of £5.7m. School deficits is an increasing challenge in Brighton and Hove, and active engagement is taking place with schools to address these deficits.

12 Analysis & Consideration of any alternative options

- 12.1 The setting of the General Fund budget in February allows all parties to engage in the examination of budget proposals and put forward viable

alternative budget and council tax proposals, including amendments, to Budget Council on 26 February 2026. Budget Council has the opportunity to debate the proposals put forward by the Cabinet at the same time as any viable alternative proposals.

13 Community Engagement & Consultation

- 13.1 This report will be shared widely with key stakeholders and partners as it signals to all parties the anticipated financial challenge facing the council for next year and beyond, notwithstanding the imperfect funding information available at this stage.
- 13.2 The development of the council's budget and future plans is a major undertaking and proposals can affect a wide range of services and therefore have impacts on residents, businesses, visitors and staff. Appropriate and necessary statutory consultation and engagement will be undertaken with residents, service users, staff, unions, partners, business representatives and the community and voluntary sector.
- 13.3 Detailed consultation and engagement plans will start over coming weeks, in advance of any proposals coming forward for Cabinet in February 2025 for full Council approval. However, consultation and engagement is expected to include the following:

General Information

- 13.4 General information and advice about the council's budget will continue to be provided through the council's website which provides information and infographics on how money is spent on services, where the money comes from, the council's capital and transformation investment plans, and a summary of the financial challenges ahead. These materials will continue to be promoted through various media and communications throughout the budget setting period.

Engagement on the draft budget

- 13.5 The Council's overarching budget proposals will be published through a range of channels to ensure that residents and community groups have an opportunity to comment on these, and for this feedback to be considered in the final budget report to Cabinet in February 2025.

City Partners

- 13.6 Information will also be shared with City Partners through the City Management Board and other channels. In particular, the council continues to engage fully with the NHS Sussex Integrated Care System to ensure that the budget processes of the two organisations are aligned and communicated as far as practicably possible.

Business Engagement

- 13.7 There is ongoing liaison and discussion with the Economic Partnership that covers potential funding sources and bids, city regeneration, economic growth, employment and apprenticeship strategies. Officers of the council and members of the Administration meet periodically with representatives of the Chamber of Commerce and B&H Economic Partnership to discuss the council's high-level plans and over-arching budget situation. Formal consultation will also take place with business rate payers in line with statutory guidance.

Schools Community

13.8 The Schools Forum, a consultative body attended by representatives of all school phases, will primarily focus on the allocation of the ring-fenced Dedicated Schools Grant (DSG) funding across the relevant budget ‘blocks’ but will also be periodically informed about the General Fund budget position and proposed changes to council services where these may have implications for schools. Engagement with the schools forum will take place in January.

Third Sector Engagement

13.9 A key stakeholder is the Community & Voluntary Sector, and communications and meetings with representatives of the sector are planned to provide an opportunity to feedback views to the council and members which will inform final budget proposals. The Council funds lots of activity within the voluntary and community sector, through the Thriving Communities Fund, the Household Support Fund (which will become the Crisis and Resilience Fund in 2026/27) and the Fairness Fund. Crisis and Resilience Fund allocations have not yet been announced by government, plans for voluntary and community sector funding will be finalised once these allocations are clear.

Staff and Union Engagement

13.10 Consultation and engagement with staff and unions is also very important. The scale of financial challenge indicates further significant impacts on the configuration and/or provision of services which will inevitably entail staffing changes. Meetings with the council’s recognised unions, including appropriate officers and members of the Administration, will be scheduled regularly to keep unions abreast of developing proposals and to ensure they have sight of where support to their memberships may be required. The council’s Joint Staff Consultation Forum will continue to provide a formal setting for sharing and raising matters relating to the overall budget process and development.

13.11 Detailed proposals have been shared with Departmental Consultative Groups (DCGs) and through line management. Formal consultation and engagement with directly affected staff will be undertaken as normal, including relevant union representation, under the council’s Organisation Change Management Framework.

Specific Consultation

13.12 It is recognised that specific consultation will be required for individual proposals. CLT and DLTs will lead on this engagement where there are changes to service delivery models or changes to policy frameworks that underpin how we provide services to residents and businesses.

Timetable

13.13 The timetable for final budget proposals is given in the table below. This timetable does not include detailed plans for ongoing consultation with stakeholders as this will be determined in conjunction with those involved.

Table 12: Budget Timetable

Date	Event	Notes
3 Dec 2025	Publication	Publication of Draft Budget proposals on the council’s web site
11 Dec 2025	Cabinet	Draft Budget & Resource Update report; Budget Monitoring (TBM) month 7 report.

Dec to early-Jan	Development of further budget proposals	Further work and refinement of draft budget proposals incorporating the impact of the Provisional Local Government Financial Settlement
w/c 15 Dec	Provisional Local Government Financial Settlement	Receipt and analysis of the provisional settlement expected before Parliament recess for Christmas (18 December 2025)
Jan 2026	CFO/HR/Unions	Further sharing of any additional budget proposals affecting staff
19 Jan 2026	Joint Overview and Scrutiny committee	Draft Budget & Resource Update report: presented at both Place & People Overview and Scrutiny Committees
22 Jan 2026	Cabinet	Council Tax Base report; Business Rates tax base report.
By 3 Feb 2026	Department Consultative Group's	Sharing overall final budget package and staffing impacts (assuming publication on 4 Feb)
4 Feb 2026	Publication	Publication of Final Budget proposals on the council's web site
12 Feb 2026	Cabinet	General Fund and HRA Revenue & Capital Budget reports; TBM month 9 report.
26 Feb 2026	Budget Council	General Fund and HRA Revenue & Capital Budget reports.

14 Financial Implications:

14.1 The financial implications are contained in the body and appendices of this report.

Finance Officer consulted: Haley Woppard Date: 02/12/25

15 Legal Implications:

15.1 The process of formulating a plan or strategy for the council's revenue and capital budgets falls within the Allocation of Responsibilities for Functions for the Cabinet under Part 2E of the constitution.

15.2 This report complies with the Council's process for developing the budget framework, in accordance with the Council's Budget and Policy Framework Procedure Rules as set out in Part 3D of the Constitution.

Lawyer consulted: Elizabeth Culbert Date: 01/12/25

16 Risk Implications

16.1 There are a range of risks relating to the council's short and medium term budget strategy including the ongoing economic impact of the higher inflationary environment, the impact of the cost-of-living crisis, further potential reductions in grant funding, the impact of legislative changes, and/or other changes in demands. The budget process will normally include recognition of these risks and identify potential options for their mitigation. In the current financial climate, the level of risk that the council may be prepared to carry is likely to be higher than in normal circumstances.

17 Equalities Implications:

17.1 The Council's well-established screening process to develop Equality Impact Assessments (EIAs) has been used to assess the impact of significant budget changes included within the proposals in Appendix 1. Draft EIAs have been included in Appendix 4. Key stakeholders and groups will continue to be engaged as final EIAs are developed but it will also be important to consider how members, partners, staff and unions can be kept informed of EIA development and the screening process. In addition, where possible and proportionate to the decision being taken, there may be a need to assess the cumulative impact of the council's decision-making on individuals and groups affected in the light of funding pressures across the public and/or third sectors. The process will ensure that consideration is given to the economic impact of proposals.

18 Sustainability Implications

18.1 The council's revenue and capital budgets will be developed with sustainability as an important consideration to ensure that, wherever possible, proposals can contribute to reducing environmental impacts and support progress toward a carbon-neutral city.

19 Health and Well-being Implications

19.1 The council's budget includes very substantial provision for expenditure on Adult and Children's Social Care, Public Health, Housing and Homelessness, Welfare Assistance (for example the Council Tax Reduction Scheme), Education and Skills, and many other essential services that support vulnerable people and children, and households on low incomes or experiencing homelessness. These services contribute significantly to the health and well-being of thousands of residents and the wider population, upholding the council's priority to support 'A healthy city where people thrive' and engender 'A fair and inclusive city'.

20 Conclusion

20.1 The council is under a statutory duty to set its budget and council tax before 11 March each year. This report sets out the latest budget assumptions, process and timetable to meet the statutory duty. The Provisional Local Government Finance Settlement is due to be announced week commencing 15 December 2025, which will provide the certainty for the final envelope of resources that the Council will receive for the three year period to 2028/29, which will provide the basis of the final MTFS which comes to Cabinet and Budget Council in February 2025. The current set of budget proposals do not fully address the Budget Gap in either 2026/27 or across the MTFS, and therefore further options are being explored for the February report. If sufficient proposals cannot be found or agreed, then the Council is at risk of needing to seek Exceptional Financial Support from government in order to produce a legally balanced budget for 2026/27.

Supporting Documentation

Appendices:

1. Detailed savings 2026/27
2. Core Planning Assumptions
3. Transformation Programmes & Innovation Fund

4. Equality Impact Assessments for budget proposals
5. Review of Reserves and Provisions

Audit, Standards & General Purposes Committee

Agenda Item 51

Subject: **Code of Corporate Governance and Risk Management Framework**

Date of meeting: **27th January 2026**

Report of: **Director of People and Innovation**

Contact Officer: **Name: Rima Desai, Luke Hamblin**
Email: rima.desai@brighton-hove.gov.uk,
luke.hamblin@brighton-hove.gov.uk

Ward(s) affected: **All**

For general release

1. Purpose of the report and policy context

- 1.1 Our vision is to deliver a better Brighton & Hove for all where everyone can thrive as part of a healthy, fair and inclusive City and this report provides key details on the Council's governance and risk arrangements that underpin delivery of the Council Plan.
- 1.2 The report includes the Council's updated Code of Corporate Governance, which forms part of the Council's constitution and sets out how the council's governance arrangements work towards meeting the seven principles of good governance, based on the 'Delivering Good Governance in Local Government Framework 2016' published by The Chartered Institute of Public Finance & Accountancy (CIPFA).
- 1.3 The report also includes our Risk Management Framework. Cabinet is responsible for ensuring that the council has a robust risk management framework in place with Audit, Standards and General Purposes Committee providing assurance on the adequacy and effectiveness of the risk management framework.
- 1.4 The Code of Corporate Governance and Risk Management Framework directly support the Council Plan Outcome 4: A responsive council with well-run services – Good governance and financial resilience.

2. Recommendations

- 2.1 Committee approve the Code of Corporate Governance as included in appendix 1.
- 2.2 Committee note the current Risk Management Framework as included in appendix 2. Any feedback from the committee will be taken into account when refreshing the Risk Management Framework for approval by Cabinet.

3. Code of Corporate Governance

3.1 The Code of Corporate Governance, detailed in appendix 1, is a part of Brighton & Hove Council's Constitution, which sets out how the council conducts its business, including: who is responsible for making decisions and how decisions are made, procedural matters (standing orders), the role of officers and standards and ethical governance

3.2 We have used the CIPFA/SOLACE guidance, refreshed in 2021, to comply with the Good Governance Framework which sets our seven core principles to achieve good governance as follows:

- 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 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 the 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.

3.3 The responsibilities of the Audit, Standards and General Purposes Committee in the Council's Constitution includes the independent scrutiny and examination of the Council's financial and non-financial processes, procedures and practices to the extent that they affect the Council's control environment. Committee should ensure the council has a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives as required by regulation 3(a) of the Accounts and Audit Regulations 2015

3.4 Performance management is a key part of our governance and leadership, and fundamental to ensuring the council delivers its intended outcomes. Following a Corporate Peer Challenge in April 2025, the council received the following feedback from the review team:

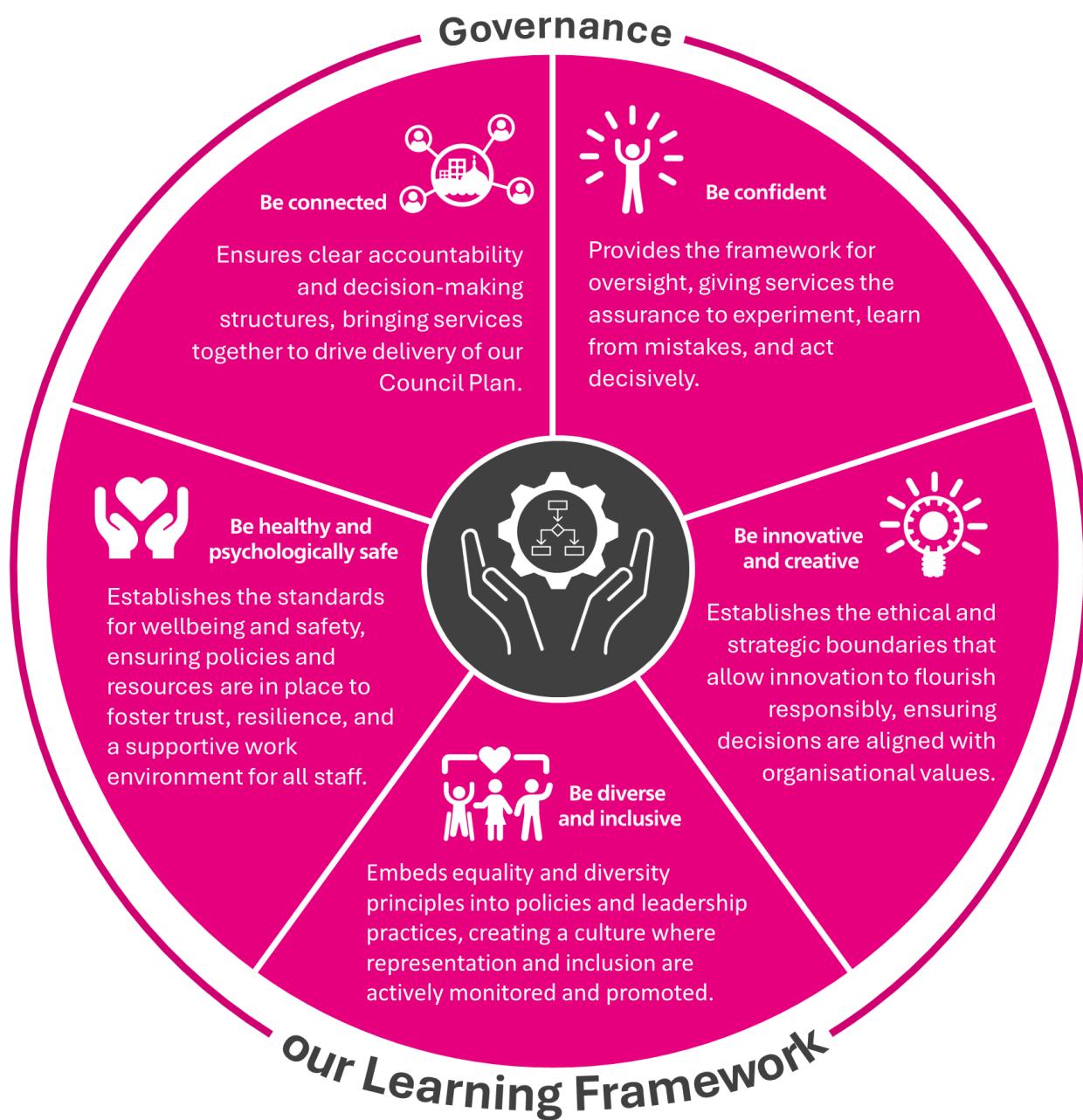
The council has a comprehensive and structured Performance Management Framework (PMF) in place, which plays a critical role in supporting the delivery of its Council Plan outcomes. The PMF enables the organisation to monitor, assess, and improve performance at the individual, service, and organisational levels.

As a Best Value Authority, the council recognises its duty to secure continuous improvement in the exercise of its functions, with a clear focus on economy, efficiency and effectiveness. The PMF is designed around eight interconnected components that collectively drive ongoing improvement. These elements ensure a holistic understanding of

performance across the council. Most services contribute to multiple aspects of the framework, reinforcing a culture of shared responsibility for improvement.

Delivery against the Council Plan is tracked through a combination of corporate key performance indicators (KPIs), progress updates on the Corporate Leadership Plan, and performance reporting aligned to each of the PMF's elements. The Corporate Leadership Plan itself translates the strategic ambitions of the Council Plan into priority activities, providing a mechanism to ensure accountability, transparency, and demonstrable impact.

3.5 Our corporate governance is aligned to our Learning Framework



4. Risk Management Framework

4.1 The council operates a Risk Management Framework, detailed in appendix 2, which outlines the processes and controls in place to manage risks that may impact the council's ability to deliver the Council Plan. This has been updated to take account of feedback provided by the Corporate Peer Challenge team. The current Strategic Risk Register is detailed in appendix 3.

4.2 Our Risk Management approach was audited in 2024/25 and received 'reasonable assurance'. The purpose of the audit was to provide assurances that the controls are in place to meet the following objectives:

- The Council has in place a robust Risk Management Framework which facilitates effective identification, assessment and response (where appropriate) to risks.
- Management ensure that risks are subject to appropriate identification, assessment and response (where appropriate) in accordance with the organisation's Risk Management Framework.
- Effective mitigations are in place to minimise the impact and / or likelihood of occurrence of the risks identified.
- Robust reporting arrangements are in place to allow for effective senior officer and Member oversight.

4.3 The Peer Review team provided the following feedback on risk:

To fully maximise the benefits of this new system (Cabinet and Leader system), attention must now be given to the quality and usability of risk management information. Risk reporting should be enhanced to provide clearer, more focused outputs, including succinct executive summaries that highlight key risks, mitigations and implications. This will help both members and officers engage more effectively with risk and make well-informed, proportionate decisions. A more tailored and accessible approach to risk information will also support stronger scrutiny, oversight and assurance.

In addition, there is a need to clarify the council's risk appetite. During the peer challenge it was not clear to the team what level of risk the organisation is willing to accept or tolerate in different decision-making contexts, whether in commercial ventures, innovation, service transformation, or capital projects. A clear articulation of risk appetite, aligned with the council's strategic ambitions and financial resilience, would enable officers and members to take measured risks confidently and responsibly.

4.4 The responsibilities of the Audit, Standards and General Purposes Committee in the Council's Constitution includes the independent scrutiny and examination of the Council's financial and non-financial processes, procedures and practices to the extent that they affect the Council's control environment. Committee should ensure the effectiveness of the council's arrangements for the management of risk as required by regulation 3(c) of the Accounts and Audit Regulations 2015.

4.5 Our Risk Management Framework is aligned to our Learning Framework



5. Analysis and consideration of alternative options

- 5.1 The council regularly reviews and strengthens its Risk Management Framework to ensure that it remains fit for purpose.
- 5.2 Risk management is audited annually by Internal Audit and reported to Audit, Standards and General Purposes Committee, with any recommendations and feedback considered as part of the review process.
- 5.3 Risk management is an essential part of our governance arrangements and one of the eight elements that make up the council's Performance Management Framework.

5.4 The council regularly reviews the Code of Corporate Governance to ensure it remains reflective of governance arrangements.

6. Community engagement and consultation

6.1 This is an internal matter to comply with legislation and as such no engagement or consultation has been undertaken in this regard.

7. Conclusion

7.1 The Code of Corporate Governance forms a key part of the council's drive to ensure continuous improvement in the way the council operates. Members of the Audit & Standards Committee should consider and approve the proposed update.

7.2 The council believes it has a robust Risk Management Framework as evidenced by this report to meet the challenges of delivering services in the financial context that local authorities are working in.

8. Risk implications

8.1 This report invites scrutiny on the Council's Risk Management Framework, which establishes a structured and consistent approach to identifying, assessing, and managing risks across the council. The framework is designed to strengthen governance, support informed decision-making, and enhance resilience in service delivery.

8.2 The framework aligns with statutory obligations and best practice standards, ensuring compliance and transparency. It defines the Council's risk appetite and provides clear roles and responsibilities for managing risk at all levels.

9. Financial implications (previous text)

9.1 There are no direct financial implications arising from the report. However, the Code of Corporate Governance and Risk Management Framework ensure that the council has in place clear policy and practice for the stewardship of public money and ensures that appropriate consideration of risk is given to all decision-making at both officer and member level. They also provide clear standards of compliance and conduct and enable internal and external auditors and inspectorates to assess effectiveness of the arrangements and compliance with the code.

Finance officer consulted: John Hooton

Date: 14/01/2026

10. Legal implications

10.1 The Code of Corporate Governance and Risk Management Framework are key documents demonstrating the Council's compliance with requirements in

the Accounts and Audit Regulations 2015. Regulation 3 requires the Council to ensure that it has a sound system of internal control which (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives; (b) ensures that the financial and operational management of the authority is effective; and (c) includes effective arrangements for the management of risk. They are also part of the arrangements put in place by the council to ensure that it meets its general "best value" duty (pursuant to section 3 of the Local Government Act 1999) to secure continuous improvement in the exercise of its functions having regard to a combination of economy, efficiency and effectiveness.

- 10.2 The Council has delegated to its Audit, Standards & General Purposes Committee the responsibility for carrying out independent scrutiny of the Council's processes, procedures and practices to the extent that they affect the Council's control environment and exposure to risk. This Committee is the correct body for reviewing the Council's risk management framework, having been delegated the task of providing reassurance on the adequacy and effectiveness of that framework.
- 10.3 All corporate Strategic Risks potentially have legal implications. Strategic Risk details are reported to Cabinet; these include reference to key implications.
- 10.4 The committee is reminded that in the exercise of all its functions it must have due regard under section 149 Equality Act 2010 to the need to (a) eliminate discrimination, harassment, victimisation or other prohibited conduct, (b) to advance equality of opportunity and (c) foster good relations between persons who share a relevant protected characteristic and those who do not share it. Reference is made in the equalities implications section below to the equalities related risk identified that helps to demonstrate consideration of this duty and there is also reference to the Fair and Inclusive Action Plan and other plans and policies in the Code of Corporate Governance have equality implications included.

Name of lawyer consulted: Allan Wells Date consulted: 17/12/2025

11. Equalities implications

- 11.1 Being a fair and inclusive city is one of the four outcomes of the Council Plan and the Risk Management Framework details the processes and procedures that ensure consistent and robust identification and management of risks within desired levels across the council, supporting openness, challenge, innovation and excellence in the achievement of council objectives.
- 11.2 The council has a strategic risk linked to equalities detailed in appendix 3

12. Sustainability implications

12.1 The council has a strategic risk linked to Net Zero and the adaptation and mitigation of climate change detailed in appendix 3.

Supporting Documentation

1. Appendices

1. Code of Corporate Governance
2. Risk Management Framework
3. Strategic Risk Register

2. Background documents

1. None

Code of Corporate Governance

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Introduction

The council's Code of Corporate Governance, based on 'Delivering Good Governance in Local Government Framework 2016' published by The Chartered Institute of Public Finance & Accountancy (CIPFA), sets out how the council's governance arrangements meet the seven principles of good governance.

The overarching document which sets out the outcomes which the council aims to deliver is [Brighton & Hove City Council's Council Plan 2023 - 2027](#).

The Code of Corporate Governance directly supports the Council Plan Outcome 4: A responsive and learning council with well-run services – Good governance and financial resilience.

Our learning framework underpins the council's governance arrangements.

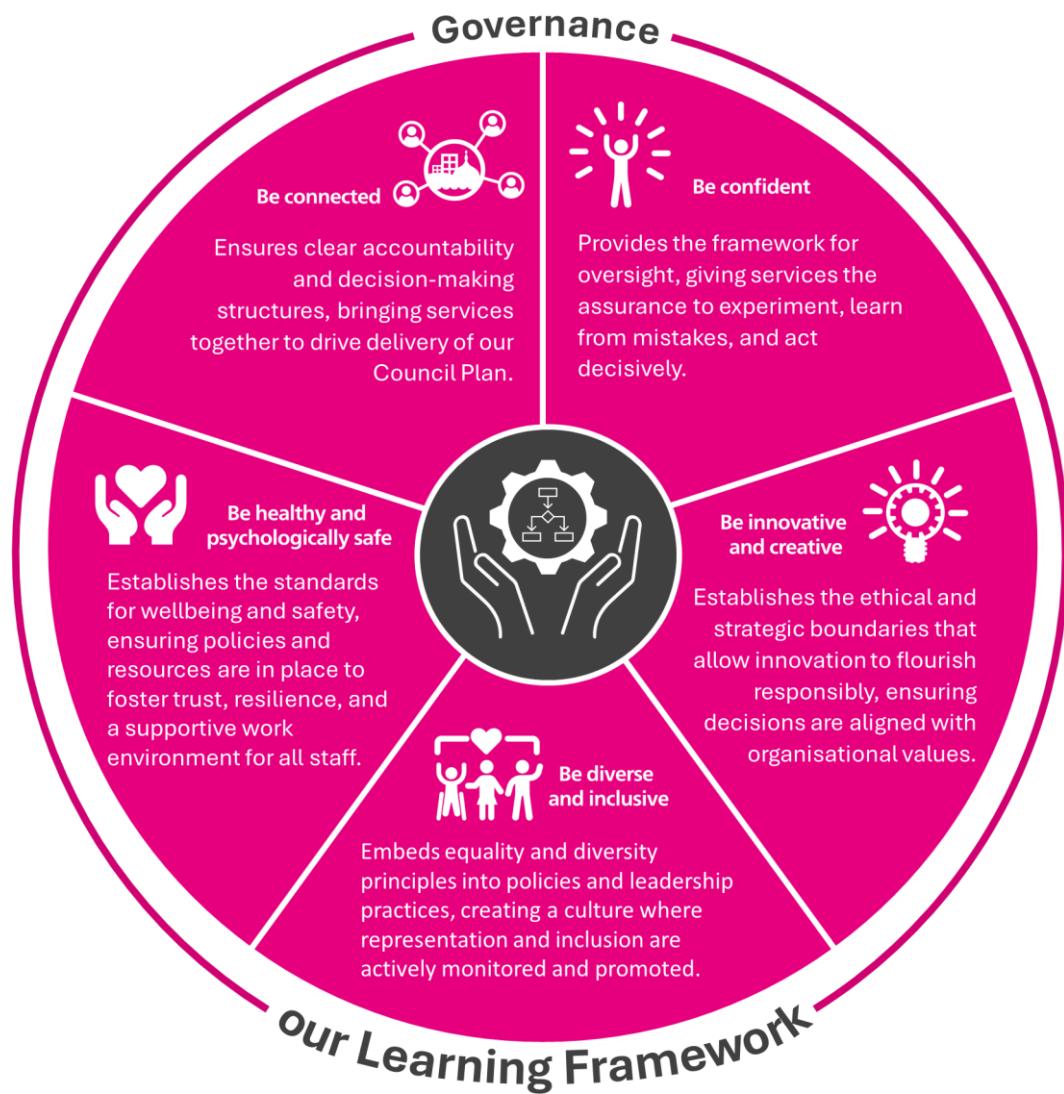


Figure 1: Illustration showing how corporate governance and the learning framework are interconnected

What is governance?

The [International framework: good governance in the public sector](#) published by CIPFA/IFAC in 2014, defines governance as comprising the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.

Good governance in local authorities:

- Ensures that decision making is lawful, informed by objective advice, transparent and consultative
- Is crucial to achieving value for money and securing financial sustainability
- Ensures ethical standards (The Nolan Principles) are upheld and prevents serious failings such as fraud

Core principles of good governance

The fundamental function of good governance in the public sector is to ensure that entities achieve their intended outcomes while acting in the public interest at all times.

There are seven principles of Good Governance, from 'Delivering Good Governance in Local Government Framework 2016', with principles A and B permeating the implementation of principles C to G.

Acting in the public interest requires:

- A.** Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law;
- B.** Ensuring openness and comprehensive stakeholder engagement;

In addition, achieving good governance in the public sector also requires effective arrangements for:

- C.** Defining 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 capacity of the entity, including the capability of its leadership and the individuals within it;
- F.** Managing risks and performance through robust internal control and strong public financial management; and
- G.** Implementing good practices in transparency, reporting and audit to deliver effective accountability.

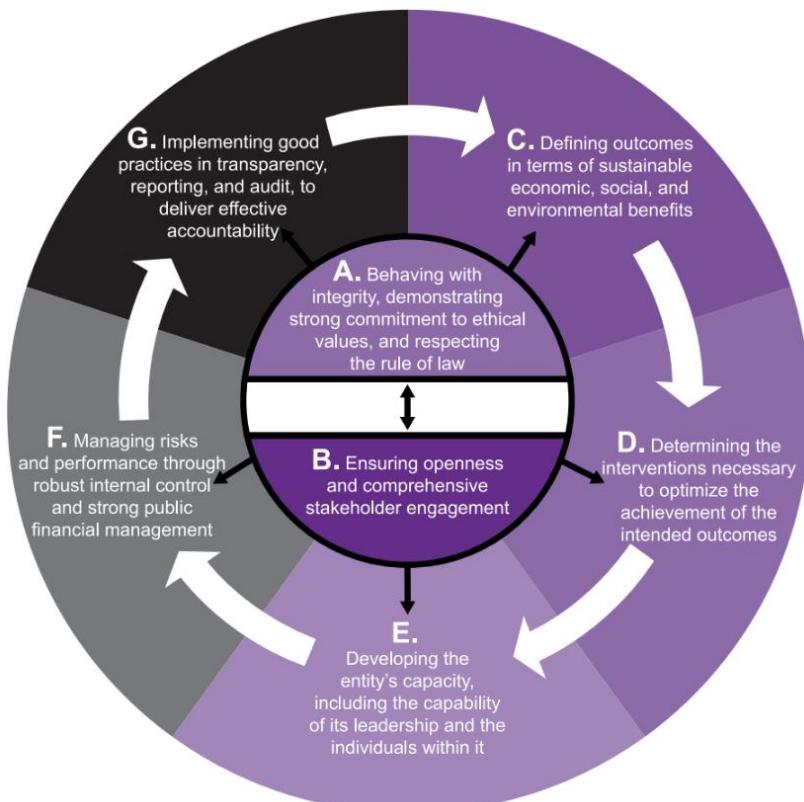


Figure 2: Illustration showing the relationship between the 7 core principles of good governance

The seven principles of public life

The Seven Principles of Public Life (also known as the Nolan Principles) apply to anyone who works as a public office-holder. This includes all those who are elected or appointed to public office, nationally and locally, and all people appointed to work in the Civil Service, local government, the police, courts and probation services, non-departmental public bodies (NDPBs), and in the health, education, social and care services. All public office-holders are both servants of the public and stewards of public resources. The principles also apply to all those in other sectors delivering public services.

1. Selflessness

Holders of public office should act solely in terms of the public interest.

2. Integrity

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

3. Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

4. Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

5. Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

6. Honesty

Holders of public office should be truthful.

7. Leadership

Holders of public office should exhibit these principles in their own behaviour and treat others with respect. They should actively promote and robustly support the principles and challenge poor behaviour wherever it occurs.

Performance Management Framework

Best Value Authorities are under a general Duty of Best Value 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.”

The eight elements of the Performance Management Framework are a key element of our Corporate Governance and allow us to understand the performance of the council as a whole which provide us with a better context in which we are operating. The elements are inter-related; most services contribute to every element in the framework.

The Performance Management Framework sets out to ensure:

- > strong leadership at all levels which is consistent and fair and challenges blame culture
- > commitment to the accountability that has been assigned to individuals
- > the right information reaching the right people at the right time so that decisions are made and actions are taken
- > ongoing evaluation, review and learning to help improve future performance
- > the ability to identify and commitment to rectify poor performance at an early stage

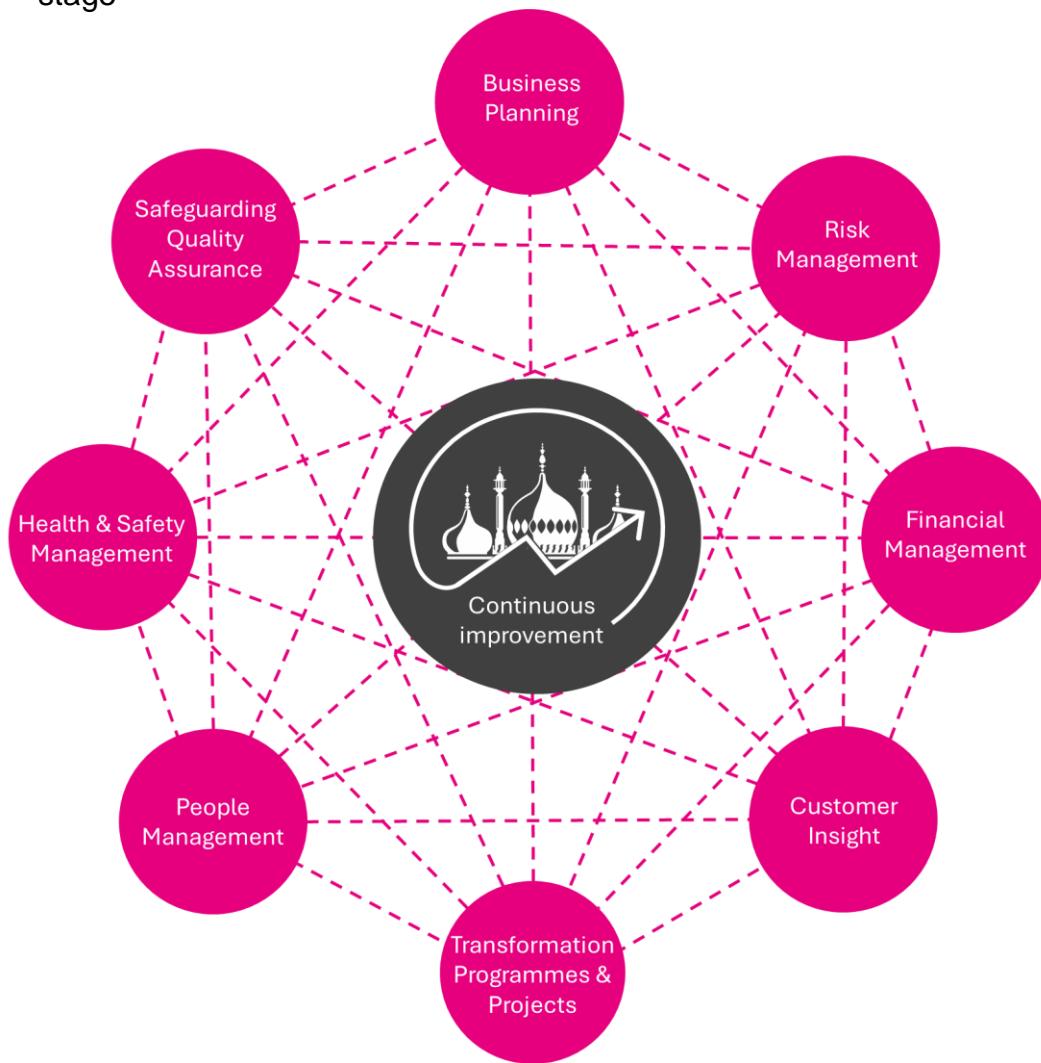


Figure 3: Illustration showing the eight inter-related elements of the Performance Management Framework

Our Performance Management Framework is aligned with our Learning Framework.

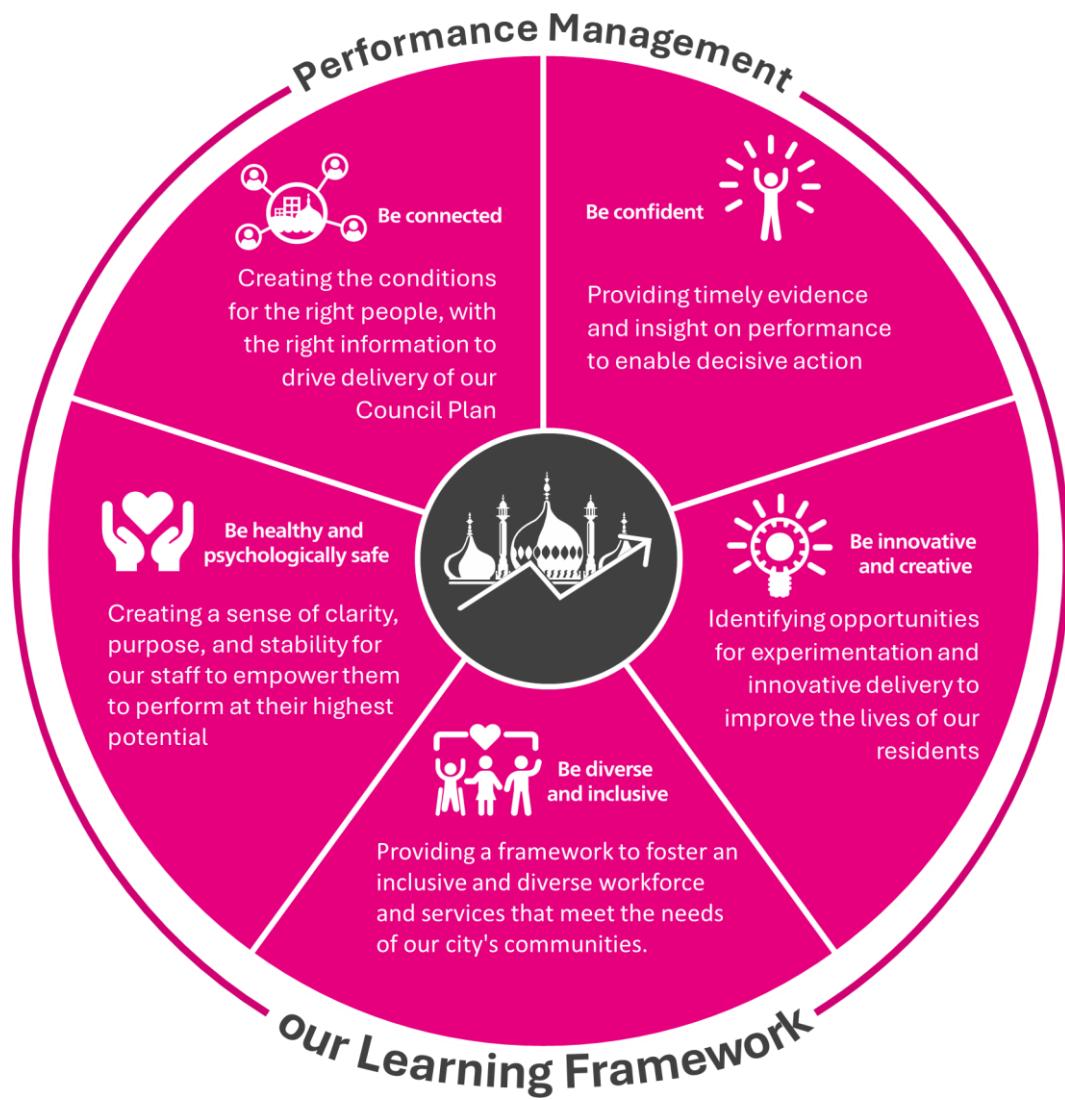


Figure 4: Illustration showing how the Performance Management Framework aligns with our Learning Organisation

Key elements that comprise the council's governance arrangements

The council has many policies, processes, and strategies aligned with the Good Governance Principles. The following table identifies the key policies, procedures, and frameworks corresponding to each core principle

	Integrity, ethical values and legislation	Openness and stakeholder engagement	Defining outcomes: economic, social & environmental benefits	Determining interventions to maximise outcomes	Capacity, capability and leadership	Performance and risk management	Transparency, reporting and audit to deliver effective accountability
The Constitution	●	●		●		●	●
Code of conduct for Officer Member Relations	●			●			
Behaviour Framework	●				●		
Code of conduct for employees	●						
BHCC Anti-Fraud & Corruption Strategy and Framework	●					●	●
Modern Slavery Statement	●						
Customer Experience Strategy		●		●	●	●	
Information Rights Framework		●					●
Formal Partnerships including the City Management Board		●		●			
Council Plan	●		●	●		●	●
Economic Strategy			●				
Carbon Reduction Programme			●				
Medium Term Financial Strategy	●		●	●			
Capital Investment Programme			●				
Corporate Leadership Plan		●	●	●	●	●	●
Financial Regulations & Standard Financial Procedures	●		●	●		●	●

	Integrity, ethical values and legislation	Openness and stakeholder engagement	Defining outcomes: economic, social & environmental benefits	Determining interventions to maximise outcomes	Capacity, capability and leadership	Performance and risk management	Transparency, reporting and audit to deliver effective accountability
Transformation & Innovation Portfolio				●	●	●	
Contract Standing Orders	●		●	●		●	●
Fair & Inclusive Action Plan	●				●		
Staff training					●	●	●
Member training					●	●	●
Scheme of Delegation	●	●			●		
Employment policies	●						●
Pay policy	●	●			●		●
Risk Management Framework and Process				●		●	
Information governance & security policies	●					●	
Health, Safety & Wellbeing policy	●					●	
People Strategy	●					●	
Whistleblowing Policy	●	●				●	●
Performance Management Framework		●				●	●
Internal Audit	●			●		●	●
External Auditor's Annual Report				●		●	●
Annual Governance Statement							●
Procurement Standing Orders and Strategy	●		●	●		●	●

Underpinning these key elements is the Golden Thread, that ensures all council activity is focused on achieving the intended outcomes for stakeholders.

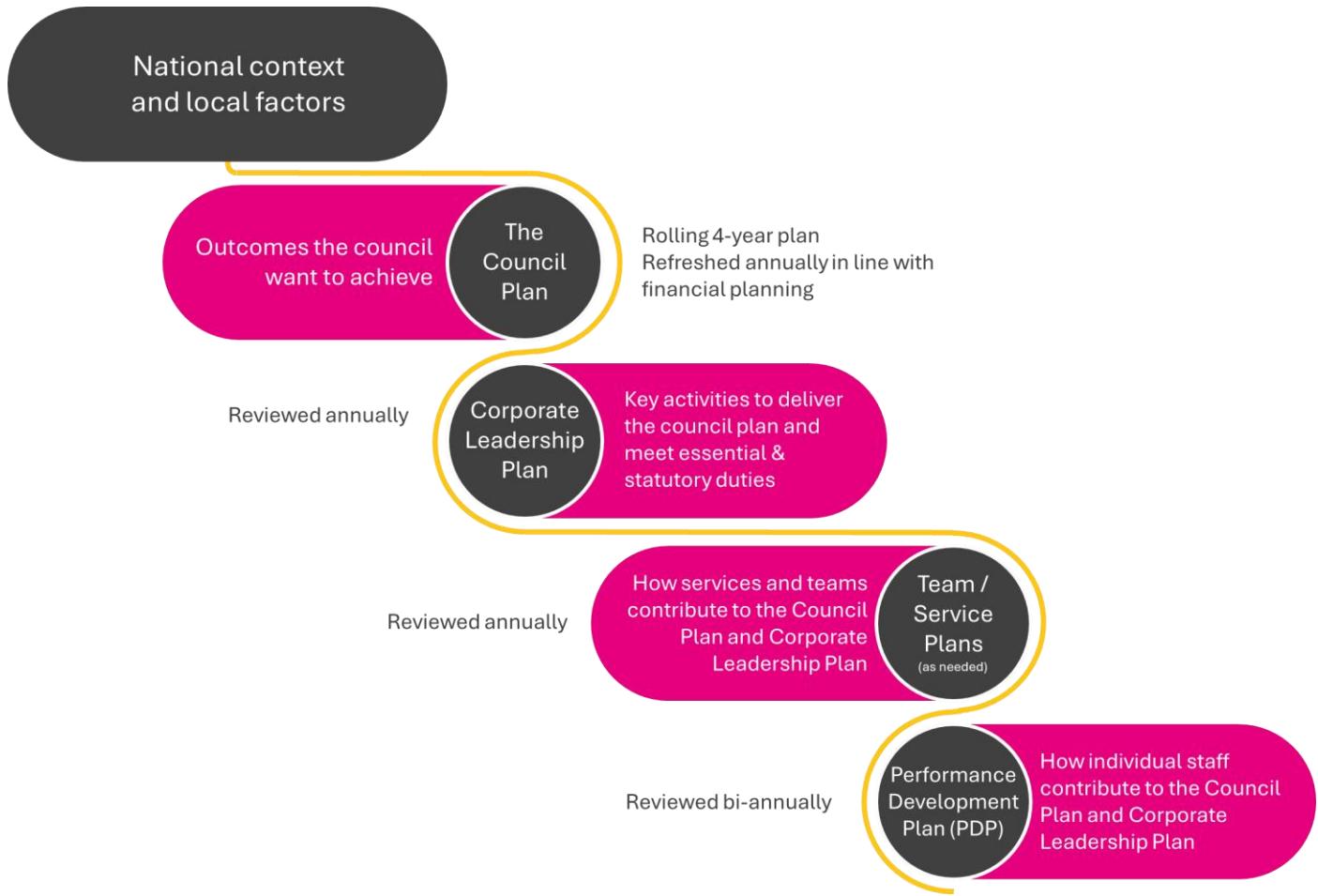


Figure 5: Illustration of the golden thread

Roles and responsibilities

All Members and officers are expected to commit to the Council's principles of good governance; however, there are specific responsibilities for the below individuals and groups, as set out in Part 2 of the Council's constitution:

The following Member bodies have specific responsibilities for good governance:

- > Full Council
- > Cabinet
- > Audit, Standards & General Purposes Committee
- > Overview and Scrutiny Committees

The Full Council makes decisions on key areas such as the Constitution, Policy Framework and budget.

The Cabinet is responsible for day-to-day decision making on most services. It must operate within the budget and policy framework agreed by the Full Council.

The Cabinet are held to account by Overview and Scrutiny committees. There are also several other committees which deal with functions like planning, licensing and Health & Wellbeing.

The Corporate Leadership Team has a collective accountability for ensuring good governance, and this is underpinned by the roles of three statutory officers of the council:

- > Head of Paid Service – Chief Executive
- > Monitoring Officer – Director of Governance & Law
- > Section 151 Officer – Director of Property & Finance

Chief Officers are responsible for the policies and procedures which form part of this Code and that fall within their functional responsibilities. Each Chief Officer is supported by senior managers who are responsible for ensuring that the relevant polices and procedures are up to date, are being complied with and are effective in achieving good governance.

How we ensure our arrangements are working

The Three Lines of Defence model has been practiced for a number of years, particularly within financial services, central government and the NHS. Our Risk Management Framework uses the 'three lines of defence model' to assess the effectiveness of how we manage organisational risks.

The Three Lines of Defence model outlines three levels of assurance and provides an 'assurance map' so that we can clearly see the sources of assurance and existing processes.



Figure 5: The three lines of defence model

Monitoring and reporting compliance with the code

There is a statutory requirement for each local authority to conduct a review of its system of internal control and prepare and publish an Annual Governance Statement (AGS) at least once every financial year in order to publicly report on the extent to which they comply with their own code of governance.

The AGS includes details of how the council has monitored and evaluated the effectiveness of its governance arrangements, an opinion on the level of assurance the governance arrangements provide and agreed actions, both taken and proposed, to address significant governance issues.

The AGS is reported to the Audit, Standards & General Purposes committee each year before being signed by the Council Leader and Chief Executive.

Risk Management Framework

Overview of the Risk Management Framework

This framework supports the consistent and robust identification and management of risks at proportionate levels across the council, supporting openness, challenge, innovation and excellence in the achievement of council objectives.

The subsequent sections within this document explain how the council considers and manages risk in the pursuit of its objectives and provides assurance over its systems of internal control.

Elements of this framework are aligned to the Government's [Orange Book: Management of Risk – Principles and Concepts](#), [Risk Appetite Guidance Note](#), [Good Practice Guide: Risk Reporting](#) and the Local Government Associations [Must know guide: Risk management](#)

This document is structured in 2 parts:

Part 1 outlines the fundamental principles and methodologies employed by the council in risk management. This section aims to clarify the rationale and objectives underpinning the design, implementation, and ongoing maintenance of the council's risk management

Part 2 describes the methods used for managing risks to align with the principles outlined in Part 1.

What is risk management?

Risk Management refers to the set of coordinated activities implemented to identify, assess, and control risk within the council.

A risk is the potential of an uncertain situation or event to impact on the achievement of the council's intended outcomes. Risk is usually expressed in terms of causes, potential events, and their impact:

- > A cause is an element which alone or in combination with other causes has the potential to give rise to risk
- > An event is an occurrence or change of a set of circumstances and can be something that is expected which does not happen or something that is not expected which does happen. Events can have multiple causes and consequences and can affect multiple objectives
- > the impacts, should the risk materialise, are the outcome(s) of an event affecting objectives, which can be certain or uncertain, can have positive or negative direct or indirect effects on objectives. Consequences can be expressed qualitatively or quantitatively

Risk is described in levels of exposure, which is a reflection of the amount of risk the council is exposed to as a combination of the likelihood of the risk occurring and the impact that may be experienced if that risk is realised.

The level of risk exposure is determined through the evaluation and scoring¹ of the risk regarding the impact if the risk is realised and the likelihood of the risk being realised.

¹ Further information of risk evaluation and scoring is detailed within [Part 2: Risk Management Process](#)

Our Risk Management Framework aligns with our Learning Framework



Part 1: Principles of risk management



Risk management is integral to the council's governance and leadership framework, underpinning its direction, management, and oversight at every level.

Be confident

Risk management is one of the eight elements in the Performance Management Framework, designed to support ongoing improvement and contribute to corporate governance by addressing risks that could affect the achievement of organisational objectives. The risk management framework aligns with CIPFA's Good Governance principles

Determining interventions to maximise outcomes

Managing risks and performance through robust internal control and strong public financial management.

View the [Local Code of Corporate Governance](#) for further details on the council's governance arrangements.



Risk management is integral to all council activities to support decision-making in achieving our objectives.

Be connected

Risk management extends beyond the risk management processes and forms an integral part of all council activities to support decision-making and provide assurance in achieving our objectives.

The assessment and management of risk should be an embedded part of, and not separate from:

- > setting strategy and plans
- > evaluating options and delivering programmes, projects or policy initiatives
- > prioritising resources
- > supporting efficient and effective operations
- > managing performance
- > managing tangible and intangible assets
- > delivering improved outcomes

Risks that could affect decision-making are outlined in cabinet and committee papers, so councillors have complete information regarding any potential impacts on the achievement of council objectives.

This diagram shows how risks should be considered to inform planning and audit delivery to support achievement of our strategic objectives.

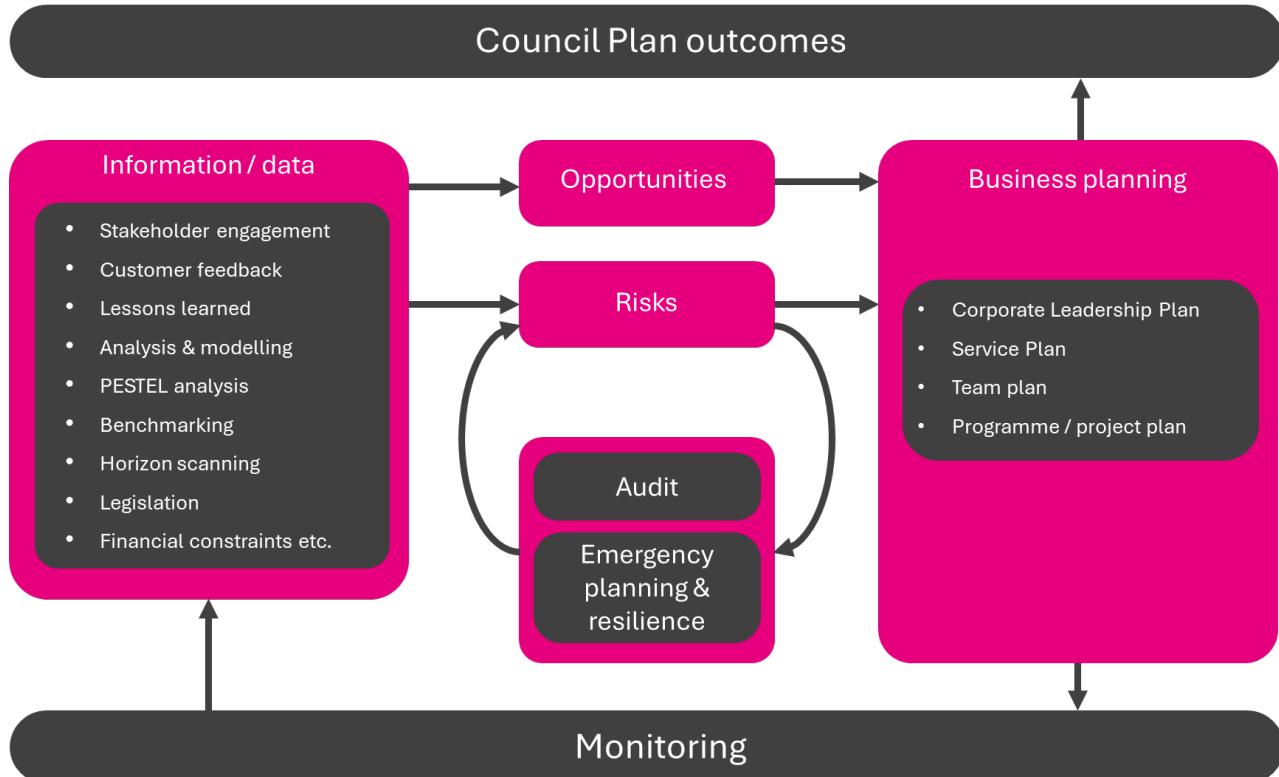


Figure 1: illustration showing how risk management informs council business



Risk management processes are structured to include:

Be confident

Risk Identification & Assessment

Risk identification and assessment help the Council to determine and prioritise how risks should be managed.

Consideration of emerging risks, accurate descriptions of risk, including the causes and potential consequences and use of the Three Lines of Defence to evidence internal controls.

The council uses a range of techniques for identifying specific risks that may potentially impact on one or more objectives. The following factors, and the relationship between these factors, should also be considered:

- > tangible and intangible sources of risk

- > changes in the external and internal context
- > uncertainties and assumptions within options, strategies, plans, etc
- > indicators of emerging risks
- > limitations of knowledge and reliability of information
- > any potential biases and beliefs of those involved

Risks should be identified whether the causes are within the council's direct control or not. Even seemingly insignificant risks on their own have the potential, if they interact with other events and conditions, to have significant or create opportunities.

Risk Treatment

Selecting and implementing the appropriate treatment using the Four Ts methodology (Treat, Tolerate, Terminate or Transfer). This supports the achievement of intended outcomes and ensures risks are managed to an acceptable level.

Correctly implemented, risk treatments will help prevent the risk from occurring and/or mitigate the impact of the risk if it does occur.

Re-assess the risk , on the basis that all planned treatments are completed to provide a Target Risk Score. This should be reflective of the organisations risk appetite for that risk area.

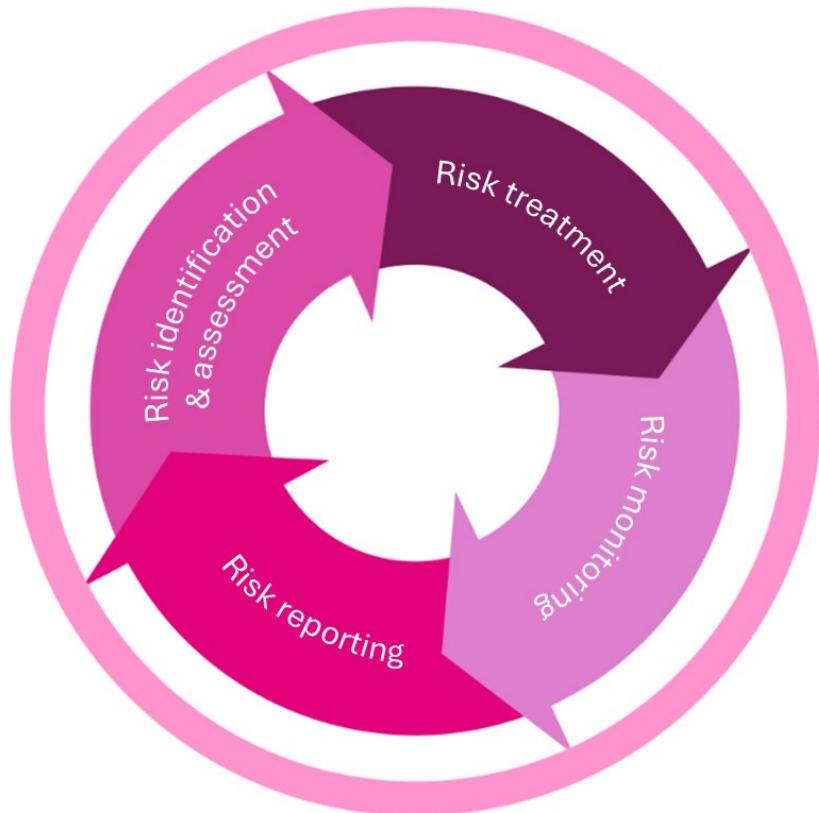


Figure 2: illustration of the risk management process cycle

Risk Monitoring

The effective monitoring of risks ensures that timely and insightful action can be taken and supports strategic planning and decision making.

Implementing effective monitoring of the causes, progress of actions and effectiveness of controls to understand current level of risk exposure.

Review & Report

Risk reporting enhances the quality of decision-making and supports management, and oversight bodies, in meeting their responsibilities.

Regularly review the risk descriptions, scores, controls, and actions in light of any new information or changes in circumstance timely, accurate and useful risk reporting to

enhance the quality of decision-making and to support management and oversight bodies in meeting their responsibilities.



**Be innovative
and creative**

Risk management shall be continually improved through learning and experience.

The council continually monitors and adapts the risk management framework to address external and internal changes.

The council looks to continually improve the suitability, adequacy and effectiveness of the risk management framework and process. This is supported by the consideration of lessons based on experience and, an annual review of the risk management framework.

Annual risk management audits, scrutiny from Audit, Standards & General Purposes Committee and reviewing and testing our systems of internal control as part of the development of the Annual Governance Statement provide further opportunity for improvement.



**Be healthy and
psychologically safe**

Risk Management is an integral part of our behaviour and culture

The council's risk culture supports transparency, welcomes constructive challenge and promotes collaboration ensuring an openness to scrutiny and embracing expertise to inform decision-making and learn.

The risk culture requires:

- > Leaders at all levels setting the tone and personally demonstrating the importance of the management of risk with clear accountability, to give greater confidence in decision-making.
- > Communication channels that enable and encourage conversations and challenge around risk throughout the organisation as well as communicating corporate messages of success and learning from both positive and negative experiences.
- > Empowering employees to own and therefore manage risks at an operational level, and for all employees to feel able and empowered to speak up where there is a concern that threatens success, delivery, achievement, and good performance.

- > An embedded and accessible source of information, practical examples and scenarios, and easy to understand guidance to make the 'risk process' real and relatable to everyone.

Part 1a: Risk management approach

Levels of risk management across the council

Risk identification and assessment supports the prioritisation of risks and ensures they are managed appropriately and with sufficient allocation of resources and oversight.

The council has three distinct levels of risk management:

- > Strategic (corporate)
- > Directorate
- > Service or Programme/Project

The table below provides an overview of the differences in risk management between the three levels.

Level	Owner	Level definition	Management process	Oversight
Strategic Risks (SR)	A member of the Corporate Leadership Team (CLT)	Significant impact on the achievement of Council Plan outcomes Impacts multiple directorates, partners or the city	Managed by Corporate Performance & Risk Team Reviewed quarterly at DLT and CLT meetings Reviewed biannually at Cabinet	Cabinet Audit, Standards & General Purpose Committee Lead Cabinet Member External & Internal Audit
Directorate Risks (DR)	A member of a Directorate Leadership Team (DLT)	Will impact on the ability to deliver Council Plan outcomes Impacts multiple services or departments	Managed by DLTs with support from Corporate Performance & Risk Team Reviewed quarterly at DLT and CLT	Corporate Leadership Team Lead Cabinet Member
Service Risks	Head of Service or Team Leader	Impacts on achievement of the service objectives Response can be managed within service	Managed within service	Directors Heads of Service

Programme & Project Risks	A member of the Programme or Project Board	Impacts on achievement of the Programme or Project's objectives Response can be managed within Programme or Project	Managed within programme or project	Directors Programme/Project Board
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The level a risk is managed at will depend on the scope, scale of potential impact and the type of response required. Risks can be escalated or de-escalated between the management levels as the level of risk exposure increases or decreases.



Figure 4: illustration of risk management levels

Risk assurance

Risk assurance specifically refers to the processes and systems which can be used to hold the council to account and give confidence in how it delivers its duties, functions and outcomes through the management of risk.

Directly supporting the levels of risk management, the council uses the 'three lines of defence' model to assess and provide assurance of the effectiveness of our internal controls for any strategic risk.

The Three Lines of Defence model outlines three levels of assurance within our existing controls for each risk, providing evidence of the controls, oversight and existing processes specific to that risk.

The use of the Three Lines of Defence model demonstrates:

- > Robust controls are systematically established,
- > Comprehensive checks are in place across all control areas,
- > the best use of the assurance process, i.e. all areas checked have oversight and duplication is avoided

Risks managed at corporate, directorate, service or programme/project level need to include oversight and assurance arrangements within the details of their existing controls.

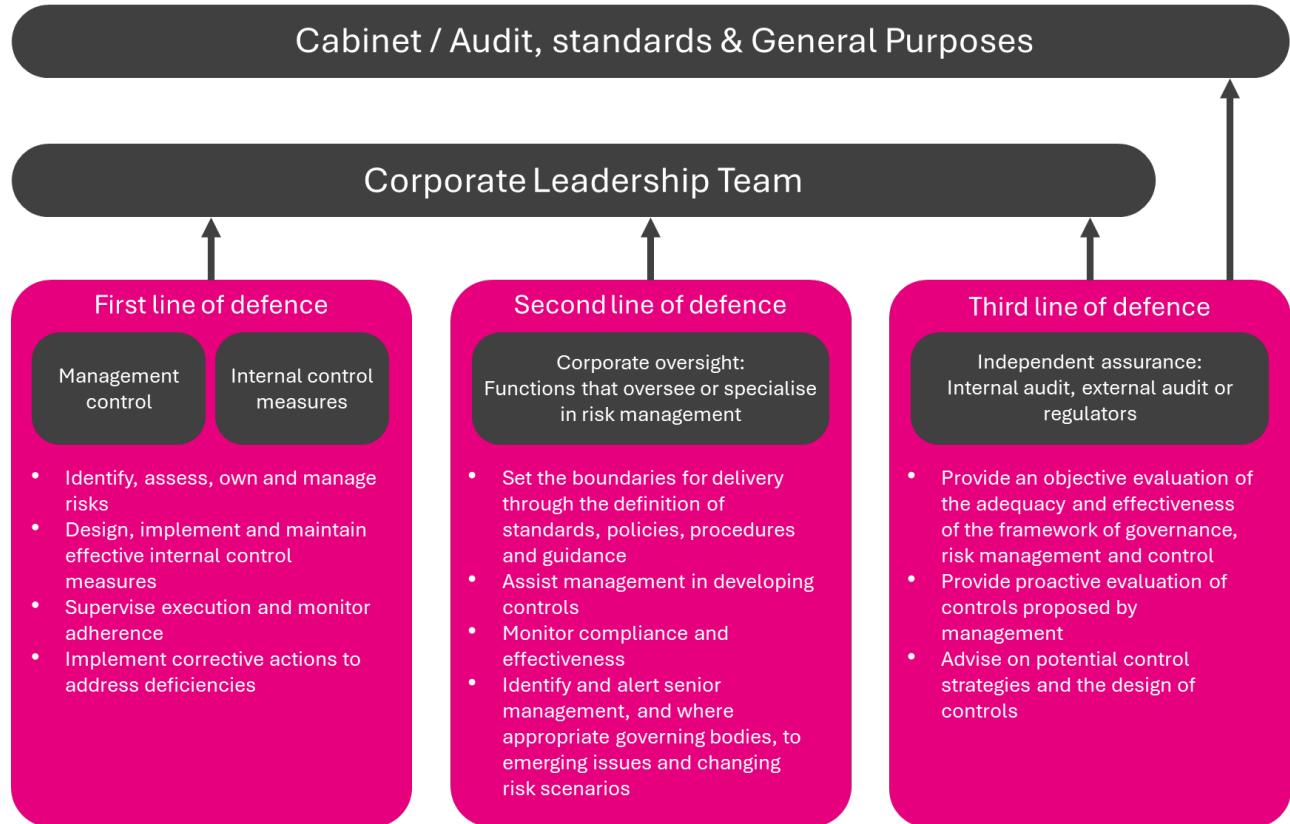


Figure 5: illustration of three lines of defence model

Roles & Responsibilities

To ensure the effective and robust management of risk, specified council functions, members and officers are responsible and accountable for the management of risk.

The key responsibilities for the management and oversight of risk are detailed within the Council's Constitution. The table below outlines these responsibilities alongside those responsible for managing the process.

Role	Responsibilities
Cabinet	Approval of the Risk Management Framework Oversight and review of strategic risks
Audit, Standards & General Purpose Committee	Oversight of the risk management framework and recommend improvements to strengthen risk management
Cabinet Portfolio Leads	Oversight of relevant risks

Corporate Leadership Team (CLT)	<p>Accountable for the Strategic Risk Register</p> <p>Review the strategic risk register, ensuring it contains appropriate risks and they are managed effectively</p> <p>Escalation/de-escalation of risks between directorate and strategic levels</p> <p>Agree recommendations in changes to strategic risks</p> <p>Promote culture of risk management</p> <p>Each CLT member is responsible for their Directorate Risk Register</p>
Directorate Leadership Team (DLT)	<p>Management of the directorate risks, ensuring it contains appropriate risks, and they are managed effectively</p> <p>Escalation/de-escalation of risks between service and directorate</p>
Risk Owner	<p>Accountable for the management of assigned risks, ensuring descriptions, assessments and risk scores are accurate, and suitable controls and actions are in place to mitigate the risk</p> <p>Provide updates on the risk, including any emerging information which may impact the risk</p>
Risk Action Lead	<p>Responsible for delivering the action assigned</p> <p>Provide progress updates</p> <p>Support the risk owner to describe and mitigate the risk</p>
Corporate Risk Management Lead	<p>Maintain the Strategic Risk Register through regular reviews with DLTs and CLT</p> <p>Support DLTs to review their Directorate Risk Registers</p> <p>Implement and review the risk management framework</p>

Risk appetite

Risk Appetite is the amount of risk the council is willing accept, in order to achieve its strategic objectives.

Fundamentally, it is the amount of uncertainty the council is prepared to accept in the pursuit of its objectives within any given scenario. Once defined, risk appetite improves the consistency across governance and decision making by increasing awareness of the council's tolerance for risk and ensures the council attention is directed towards the correct areas.

Each risk category has a risk appetite position statement that defines the level of risk the council is prepared to accept within that particular area at any given point in time and in

the context of our strategic objectives, current priorities, and our power to directly influence any given situation.

The risk appetite for each category is set out in the [council's risk appetite statement](#).

These position statements inform how we approach decisions within each risk category and ensure the council remains within its preferred level of risk appetite.

When assessing and scoring strategic risks, the risk appetite is considered, and a target score is set at a tolerable level.

The below table provides a general description of each appetite level.

Appetite Level	General description (for guidance only)
Averse	We are unwilling to tolerate risks in this area Will always select the lowest risk option Avoidance of risk is key to organisation objective Close to zero tolerance for uncertainty of outcome
Minimal	We will take the lowest possible risks in this area Preference for ultra-safe, low risk actions Activities will only be taken when essential, with strong governance in place and limited possibility or impact of failure
Cautious	We will consider taking risks within this area but hold a preference for safe options Willing to consider acting where benefits outweigh the risks and with strong governance in place Activities with a higher level of risk may be acceptable if it is deemed largely controllable
Open	We will tolerate risks with a higher level of uncertainty of outcome in the right conditions We aim to maintain a balance between a high likelihood of successful delivery and maximizing benefit and cost-effectiveness. Will take risks but manage impact
Eager	Willing to tolerate a high level of risk and accept uncertainty of outcome in order to maximise opportunity and potential higher benefit

For example, when determining how to address a risk within an area where the council has a minimal appetite, appropriate measures will need to be put in place to ensure the desired outcome is achieved. Whereas a risk in an area where the council has an open or eager appetite, whilst still requiring internal control, governance and oversight there will be an acceptance of a higher level of uncertainty in our actions to deliver the intended outcomes.

Strategic risks are presented to Cabinet at least annually. Cabinet, and the relevant Cabinet Lead, should take account of the risk appetite when considering whether the target score is appropriate and provide support and constructive challenge to the risk owner.

Risk Categories

The [Orange Book](#) recommends risks should be organised by taxonomies or categories of risk. Grouping risks in this way supports the development of an integrated and holistic view of risks allowing the council to better understand and address risks as a connected council.

The below categories represent the core risk areas. Failure to manage risks in any of these categories may lead to financial, reputational, legal, regulatory, safety, security, environmental, employee, customer and operational impacts.

Category	Description
Governance	Related to weaknesses in internal control, lack of clear ownership & accountability, oversight or assurance.
Legal	Related to defective transactions, claims, or other legal events that may result in liabilities or losses or a failure to meet legal or regulatory requirements or to protect assets.
Property	Related to weaknesses in property asset management that may lead to non-compliance, harm, or suffering to employees, contractors, service users, or the public.
Financial	Related to weaknesses in managing finances in accordance with requirements and legislation, financial investment, maximising revenue opportunities or insufficient service funding.
Procurement, partnership or commercial	Related to weaknesses in the management of commercial partnerships, supply chains and contractual requirements, resulting in poor performance, inefficiency, poor value for money, fraud, and/or failure to meet business requirements/objectives. Includes risks associated with procurement of goods/works/services
People	Related to leadership and engagement, culture, behaviours, and non-compliance with employment legislation/HR policies or insufficient capacity and capability of services.
Safeguarding	Related to practices and internal controls for safeguarding to meet our statutory duties.
Health and safety	Related to the management of Health & Safety operational practices, compliance and reporting.
Technology	Related to technology not delivering the expected services due to inadequate or deficient systems/processes, a lack of investment and development, poor performance or inadequate resilience.
Information and data use	Related to a failure to produce robust, suitable, and appropriate data/information systems and processes or to exploit data/information to its full potential.

Information Governance & Security	Related to a failure to prevent unauthorized and/or inappropriate access to systems, assets and information including cyber security and non-compliance with UK General Data Protection Regulation requirements.
Project or Programme	Risks associated with innovation and change programmes that may not successfully and safely deliver requirements and intended benefits to time, cost, and quality.
Reputational	Related to adverse events, including ethical violations, a lack of sustainability, systemic or repeated failures, or poor quality that may result in damage to the council's reputation or destruction of trust and relations.

Part 2: Risk Management Process

This section provides an overview of the council's risk management process.

Recording risks

Before starting any risk identification or assessment, you should establish how you are going to capture and record the risks.

Risks are generally recorded in a risk register that captures all the details and provides a simple and effective way to view and prioritise risks. Risk registers can vary in format, however the most frequently used is an excel spreadsheet. Further details of what to include in a risk register are provided in [Part 2a: Supporting material](#).

Strategic and directorate risks are recorded and managed corporately on a central register.

Service, programme and project risks should use an appropriate register to capture and manage risks.

Step 1: Risk Identification & Assessment

Identifying risks is the first stage of the risk management process. Risks can be identified by anyone, but they need to be clearly articulated so that the council is fully aware of the causes and potential impacts to ensure the right controls and treatment can be put in place.

This is often best done in groups of stakeholders who are responsible for delivering or are impacted by the objectives. It is important to identify risks when:

- > Setting strategic aims
- > Setting business objectives
- > Writing plans
- > Project planning
- > Appraising options
- > Making changes to business set up or service provision
- > Reviewing audits
- > Learning from incidents

It may be useful to use the [risk categories](#) as prompts when identifying risks.

Risk Description²

Once identified, it is important to provide accurate and honest descriptions.

Start by describing the risk in a short summary that clearly explains the risk event. This often begins with terms such as:

- > Loss of ...
- > Uncertainty of ...
- > Ineffective Partnership with ...
- > Slow Development of ...

² Definitions for risk event, causes and impacts is provided in [Part 1: Overview](#)

- > Unable to take up Opportunity to ...
- > Threat of ...
- > Failure to ...

Then detail what causes may lead to the risk event occurring and the impacts, should the risk materialise. It is best to use short and concise sentences when detailing the causes and impacts.

It may also be useful to consider when the risk is likely to occur (its proximity), as this will further support decision-making and prioritisation.

Existing Controls

Taking into consideration the causes and potential impacts of the risks, detail what current process, systems and measures already in place that support the prevention of the risk event from occurring or reduce the impact if it does occur.

It is important to be open and honest when detailing the controls to ensure the current level of risk exposure is understood and appropriate treatment can be applied.

Assessing the level of risk exposure

Risks are prioritised by assigning scores of 1 to 5 to the likelihood (L) of the risk occurring, and the potential impact (I) if it should occur. These L and I scores are multiplied; the higher the result of $L \times I$, the greater the level of risk exposure. For example $L4 \times I4$, which denotes a Likelihood score of 4 (Likely) x Impact score of 4 (Major), which gives a total risk score of 16. This would be considered a high level of risk exposure.

A colour coded system, similar to the traffic light system, is used to distinguish risks that require intervention. Red risks are those with the highest level of exposure (15-25), amber risks hold a significant level (8-14), yellow risks are moderate (4-7), and then green risks have the lowest level (1-3).

The purpose of scoring is to support prioritisation of risks to ensure resources are allocated to the most significant risks. Heat maps are a helpful way to see how risk scoring compares.

When assessing the current risk score, consideration must be made to the existing controls identified. For example, if we have robust systems in place that tell us how close we are to the risk occurring the likelihood of it occurring would be significantly lower.

Scoring should be a realistic assessment without optimism bias. The risk scoring guidance below can support you to assess the risk score by providing examples of what the impact may be in relation to specific impact areas. If the risk has the potential to impact multiple areas, this should be taken into consideration when determining the overall impact score for the risk, as the overall impact to the organisation may be higher as a result. For

Almost certain (5)	5	10	15	20	25
Likely (4)	4	8	12	16	20
Possible (3)	3	6	9	12	15
Unlikely (2)	2	4	6	8	10
Almost impossible (1)	1	2	3	4	5
	Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)

Figure 5: Risk scoring matrix

example, if the risk has a moderate impact in 3 separate areas, you may wish to score the overall impact as major.

It should be noted that the below tables, and definitions, are to provide guidance and support when considering how to score risks. They are not intended to provide specific instruction when scoring the level of impact, and as such should be amended appropriately based on the risk being scored.

Likelihood Risk Score

Risk Score	Likelihood Descriptor	Guidance
1	Almost Impossible	Difficult to see how this could occur. Has happened very rarely before or never Is a highly unlikely climate scenario, even at the extremes of climate projections
2	Unlikely	Do not expect occurrence but it is possible. Less than 10% chance of occurrence May have happened in the past; unlikely to happen in the next three years
3	Possible	May occur occasionally. Only likely to happen once in 3 or more years Has happened in the past; reasonable possibility it will happen as part of climate change scenarios
4	Likely	Will occur persistently but is not an everyday occurrence. Likely to happen at some point within the next 1-2 years Circumstances occasionally encountered within likely climate change scenarios
5	Almost Certain	High probability of situation occurring Regular occurrence, Circumstances frequently encountered, daily/weekly/monthly

Impact Risk Score

The below tables provide guidance on how to score the impact of the risk within specific areas.

Impact Area	1 Insignificant	2 Minor	3 Moderate	4 Major	5 Catastrophic
Health & Safety	minor injury, basic first aid required, 1 person affected, no absence from work, no delay	non-permanent harm, short-term injury, resulting in absence of up to 6 days.	causing semi-permanent disability, injury, disease, or harm which could interrupt attendance at work for of 7 days or more	causing death, permanent disability, serious injury or harm, e.g. loss of function or body part(s), serious disability, single death of any person. Long term absence from work.	multiple deaths involving any persons, long term absence from work, more than 30 days extended hospital stay
City & community	insignificant disruption to community services, including transport services and infrastructure	minor localised disruption to community services or infrastructure less than 24 hours	damage that is confined to a specific location, or to a number of locations, but requires additional resources. Localised disruption to infrastructure and community services	significant damage that impacts on and possible breakdown of some local community services. Requires support for local responders with external resources	extensive damage to properties and built environment in affected areas. General & widespread displacement of more than 500 people for prolonged duration. Community unable to function without significant support
Service Delivery	No or marginal service disruption No noticeable drop in service performance	service disruption or partial closure for 1 or 2 days Drop in service performance	service disruption or total closure for 1-3 days Poor service performance Slight impact on Council Plan outcomes	service disruption or total closure for 3-7 days Repeated poor service performance Impact to delivery of Council Plan outcomes	Service disruption or total closure for 7+ days Ongoing failure to provide an adequate service Failure to deliver on Council Plan outcomes
Economic	none/minimal financial burden (less than £100, can be resolved at local service / department level), minor interruption to income generation, no permanent loss	minimal financial burden or disruption to income generation (less than £1,000 but greater than £100). Can be resolved at line manager/ service manager level through usual budgetary measures	moderate financial burden (less than £10,000 but greater than £1,000). Interruption to income generation lasting less than 14 days, majority of income recoverable but at additional cost	major financial burden (less than £100,000 but greater than £10,000). Can include significant extra clean up and recovery costs.	Catastrophic financial burden (greater than £100,000). Extensive clean up and recovery costs

Environment	insignificant impact on environment	minor impact on environment with no lasting effects	limited impact on environment with short-term or long-term effects	significant impact on environment with medium to long term effects	serious long-term impact on environment and/or permanent change.
Reputation	organisation(s) reputation remains intact	minimal impact on organisation(s) reputation	moderate impact on organisation(s) reputation	major impact on organisation (s) reputation / National adverse publicity	catastrophic impact on organisation(s) reputation. International adverse publicity
Personal Privacy Infringement	No personal details compromised / revealed	Isolated individual personal detail compromised / revealed	All personal details compromised / revealed	Many individual personal details compromised / revealed	Personal Data revealed which leads to serious incident and lack of credibility in organisation's ability to manage data, fine

Project Delivery	1 Insignificant	2 Minor	3 Moderate	4 Major	5 Catastrophic
Project Status	Project on schedule to deliver the planned works on time and to budget	Project on schedule to deliver the planned works on time and to budget	The project has encountered some issues which could affect the delivery of the planned works within agreed time, costs, and resources	The project has encountered some issues which could affect the delivery of the planned works within agreed time, costs, and resources	Delivery of the planned works within agreed time, costs and resources is presently threatened
Timescales	No delays anticipated	The project is delayed by 1 week or under	The project is delayed by 1 week – 2 weeks	The project is delayed by 2 weeks or over	The project is delayed for an indefinite period
Resources	The project is fully resourced	The project is fully resourced	A lack of human resources which could impact overall delivery and require Programme Board attention	Lack of human resource is impacting successful delivery and needs to be addressed immediately	Lack of human resource is impacting successful delivery and needs to be addressed immediately
Issues	All issues under control and no outstanding issues requiring Programme Board attention	All issues under control and no outstanding issues requiring Programme Board attention	Outstanding issues which could impact overall delivery and require Programme Board attention	Outstanding issues which could impact overall delivery and require Programme Board attention	Outstanding issues which will impact the overall delivery require URGENT Programme Board attention
Risks	All risks under control and no outstanding issues requiring Programme Board attention	All risks under control and no outstanding issues requiring Programme Board attention	Risks that have a medium probability of occurring and will have a medium impact on the programme and require Programme Board attention if there is no change or is increasing	Risks that have high or medium probability and impact if they occur and require the Programme Board attention	Risks that have high or medium probability and impact if they occur require the Programme Board attention
Budget	Predicted costs are on track and within the cash limit budget	Predicted costs are on track and within the cash limit budget	Predicted costs are under 10% of budget	Predicted costs are up to 10% over budget	Predicted costs are higher than 10% over budget

Step 2: Risk Treatment

Based on the Current Risk Score, and considering the risk appetite, determine the most appropriate treatment for the council to take in addressing the risks by using the four T's and record the reason for your choice.

Treat	Take further action to reduce the likelihood or impact
Tolerate	Decide the risk level is tolerable and that no extra resources will be applied
Terminate	Stop undertaking the activity which leads to the risk
Transfer	Pass to another party or organisation to manage and reduce the council's liability

The below table provides recommended approach based on the level of exposure

Risk Rating	Risk Score	Recommended action
High	15-25	Immediate action and/or escalation required Mitigating actions must be taken Monitor the risk to ensure action is having the desired effect
Significant	8-14	Review and ensure effective controls Mitigating actions should be taken Monitor the risk to ensure action is having the desired effect
Moderate	4-7	Monitor in case the risk levels increase
Low	1-3	Monitor as part of business as usual

Mitigating Controls Actions

If you have decided that the risk should be treated, then mitigating actions should be taken to reduce the likelihood and/or impact of the risk. When developing mitigating actions, Risk Owners are strongly encouraged to work with all key stakeholders, including external partners to ensure the right actions are identified and stakeholder buy in into the delivery of these actions. The actions must be SMART (Specific, Measurable, Achievable, Realistic and Timebound) and agreed by the Risk Action Lead who is named responsible for delivering the action. Mitigating actions should have a start and end date and progress should be regularly tracked.

It is important to ensure that mitigating risk actions map to directorate or service plan actions, so that they are planned and resourced adequately to be completed within the timeframe indicated.

You should also detail any action required to tolerate, terminate or transfer the risk to ensure that this is completed in a controlled way, and any additional monitoring is established and embedded.

Target Risk Score

The target risk score is scored similarly to the current risk score but is based on the assumption that the mitigating actions are completed at the expected time. This must reflect the level of risk the council is willing to operate at to bring the risk exposure down to

tolerable level. However, the score needs to be realistic and consider the uncertainty of the situation and resources available to deliver actions so the target risk score can sometimes remain as a high 'red' score regardless of mitigation.

Step 3: Risk Monitoring

Risks must be regularly monitored to support understanding of whether the level of risk exposure is changing and to what extent the existing controls, or mitigating actions, are having the desired effect. A monitoring structure should be agreed that identifies key indicators to show the progress or effect of controls and actions at suitable intervals.

If there is not any current control that can be used to provide this insight, then serious consideration should be given to establishing a monitoring process. This should take into account whether costs, efforts or advantages of the controls and action being taken balances against potential benefit of achieving the objective.

Step 4: Review and Report

Risk Reviews

It is important to regularly review risks, to determine if there is new information or changing circumstances that may impact the level of risk exposure.

Strategic risks are reviewed quarterly by Directorate Leadership Teams (DLT) and then the Corporate Leadership Team (CLT). Newly identified risks and suggested amendments to strategic risks are reported as part of this process.

Direktorate risks are reviewed at least fortnightly by DLTs and CLT.

It is recommended that risk reviews are established within the governance arrangements for all services, programmes and projects with clear protocol for escalation.

Whilst risk reviews occur quarterly it is recommended for risk owners and services to provide additional reports to CLT, outside of the quarterly cycle, where risk scores are not reducing or where circumstances impacting the risk significantly change.

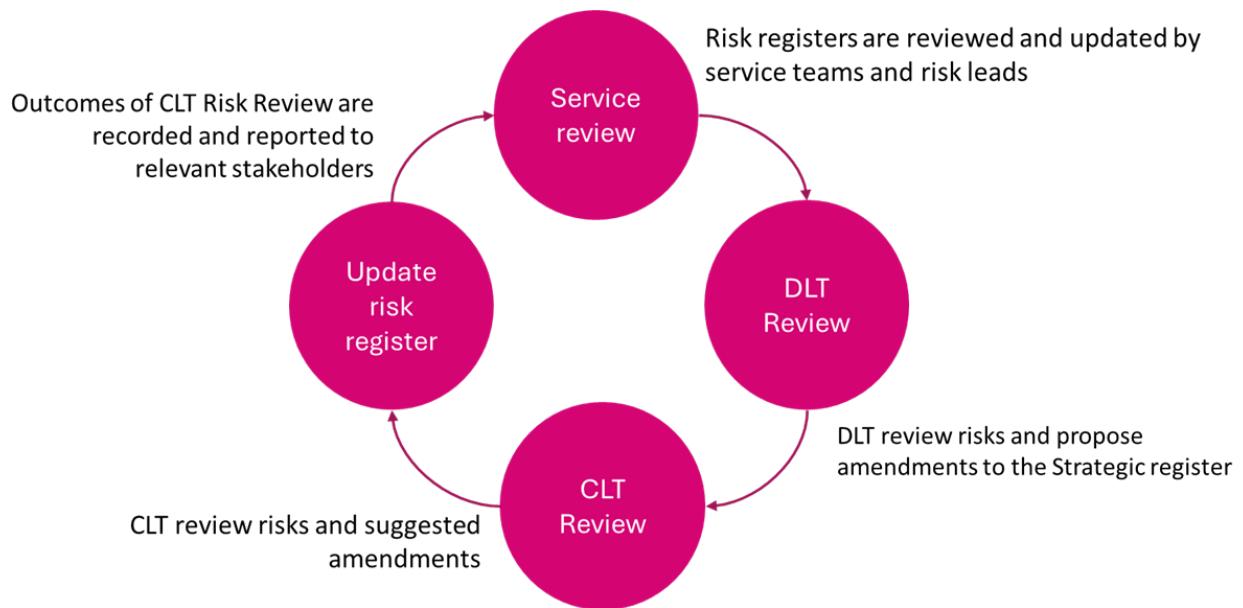


Figure 7: Risk reporting & review cycle

Risk Reporting

Risk reporting provides a regular mechanism to give updates to key stakeholders, ensuring the right information is given to the right people, at the right level, at the right time. Strategic and directorate risks are recorded and managed corporately on a central register and reported on a quarterly cycle, alongside other key performance data (such as business planning and corporate key performance indicators) to support an ongoing narrative of information.

In doing so risk reporting enhances the quality of organisational decision-making, informs prioritisation of activity, and strengthens organisational oversight.

The benefits of regular risk reporting include:

- > Embedding a consistent understanding of risks, thereby reducing the uncertainty of outcomes
- > Enabling the council to understand the effectiveness of internal controls and take direct, timely and informed interventions as required
- > Integrating risk, planning, performance and prioritisation discussions to enable informed consequence-based decisions
- > Providing assurance to stakeholders, including oversight bodies, that risks are understood and being effectively managed
- > Providing oversight of business activities, enabling a dynamic response to unplanned events threatening delivery of priorities and strategic objectives

A reporting timetable is published annually to inform risk owners and action leads the dates they are required to provide updates to the risk details and actions.

Risk reviews are the best time to ensure risks are considered, although risks must be escalated at any time there is a change to the level of risk exposure.

Strategic risks are reported to Cabinet biannually as part of the Council Plan progress report.

The Risk Management Framework is reported annually to Cabinet, for approval, and Audit, Standards & General Purposes Committee, for the scrutiny and examination of the effectiveness of the council's arrangements for the management of risk.

Part 2a: Supporting material

Glossary of terms

Assurance	an evaluated opinion, based on evidence gained from review, on the organisation's governance, risk management and internal control framework.
Current risk score	The assessment of the risk (likelihood x impact) taking into consideration the existing controls already in place. This represents the level of risk exposure the council is currently facing
Exposure	the consequences, as a combination of impact and likelihood, which may be experienced by the council if a specific risk is realised.
Initial risk score	The assessment of the risk (likelihood x impact) before any controls are in place
Internal control	any action, originating within the organisation, taken to manage risk. These actions may address either the potential impact of the risk, should it materialise, or the likelihood/frequency with which the risk occurs.
Risk Appetite	the amount of risk that the council is prepared to accept, tolerate, or be exposed to at any point in time.
Risk assessment	the evaluation of risk with regard to the impact if the risk is realised and the likelihood of the risk being realised.
Risk management	all the processes involved in identifying, assessing and judging risks, assigning ownership, taking actions to mitigate or anticipate them, and monitoring and reviewing progress.
Target risk score	The assessment of the risk (likelihood x impact) taking into consideration the existing controls already in place and on the assumption of all mitigating actions having been delivered

Risk registers

Risks are recorded in a risk register that captures all the details and provides a simple and effective way to view and prioritise risks. Risk registers can vary in format, however the most frequently used is an excel spreadsheet.

Information and data captured in risk registers can vary and should be proportionate to the potential level of risk exposure to the council. For example, operational risk register may not need to capture oversight arrangements as these will likely be detailed in other places.

A corporate template is available through the [Wave](#) and is designed to capture the below details:

Risk Ref	It is easier to monitor, report and manage multiple risks if they have reference numbers. There is no corporate standard so please use a system that works for your area
What is the risk?	Provide a description of the event or issue that may occur which could prevent achievement of your objective
Risk causes	What are the likely causes, or events, that could make the risk happen
Risk Consequence or Impact	What are the potential consequences or impact if the risk were to happen
	Considering the causes and existing controls in place, what is the likelihood of the risk happening now?
Initial Likelihood (L)	<p>1 – Almost Impossible 2 – Unlikely, 3 – Possible 4 – Likely 5 – Almost Certain</p>
	Considering the consequences, what would be the impact if the risk were to happen now?
Initial Impact (I)	<p>1 – Insignificant 2 – Minor 3 – Moderate 4 – Major 5 – Catastrophic (or Fantastic, if an opportunity)</p>
Initial Risk Score (L x I)	This is the current risk score indicating the likelihood and impact without controls
Existing Controls already in place (BAU)	What existing controls do we already have in place, and functioning, to mitigate this risk?
	Considering the causes and existing controls in place, what is the likelihood of the risk happening now?
Current Likelihood (L)	<p>1 – Almost Impossible 2 – Unlikely, 3 – Possible 4 – Likely 5 – Almost Certain</p>
	Considering the consequences, what would be the impact if the risk were to happen now?
Current Impact (I)	<p>1 – Insignificant 2 – Minor 3 – Moderate 4 – Major 5 – Catastrophic (or Fantastic, if an opportunity)</p>
Current Risk Score (L x I)	This is the current risk score indicating the likelihood and impact before any mitigating actions are taken
Risk Indicator	List how can you monitor the issue to determine if it is more or less likely to occur?
	Is the level of risk exposure increasing, decreasing or the same since it was last reviewed?
Direction of travel	<p>↑ - increasing (the risk score has increased) ↓ - decreasing (the risk score has decreased) ↔ - no change (the risk score has stayed the same)</p>

Risk Treatment	Select how you are going to manage the risk from the 4 T's
Mitigating Actions	If you have decided to treat the risk please provide details of all the actions being taken to reduce likelihood or impact. If you are transferring, tolerating or terminating the risk please provide details.
	Risk actions should include details of who is responsible for delivering the action.
Action due date	When is the action expected to be completed?
Risk Owner	Who has overall responsibility for managing the risk
	Considering the causes & controls, what would be the impact if the risk were to happen after we have delivered all mitigating risk actions. 1 – Almost Impossible
Target Likelihood (L)	2 – Unlikely, 3 – Possible 4 – Likely 5 – Almost Certain
	Considering the consequences, what would be the impact if the risk were to happen after we have delivered all mitigating risk actions.
Target Impact (I)	1 – Insignificant 2 – Minor 3 – Moderate 4 – Major 5 – Catastrophic (or Fantastic, if an opportunity)
Target Risk Score (L x I)	This is the expected risk score following completion of all mitigating actions or risk treatment
Date Added	When was the risk added to the register
Last reviewed date	When was the risk last reviewed
	Select the current risk status. You should not delete risks from register but mark them as closed, terminated or transferred
Status	Newly identified Active (ongoing) Closed (no longer a risk) Transferred Terminated

Risk management training and guidance

Risk management training and guidance is available to all members and officers, resources can be found on the [Wave](#).

Appendices

Risk appetite statement

Our risk appetite has been defined following consideration of organisational risks, issues and consequences. Given the complexities of Local Government and the wide array of services delivered by the council, it is not appropriate to define a single risk appetite that can be applied across the organisation.

Appetite levels will vary, in some areas the council will be cautious, in others it will be open to risk and willing to carry a higher level of uncertainty in the pursuit of its intended outcomes.

The council has described its appetite across core risk categories, detailed below, and sets target scores at its tolerable level.

We will always aim to operate organisational activities at those defined levels. Where activities exceed the defined levels, or a risk is outside its defined tolerance, this must be managed through appropriate governance mechanisms.

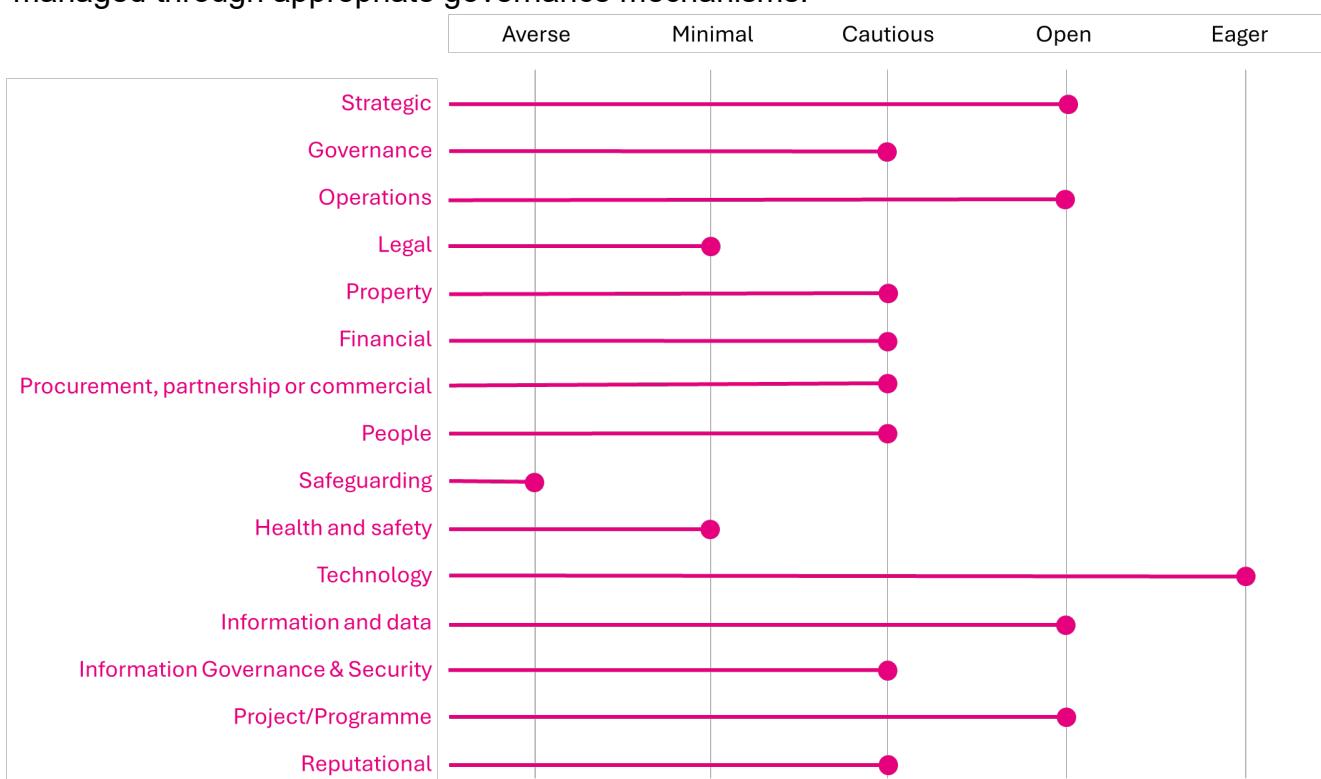


Figure 8: Visual of the council's risk appetite across the core risk categories

Governance	Cautious
The Council recognises that strong governance is fundamental to achieving its strategic objectives, maintaining stakeholder trust and meeting its statutory requirements. However, it seeks governance innovation and process improvements that enhance efficiency and effectiveness. As such it has a cautious appetite for risk in relation to its governance arrangements, systems of internal control and assurance.	
This means the Council:	

- will not tolerate risks that could lead to failures in oversight, accountability, or decision-making processes or conflicts of interest that compromise integrity or transparency.
- is willing to revise governance arrangements to enhance agility and responsiveness, while maintaining clear accountability.
- is willing to adopt new technologies, or approaches, that may hold initial uncertainty but aim to strengthen governance outcomes

Legal

Minimal

The Council has a **minimal** appetite for legal risk

This means the Council:

- Will not tolerate breaches of statutory or regulatory obligations,
- will prioritise rigorous legal review, compliance monitoring, and risk mitigation strategies to avoid litigation, penalties, or reputational harm
- will not knowingly undertake any activity that breaches law, statutory obligations, or actions leading to criminal liability, fraud, or corruption.

Property

Cautious

The Council has a **cautious** appetite for risks that may impact our ability to manage council property (including housing, commercial and operational property) and deliver new housing supply.

This means the Council:

- prioritises resources on compliance with all regulatory and legislative requirements
- adopts a range of agreed solutions for the purchase, rental, disposal, construction and refurbishment that ensures meeting our requirements
- focuses resources on the prevention of homelessness and meeting its housing duty
- will accept a moderate level of risk exposure in delivering new housing supply
- will consider low risk actions which support delivery of housing priorities and objectives with robust controls, oversight and monitoring arrangements in place

Financial

Cautious

The council has a **cautious** appetite for financial risks and puts in place appropriate controls through governance, policies, and procedures to manage risk.

This means the Council:

- has strong governance in place for investment capital
- limits delegation of making significant financial decisions
- has robust policies and procedures for financial planning, management and reporting
- will consider options to invest and funding for delivery of modernisation and invest-to-save proposals
- will consider value for money and tangible benefits (cashable and otherwise) to achieve service benefits and deliver a sustainable solution (not always select the cheapest option)

Procurement, partnership or commercial

Cautious

The council has a **cautious** appetite for procurement, partnership, and commercial risk

The means the council:

- will balance risk with reward through robust due diligence, clear contracts, and ongoing performance management.
- is open to innovative partnerships and commercial deals that offer cost-effective solutions, enhance services, and generate economic and social value
- is willing to consider a higher level of risk where these activities align with our strategic objectives, enhance service delivery, and create new opportunities for the community.

People

Cautious

The council has a ‘cautious’ to ‘open’ appetite for risks that may impact our ability to deliver services to our customers or adversely impact our capability to deliver services. The council is **cautious** in respect of any risk that may impact its ability to deliver essential services but is more open to risk when exploring innovation and modernisation opportunities.

This means the Council:

- will not tolerate breaches of employment legislation, HR policies, or health and safety regulations.
- will not knowingly take actions that compromise equality, diversity, inclusion, or safeguarding standards
- will not tolerate inappropriate behaviours or culture that undermine integrity or public trust
- will explore new workforce models, organisational change, or cultural initiatives where risks are understood, mitigated, and supported by robust HR policies, engagement, and communication
- will look to take initiatives that improve leadership capability, staff development, and engagement, provided risks are proportionate and controls are in place.

Safeguarding

Averse

The Council has an **averse** appetite for risks materialising that are associated with preventable deaths, serious injury or serious harm to vulnerable adults, children, and young people that we have responsibility for.

This means the Council:

- have robust recruitment processes which incorporate safeguarding requirements such as disclosure and barring service (DBS) checks, checking references, proof of qualification and professional registration.
- has clear and well communicated policies and procedures
- monitors meaningful performance metrics to act as early warning signs
- Has professional oversight, in terms of staff supervision and inspections by the Care Quality Commission and Ofsted.
- maintains up to date and accurate risk records in relation to safeguarding adults and safeguarding children
- works in partnership with key organisations to monitor safeguarding delivery across all agencies in the city
- has strong controls in place to ensure any organisations delivering services on behalf of the council have robust safeguarding arrangements in place

Health & Safety

Minimal

The council has a **minimal** appetite to any risk that may impact the health and safety of customers or council officers and prioritises taking proportionate action to mitigate risk.

The means the council:

- focuses action on risks which have potential to cause serious injury or harm to customers and council officers
- adopts a sensible approach, in relation to resources, for all other risks
- takes proportionate action to minimise the potential for injury or harm to the lowest possible level
- has policies, procedures and governance in place to provide robust oversight of health & safety in service delivery
- promotes a culture of health & safety, including mental health and wellbeing, throughout the council

Technology

Eager

The council has an **eager** appetite to risk when investing in and maximising use of technology.

The means the council:

- sufficiently invests in foundational technology to ensure that the IT infrastructure is capable to support use of technologies
- ensures staff have the systems and devices to deliver services
- is open to investment and use of modern technology to improve customer outcomes
- invests in the development of council officers, managers and leaders to maximise the use of technology in the provision of services

Information and data use

Open

The council has an **open** appetite for risk related to the management and use of data and information.

The means the council:

- is willing to accept a higher level of risk in the innovation and improvement in the management, sharing, and utilisation of data and information assets
- will actively look to explore and adopt innovative data-driven technologies and practices (e.g. AI, data analytics, open data portals).
- Seeks out potential digital transformation and data integration projects that improve efficiency and outcomes

Information Governance & Security

Cautious

The council has a **cautious** appetite for information governance and security risks with strong policies and procedures in place.

The means the council:

- ensures our IT infrastructure meets UK and international regulatory standards
- is unwilling to have any risk exposure related to customer and staff data
- embed comprehensive procedures for the identification and resolution of incidents that present a threat to information security
- is willing to share data, within a controlled framework, for the benefit of customer outcomes

Transformation

Open

The council has an **open** appetite to risk when exploring innovation opportunities, however it recognises the successful delivery of Council Plan outcomes will require associated programmes and projects being delivered on time and to budget.

The means the council:

- is willing to accept a higher level of uncertainty to achieve its objectives
- requires business cases that are properly costed with clearly defined outcomes and benefits.
- provides appropriate challenge to ensure that any investment offers the best possible return and value for money
- requires project and programme risks to be identified and managed in accordance with the Council's Risk Management Framework.
- will escalate any high or very high risks which exceed the Council's risk appetite by the relevant corporate directorate management team. Where appropriate this may involve escalation to the Corporate Management Team.
- Benefits realisation and lessons learnt should be completed following major programme and project work.
- All major projects will be RAG rated with the appropriate level of governance, scrutiny, and reporting in place for projects assessed as high risk.

Reputational

Cautious

Due to the nature of the council's business, a certain degree of risk taking is required, therefore the council has a **cautious** appetite for risks which may negatively impact on the council's reputation or the community's trust in our ability to lead the city.

This means the Council:

- proactively engages with the community in significant changes or key decisions
- is open, honest and transparent in its decision making
- is willing to take decisions with limited potential to expose the council to additional scrutiny, but only with strong controls and governance in place to minimise risk exposure
- accepts moderate level of local media and social media scrutiny or complaints relating to actions, or decisions, which deliver longer benefits to the community

The areas included in the above table are not intended to be an exhaustive list of statements. Risk appetite statements are developed as required and reviewed on an annual basis.

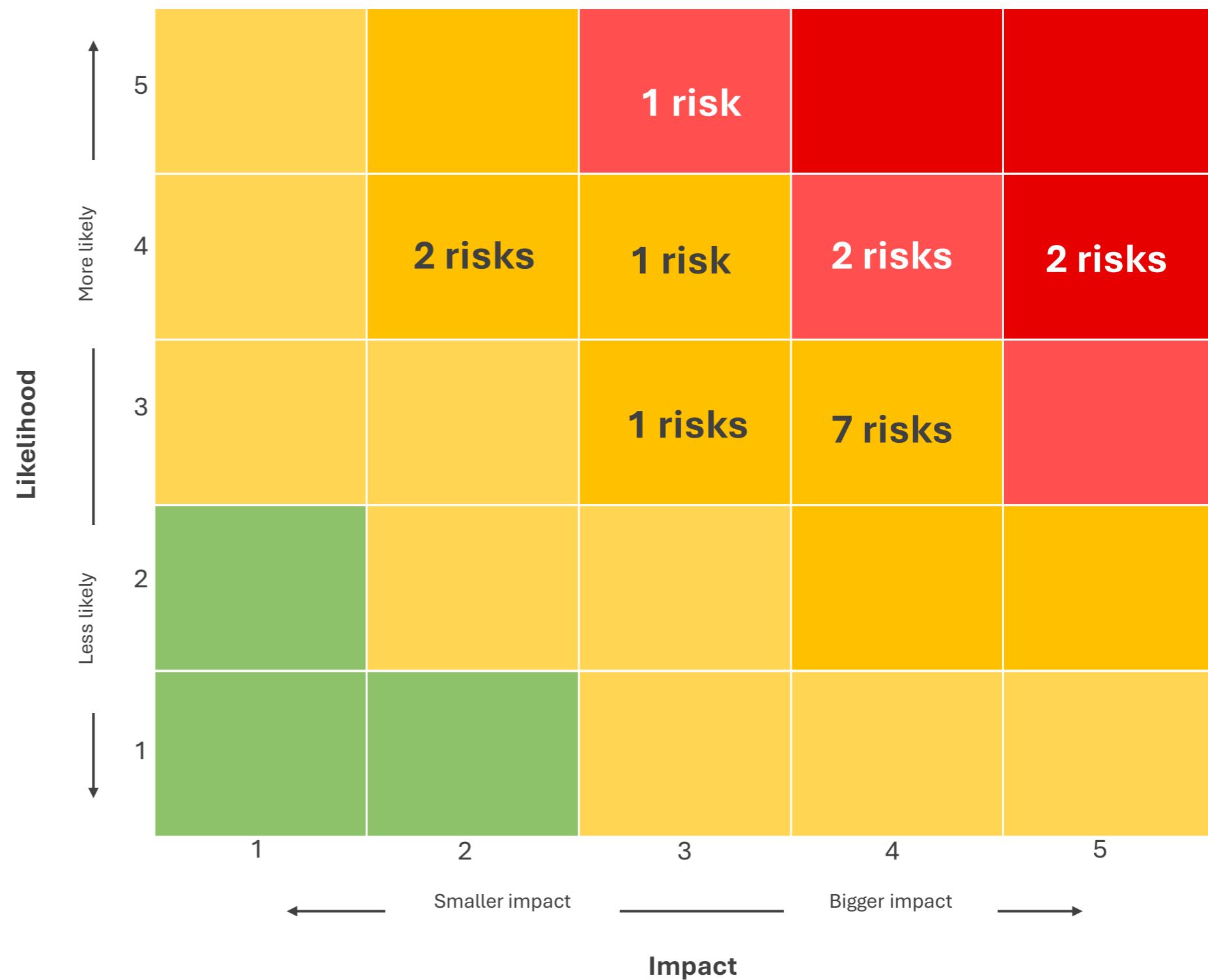
Strategic risk register

Strategic Risk Register

Strategic risks refer to those considered to significantly impact the council's ability to meet the goals outlined in the council plan, or to impact several directorates, partners, or the city as a whole.

Strategic risks are managed by the Corporate Leadership Team with oversight from Cabinet and Audit, Standards & General Purposes Committee.

Five of the sixteen risks currently on the strategic risk register are considered to have a high level of risk exposure.



Failure to develop and deliver a Medium-term financial plan (MTFP) to ensure financial sustainability and resilience	04	Failure to manage contracts to ensure value for money and achieve the best outcomes for the city	12
Failure to adequately protect information assets from a successful cyber-attack impacting our ability to deliver a responsive council with well-run services	05	Failure to take effective action to increase our city's resilience to climate change, improve biodiversity and transition to net zero	13
Failure to ensure effective safeguarding arrangements to keep adults safe	06	Failure to maintain and demonstrate the building and fire safety of council homes	14
Failure to ensure effective safeguarding arrangements to keep children and young people safe from harm and neglect	07	Failure to maintain a clean and safe city	15
Failure to invest in and maximise use of digital technology to enable a responsive council with well-run services	08	Failure to maintain and demonstrate the health & safety compliance and fire safety of the council's commercial property	16
Failure to optimise council housing stock, make best use of available housing in the city and deliver new affordable homes	09	Failure to deliver on or maximise opportunities of Devolution in the best interests of Brighton & Hove	17
Failure to provide an equitable approach to ensure equality of access, outcomes and experiences for all	10	Failure to maximise the opportunities of Local Government Reorganisation in the best interests of Brighton & Hove	17
Failure to use the council's resources and capabilities to deliver the Council Plan and adapt to the evolving needs of the city	11	Failure to maintain and demonstrate the health & safety compliance and fire safety of the council's operational property	18

Risk ID	Risk title	Risk Owner	Current score	Target score			
			20	16			
Summary description							
Central government funding reductions and changes to local government funding have increased financial risks. Rising costs in social care, homelessness, inflation, and cost of living are major concerns and are growing significantly in Brighton and Hove.							
Our level of reserves has increased slightly following 24/25 outturn, but we still have one of the lowest levels of reserves in the country which is a major concern.							
Management controls	Oversight	Assurance					
The Council implements spending controls to address financial challenges, with the Savings Delivery Board overseeing efforts to reduce costs in key areas like temporary accommodation, social care placements, and transport. Directorate Leadership Teams are developing recovery plans to address reported overspend. Financial forecasts are regularly updated through the Medium-Term Financial Strategy, which includes taxbase, demographic, and cost changes, and identifies budget gaps early. Key measures include annual budget approvals, RAG-rated budget monitoring for overspending, and Cabinet-approved plans for capital receipts and transformation to meet financial targets.	Financial sustainability is supported by regular monitoring and review by the Corporate Leadership Team (CLT) and Cabinet of MTFS assumptions, including the impact of legislative changes, cost and demand pressures, savings programmes, and income, taxation, and grant assumptions. This monitoring is conducted through TBM reporting and various budget reports. Additional oversight is provided by the Capital Programme Board and the Savings Delivery Board, which focus on the delivery of savings and capital projects.	Assurance is provided through annual VfM reviews by the External Auditor, with the 2023/24 assessment highlighting major financial sustainability issues and resulting in one key and four improvement recommendations. Internal Audit regularly reviews financial management, governance, and reporting, reporting findings to the Audit, Standards & General Purposes Committee, which monitors the Audit Plan annually and receives updates on limited assurance audits. The LGA Corporate Peer Challenge in 2025 will further assess the Council's financial management and sustainability.					
Mitigation actions							
Develop the Medium Term Financial Strategy, capital programme and transformation programme to enable the council to deliver on its priorities and address its longer-term financial pressures in a structured way.							
Develop and deliver a temporary accommodation acquisition strategy							
Approve balanced budget and capital programme in February, with plans to address reserves or working balance needs							
Develop a strategy to rebuild reserves and establish a stronger financial position							
Develop savings proposals aligned with Council Plan priorities and budget categorization							
Strengthen financial controls and oversight of in-year budget management to achieve the required savings							

Risk ID	Risk title	Risk Owner	Current score	Target score			
			Score	Score			
SR10	Failure to adequately protect information assets from a successful cyber-attack impacting our ability to deliver a responsive council with well-run services	Corporate Director City Operations	16	12			
Summary description							
<p>BHCC faces significant cyber risks due to its extensive digital assets, including business systems and emails. Threats come from various actors, such as employees, cyber criminals, hackers, and foreign states, as well as accidental data loss or publication.</p> <p>The growing volume of information and sophisticated cyber threats require advanced cybersecurity, Information Governance, and Information Management strategies.</p> <p>Post-pandemic working methods increase these vulnerabilities and make recovery efforts more challenging.</p>							
Management controls	Oversight	Assurance					
Technical controls include firewalls, hard drive protection, strong password policies, secure hosting, and regular patching. Annual health checks and penetration tests are conducted, and the council is a member of the South East WARP for threat intelligence. Incident management processes are in place, and procurement is reviewed for compliance. Behavioural controls include mandatory training, published guidance, and privacy impact assessments. Recovery controls feature documented incident processes, data backups, and shared expertise.	The Information Governance Board (IGB) leads on information risk, with regular policy reviews and risk register updates. The Senior Information Risk Owner (SIRO) and Caldicott Guardians provide specialist oversight, and the Audit and Standards Committee reviews governance. A Data Protection Officer supports compliance.	Internal Audit reviews from 2021 to 2024 covered IT procurement, security, and data handling, with most areas receiving reasonable or substantial assurance; PCI/DSS and accessibility received partial assurance. Annual IT Health Checks by approved providers assess both applications and infrastructure. The organization maintains ongoing compliance with PSN CoCo, NHS Digital Data Security and Protection Toolkit, and PCI DSS.					
Mitigation actions							
Review the council's information governance vulnerabilities and cyber risks, and develop an action plan to reset and strengthen policy and processes to better manage the risks							
Prevention - Technical Controls: Improve the Council's Information Risk Management process maturity. This will include elevating the visibility of the risk register, implementing technical solutions to improve information asset management and publicizing clear processes and guidance.							
Prevention - Technical Controls: Review and improve user access controls (network and application access rights for starters, leaver and movers) via the Access Management project							

Risk ID	Risk title	Risk Owner	Current score	Target score		
			Score	Target		
SR13	Failure to ensure effective safeguarding arrangements to keep adults safe	Corporate Director Homes & Adult Social Care	16	12		
Summary description						
<p>The council has a duty to keep adults, for whom they have statutory responsibility for, safe from harm and abuse. Brighton & Hove City Council has a statutory duty to co-ordinate safeguarding work across the city and the Safeguarding Adults Board. This work links partnerships across the Police and Health and Social Care providers.</p> <p>Under the Care Act, since 2015, the Local Authority has a statutory duty to enquire, or cause others to enquire, if it believes a person with care and support needs is experiencing or is at risk of harm and abuse and cannot protect themselves.</p>						
202	Management controls	Oversight	Assurance			
	<p>Performance management and data dashboards support adult social care planning, overseen by the Finance & Performance Board. Self-assessment and improvement plans are in place, with multi-agency procedures and dedicated safeguarding resources. Panels and steering groups support practice development, and referrals are assessed by social workers. Quality monitoring is conducted in partnership with the NHS and CQC.</p>	<p>Pan Sussex Safeguarding Adults procedures group and various boards provide multi-agency oversight, including the Health & Wellbeing Board and Care Governance Board.</p>	<p>All local authority adult social care services receive regular CQC inspections from 2023, with published results for all registered providers.</p> <p>The Brighton & Hove Safeguarding Adults Board, independently chaired, meets quarterly with statutory agencies to ensure city-wide assurance.</p> <p>The Safeguarding Lead serves on the SAR panel for detailed multi-agency reviews.</p> <p>The Local Government Association Test of Assurance (2022) made recommendations, reviewed in 2023.</p> <p>Internal Audits (2021–2024) covered data handling, financial assessments, direct payments, home care, and modernisation programmes, providing reasonable or partial assurance.</p>			
Mitigation actions						
<p>Together with statutory partners of the SAB achieve the strategic priorities, contribute to all Safeguarding Adults Reviews (SAR), meaningful learning from SAR activities and influence change. Bring learning closer to front line safeguarding practice</p>						
<p>Develop and deliver the Homelessness and Rough Sleeping Strategy with a focus on adults with multiple compound needs</p>						
<p>Ensure that mandatory PREVENT training is embedded in all training induction and development plans within the organisation to support effective identifiers and that the referral pathway is known</p>						
<p>Provide assurance that there is a comprehensive clear Disclosure and Barring Service (DBS) check and recheck process in place which reduces risk to the organisation and to the community</p>						

Risk ID	Risk title	Risk Owner	Current score	Target score						
SR15	Failure to ensure effective safeguarding arrangements to keep children and young people safe from harm and neglect	Corporate Director Families, Children & Wellbeing	16	12						
Summary description										
<p>The Council has a legal responsibility to protect vulnerable children from harm and neglect, following national guidance. The Brighton & Hove Safeguarding Children Partnership was established in 2019 to ensure an effective multi-agency safeguarding response.</p> <p>The complexity of circumstances for many children presents a constant state of risk which demands informed and reflective professional judgement, and often urgent and decisive action, by all agencies using agreed thresholds and procedures. Such complexity inevitably presents a high degree of risk. Children subject to harm, exploitation and/or neglect are unlikely to achieve and maintain a satisfactory level of health or development, or their health and development will be significantly impaired. In some circumstances, harm and neglect may lead to a child's death.</p>										
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #e6194b; color: white;"> <th style="padding: 5px;">Management controls</th> <th style="padding: 5px;">Oversight</th> <th style="padding: 5px;">Assurance</th> </tr> </thead> <tbody> <tr> <td style="padding: 10px; vertical-align: top;"> <p>A robust quality assurance framework is in place, with a single point of access for safeguarding issues. Multi-agency partnerships, regular reviews, and family support hubs are established. Continuous professional development and Prevent strategy work are ongoing, with risk meetings for vulnerable adolescents.</p> </td><td style="padding: 10px; vertical-align: top;"> <p>Family Help Partnership Board, multi-agency quality assurance, Corporate Parenting Board, and annual practice weeks provide oversight. A dedicated coordinator reports on vulnerability and exploitation.</p> </td><td style="padding: 10px; vertical-align: top;"> <p>Children's services have received strong external and internal validation, with Ofsted rating the service Outstanding in March 2024 and confirming positive assurance for SEND and Alternative Provision alongside the CQC in March 2023. Ongoing annual engagement with Ofsted HMI for social care and education, independent scrutiny commissioned by the BHSCP, and internal audits from 2022 to 2025, which gave reasonable or substantial assurance for key areas, further support the robust assurance framework in place.</p> </td></tr> </tbody> </table>					Management controls	Oversight	Assurance	<p>A robust quality assurance framework is in place, with a single point of access for safeguarding issues. Multi-agency partnerships, regular reviews, and family support hubs are established. Continuous professional development and Prevent strategy work are ongoing, with risk meetings for vulnerable adolescents.</p>	<p>Family Help Partnership Board, multi-agency quality assurance, Corporate Parenting Board, and annual practice weeks provide oversight. A dedicated coordinator reports on vulnerability and exploitation.</p>	<p>Children's services have received strong external and internal validation, with Ofsted rating the service Outstanding in March 2024 and confirming positive assurance for SEND and Alternative Provision alongside the CQC in March 2023. Ongoing annual engagement with Ofsted HMI for social care and education, independent scrutiny commissioned by the BHSCP, and internal audits from 2022 to 2025, which gave reasonable or substantial assurance for key areas, further support the robust assurance framework in place.</p>
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Mitigation actions										
<p>Deliver a robust and improving family help and protection service that keeps children safe, providing the right support at the right time to families in need.</p>										
<p>Deliver the Families First transformation programme, as mandated by the Department for Education</p>										
<p>Deliver the Starting Well Family Hub transformation in line with Department for Education requirements by April 2026</p>										
<p>Provide assurance that there is a comprehensive clear Disclosure and Barring Service (DBS) check and recheck process in place which reduces risk to the organisation and to the community</p>										
<p>Ensure that mandatory PREVENT training is embedded in all training induction and development plans within the organisation to support effective identifiers and that the referral pathway is known</p>										

SR18	Risk title	Risk Owner	Current score	Target score			
	Failure to invest in and maximise use of digital technology to enable a responsive council with well-run services	Corporate Director City Operations	16	12			
Summary description							
The organisation faces significant risks due to its reliance on technology for service delivery. Without continuous financial investment to keep up with technological advancements, there is a danger of service disruption resulting from technology failures. Key investment areas include foundational technology, end-user technology, business applications, digital transformation, and enhancing the tech competencies of leadership and staff. These investments are crucial to maintaining a secure infrastructure, providing appropriate devices and systems, ensuring service effectiveness, enabling modernization, and recognizing opportunities offered by technology.							
Management controls	Oversight	Assurance					
Annual capital investment is allocated for foundational and end-user IT through structured programmes overseen by the Corporate Leadership Team (CLT). Investments have delivered secure data centre storage, platform migrations, enhanced remote working, and widespread device upgrades. Major business applications, such as the Eclipse social work system and housing management system, have received targeted funding. The Digital Customer programme has sponsored digital transformation projects, including web migration and customer-facing apps. Leadership development is supported through the Leadership Network.	The Corporate Leadership Team (CLT) ensures alignment of digital projects with Council Plan objectives and reviews staff survey indicators on access to technology. The Tech & Digital Board monitors progress and strategic IT changes, while external assurance is provided for Microsoft 365.	Internal Audit reviews (2023/24: Surveillance Cameras follow-up, Robotic Process Automation, ERP and housing systems, PCI/DSS; 2022/23: Housing Management System, Accessibility Regulations; 2021/22: MCM Housing Repairs Application, Accessibility Regulations) provided reasonable or partial assurance. Audit have provided advice for the Corporate Systems Improvement and housing system programme boards. External assurance for Microsoft 365 by Silversands.					
Mitigation actions							
Align the priorities and actions of the Digital, Data and Technology portfolio to support the delivery of the council plan priorities and support in the modernisation of service delivery							
Investment in 'end user' technology - Foundational IT Programme: Strategic Telephony Review							
Turbo charge innovation through a series of technology pilots to drive service efficiencies and savings across the council and produce execution plans for 2026/27							

SR21	Risk title	Risk Owner	Current score	Target score			
	Failure to optimise council housing stock, make best use of available housing in the city and deliver new affordable homes	Corporate Director Homes & Adult Social Care	16	12			
Summary description							
The increasing demand for housing continues to outstrip new supply and as a consequence accommodation is becoming less affordable. Housing shortages are particularly acute for low-income households, affecting our ability to retain essential workers and families in the city. Demand for affordable rented homes is growing with a significant number of households in temporary accommodation. The private rented sector is currently contracting, increasing opportunities to increase our supply.							
Management controls	Oversight	Assurance					
The City Plan sets housing targets and policies for affordable housing, with the Housing Strategy action plan and Housing Allocation Policy approved by Cabinet. The Homelessness & Rough Sleeping Strategy is updated regularly, and working groups focus on bringing empty homes back into use. Asset management prioritises land release for affordable housing.	The Housing Supply Programme Board and Homes for Brighton & Hove Partnership Board monitor delivery, with key actions tracked through KPIs and the Capital Programme Board.	<p>Internal Audit reviews (2024/25: Housing Major and Planned Works Programme, Housing Rents, Home Purchase Scheme; 2023/24: Housing Rents follow-up, Temporary Accommodation, Allocations; 2022/23: Housing Management System) provided partial or reasonable assurance.</p> <p>Quarterly returns to the Ministry of Housing, Communities and Local Government on homelessness and rough sleeping.</p> <p>Homes England monitors grant-funded schemes, with regular updates and drawdowns.</p>					
Mitigation actions							
Build new council homes to meet the number of homes required in the city.							
Create new social housing lets by reducing under occupancy to make best use of available housing in the city.							
Implement the new Housing Strategy to deliver accessible, affordable and high-quality homes for everyone in Brighton & Hove.							
Increase housing supply of new and affordable homes to meet the needs of current and future residents.							

Risk ID	Risk title	Risk Owner	Current score	Target score			
			Score	Score			
SR24	Failure to provide an equitable approach to ensure equality of access, outcomes and experiences for all	Director People & Innovation	12	9			
Summary description							
<p>The Public Sector Equality Duty (PSED, or “the duty”), which applies in Great Britain (England, Scotland and Wales), requires public authorities to have due regard to certain equality considerations when exercising their functions, like making decisions.</p> <p>There is a risk that the council fails to implement an equitable approach that ensures all individuals, regardless of background, characteristics, or circumstances, have fair access to services, opportunities, and positive experiences. This may include disparities in how resources are distributed, how decisions are made, or how individuals are supported, leading to unequal outcomes and experiences across different groups.</p>							
Management controls	Oversight	Assurance					
The Local Discretionary Social Fund (LDSF) and Community Hub provide emergency support, with strong links to the voluntary sector and multi-agency meetings to coordinate welfare responses. Council Tax Reduction awards and Welfare Rights casework support those most affected by welfare changes. The Corporate Debt Policy ensures ethical collection, and discretionary funding streams are closely monitored. In addition, oversight and improvement are further supported by the Directorate Equalities Delivery Group, provision of support and guidance for services on Equalities, Diversity & Inclusion, and the implementation of the Fair and Inclusive Action Plan.	The Corporate Equality Delivery Group, Cabinet, and Audit, Standards & General Purposes Committee oversee equality and welfare initiatives, including delivery of the Accessible City Strategy and the Anti-Racist Strategy. The Corporate Leadership Plan monitors three key actions on equality, diversity and inclusion, while workforce profile is tracked through as a key corporate performance indicator.	<p>Internal Audit reviews (2023/24: Risk Management Actions; 2021/22: Welfare Discretionary Funding, Housing and Council Tax Benefits, Council Tax) provided substantial or reasonable assurance.</p> <p>The Department for Work & Pensions oversees the Household Support Fund.</p> <p>MHCLG and BEIS oversee energy and discretionary funds.</p>					
Mitigation actions							
Continually review food insecurity and health implications via the Food Insecurity Group.							
Enable cross council and city collaboration to address poverty							
Deliver the Thriving Communities Investment Fund in support of the CVS across the City							
Automate the EIA process to ensure robust and consistent practice across the council							
Secure our re-accreditation as a City of Sanctuary and implement the associated Action Plan							

SR25	Risk title	Risk Owner	Current score	Target score
	Failure to use the council's resources and capabilities to deliver the Council Plan and adapt to the evolving needs of the city	Director People & Innovation	25	20
Summary description				
A combination of factors such as lack of governance, strategic direction, and budget pressures, coupled with increasing service demand, the need for new technological skills, challenging industrial relations, and difficulties in retaining and recruiting skilled staff, all contribute to the risk of failing to deliver essential changes and services. This could negatively impact statutory duties, increase staff stress and sickness, and reduce the overall resilience and agility of the organization.				
Management controls	Oversight	Assurance		
The council manages resources and capacity to deliver its plan by ensuring robust decision-making during the budget process, providing funding for transformation programmes, and strengthening leadership through performance management and development programmes. Staff feedback is regularly reviewed, with actions agreed and monitored. Business planning identifies priorities and assigns responsibility, while HR collaborates with directorates to monitor workforce data and address capacity issues. Comprehensive wellbeing initiatives are offered, and there is a dedicated role to manage trade union relations.	The Corporate Leadership Team (CLT) provides oversight of governance arrangements and, alongside Directorate Leadership Teams (DLT), manages a portfolio of transformation programmes such as Digital, Data & Technology, Workspace Innovation, and People and Culture Change programmes. These include initiatives like the "Our People Promise" and efforts to promote a fair and inclusive workplace. Collaboration is further strengthened through joint working with the City Management Board, and the Cabinet has oversight of key policy priorities.	Local Government Association Corporate Peer Challenge in 2025 with a focus on Culture, Leadership and Industrial Relations. Internal Audit reviews in 2023/24 (Organisational Capacity – Workforce Strategy and Management, Performance Development Plans and 1:1s), 2021/22 (Agency Staff Contract), 2020/21 (Recruitment, Working Time Directive), and 2018/19 (Personal Service Companies, Wellbeing Project) provided reasonable or substantial assurance on workforce and management processes.		
Mitigation actions				
Devise a pipeline of potential technology pilots that can drive service efficiencies and savings using innovative tech; execute as directed by CLT; and produce candidate savings and execution plans for 2026/27				
Deliver Our People Strategy to ensure the council has the diverse workforce needed to deliver council plan priorities, statutory and essential functions within our Learning Organisation framework				
Deliver a culture change programme to align culture with the council's missions and priorities				
Build organisational capacity by equipping staff with critical skills aligned with the council's transformation and innovation goals and strategic priorities.				

SR29	Risk title	Risk Owner	Current score	Target score			
	Failure to manage contracts to ensure value for money and achieve the best outcomes for the city	Director Property & Finance	20	16			
Summary description							
Ineffective procurement activity, contract management and contract performance oversight may lead to sub-optimal service outcomes, financial irregularity and losses, non-compliance with the Procurement Act 2023 and reputational damage.							
Management controls	Oversight	Assurance					
Contract Standing Orders, a Contract Management Framework, and a suite of tools and templates guide procurement and contract management. Staff receive procurement and fraud awareness training, and a supplier code of conduct is in place.	Major contracts are reviewed in a forward plan by CLT, with internal audit findings presented to the Audit, Standards & General Purposes Committee. A Contract Performance Hub is in development.	Internal Audit reports (2024/25: findings on contract management across four non-opinion pieces, three partial opinion reviews, and school audits) highlighted areas for improvement. Statutory regulatory control for contracts over £5m, with annual performance indicator reviews and public reporting. Annual external audit reviews the Council's value for money arrangements.					
Mitigation actions							
Maintain the Contract Management Framework, including changes required by new procurement regulations, compliance with standing orders and implement improved oversight over contract management across the council.							
Introduce a new way of managing and monitoring contract in Brighton and Hove to improve standards and increase visibility of contract performance and risk.							
Review third party spend across the organisation and develop strategies to ensure value for money.							

SR38	Risk title	Risk Owner	Current score	Target score			
	Failure to take effective action to increase our city's resilience to climate change, improve biodiversity and transition to net zero	Corporate Director City Operations	20	15			
Summary description							
The climate is changing due to man-made greenhouse gas emissions. Climate change will bring costly and potentially catastrophic impacts to Brighton & Hove's infrastructure, communities, economy, natural environment and quality of life over the next decades. The timing and intensity of these risks is unpredictable but inevitable.							
Management controls	Oversight	Assurance					
The Carbon Neutral Programme and annual progress reports track climate action across multiple domains. Updated plans for climate and nature action, flood risk, fuel poverty, and decarbonisation are in place. The council manages significant downland for biodiversity and water protection and delivers infrastructure through planning and partnership schemes.	Cabinet leads for transport and net zero oversee relevant functions, with the Living Coast Biosphere Delivery Board managing the biosphere strategy. The Sustainability Checklist and Local Transport Plan support decision-making.	<p>The Environment Agency receives monthly reports on flood risk spending and monitors schemes such as coastal protection and sustainable drainage.</p> <p>Local Air Quality Management reports are regularly submitted to Defra.</p> <p>Internal Audit reviewed the Carbon Reduction Programme (2023/24), providing reasonable assurance.</p>					
Mitigation actions							
Enhance and preserve the city's parks, trees and green spaces to keep them safe and attractive for residents and visitors and increase biodiversity.							
Increase resilience of the city for Surface Water Flooding, Ground Water Flooding and the impact of climate change							
Implement the objectives of the City Downland Estate Plan (CDEP) to protect and enhance the land for future generations.							
Develop the Fleet Strategy and deliver fleet replacement plan to ensure sustainable service delivery							
Develop a new programme to address the climate and biodiversity emergencies and help the city transition to carbon net zero.							

SR39	Risk title	Risk Owner	Current score	Target score			
	Failure to maintain and demonstrate the building and fire safety of council homes	Corporate Director Homes & Adult Social Care	25	20			
Summary description							
As a landlord, it's important that the housing we provide to our residents is safe and free from any hazards, including: building safety, fire safety, gas safety, electrical safety, water safety, lift safety and asbestos. Failure to maintain our council homes to the required standards or provide evidence of our compliance with regulations could have significant impacts on the health and wellbeing of our residents.							
Management controls	Oversight	Assurance					
Dedicated workstreams address fire, water, asbestos, electrical, gas, lifts, and building safety. The Housing Safety and Quality Assurance Group and Housing Compliance Board oversee compliance, with regular risk assessment reviews.	Weekly, monthly, and biannual update reports are provided to leadership, Cabinet, and committees, with regular scrutiny by the Place Overview & Scrutiny Committee. The Corporate health, safety and wellbeing Board oversee health & safety compliance.	Monthly meetings are held with the Regulator of Social Housing, including sharing of performance trackers. Internal Audit Position Statement on Housing Health and Safety Regulations (2024/25, January 2025).					
Mitigation actions							
Deliver Planned and Major Works Capital Programmes to ensure our housing assets are maintained, improved and kept in a good state of repair.							
Invest in building and fire safety to meet duties under the Building Safety Act and new Fire Safety (England) Regulations and ensure we are compliant with Health & Safety.							
Embed the new Health & Safety oversight arrangements to monitor compliance and drive improvements of health, safety and wellbeing performance and practice across the council							
Review the approach to collection, recording, review and use of stock condition information to ensure full compliance with Regulator of Social Housing Consumer Standard requirements by 30th April 2025							

SR40	Risk title	Risk Owner	Current score	Target score			
	Failure to maintain a clean and safe city	Corporate Director City Operations	16	12			
Summary description							
Inability to maintain the city streets - cleanliness, pavements, roads, weeds, etc. will impact the look and feel of the city and people's experience. This will directly impact the reputation of the city, and council, potentially impacting the level of investment, tourism, funding etc. Something about roads, pavements etc.							
Management controls	Oversight	Assurance					
The Highway Asset Management Plan, City Environment Improvement Programme Board, and service budget monitoring ensure prioritised spending. Transformation programmes and cross-council groups manage events and environmental improvements.	Progress on delivery of plans is reported to CLT and Members, with KPIs monitoring waste, recycling, and road conditions. The Capital Programme Board and Safety Advisory Group provide further oversight.	External groups such as the Local Authorities Events Organisers Group and DfT monitor key programmes, with the Independent Seafront Development Board overseeing seafront development.					
Mitigation actions							
Deliver the City Environmental Improvement Programme to develop a sustainable, efficient waste management service with a focus on minimising waste and keeping the city clean and attractive.							
Lead the city's major regeneration portfolio to protect and enhance the environment and attract investment							
Develop and launch a new City Transport Plan setting out a long-term vision for the city's transport network including a better connected network integrating the different modes of transport							
Continue to develop and enhance the Highway Asset Management Framework to manage asset condition, deliver planned maintenance programmes and improve public safety on the highway.							
Commission single homelessness and rough sleeper supported accommodation to provide support for people to transition towards independent living.							

SR41	Risk title	Risk Owner	Current score	Target score			
	Failure to maintain and demonstrate the health & safety compliance and fire safety of the council's commercial property	Director Property & Finance	16	12			
Summary description							
As a landlord, it's important that the commercial property we provide is safe and free from any hazards, including: building safety, fire safety, gas safety, electrical safety, water safety, lift safety and asbestos. Failure to maintain our property to the required standards or provide evidence of our compliance with regulations could have significant impacts on the health and wellbeing of tenants and users using our properties.							
Management controls	Oversight	Assurance					
Managing agents collect compliance data, with monthly meetings and dashboards. Project boards and new contract management processes are in place for key properties.	Regular reports are made to Directorate and Corporate Leadership Teams, with a Health & Safety Advisory Board in place. The Corporate health, safety and wellbeing Board oversee health & safety compliance.	An internal audit is planned for 2025/26 to review compliance arrangements.					
Mitigation actions							
Develop and establish KPI reporting process within contracts to ensure value for money and assurance over compliance							
Develop and deliver a communication campaign on health & safety requirements and responsibilities for current tenants							
Develop a welcome pack from new tenants outlining their responsibilities with regards to health & safety including details on how to provide compliance data							
Strengthen governance arrangements to improve oversight and decision-making within projects							
Embed the new Health & Safety oversight arrangements to monitor compliance and drive improvements of health, safety and wellbeing performance and practice across the council							

Risk ID	Risk title	Risk Owner	Current score	Target score										
			Score	Score										
SR42	Failure to deliver on or maximise opportunities of Devolution in the best interests of Brighton & Hove	Director Governance & Law	12	8										
Summary description														
In December 2024, the government announced plans to replace District and County Councils with larger unitary Councils of at least 500,000 people. The English Devolution White Paper outlines devolved responsibilities, including transport, skills, housing, economic development, environment, health, public service reform, and public safety. Brighton & Hove, East and West Sussex are part of the priority programme for establishing a Mayoral Combined County Authority by May 2026, with Brighton & Hove hosting the mayoral election.														
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; background-color: #e6e6fa;">Management controls</th> <th style="text-align: center; background-color: #e6e6fa;">Oversight</th> <th colspan="3" style="text-align: center; background-color: #e6e6fa;">Assurance</th> </tr> </thead> <tbody> <tr> <td>The Devolution & LGR Programme Board oversees the programme plan and risk register, with internal engagement and horizon scanning. Brighton's interests are represented in national conversations.</td> <td>Progress is reported to CLT, Cabinet, Overview & Scrutiny Committee, and through member briefings and meetings.</td> <td colspan="3">Internal audit is planned for 2025/26, and regular meetings are held with the Ministry of Housing, Communities & Local Government on devolution matters.</td> </tr> </tbody> </table>					Management controls	Oversight	Assurance			The Devolution & LGR Programme Board oversees the programme plan and risk register, with internal engagement and horizon scanning. Brighton's interests are represented in national conversations.	Progress is reported to CLT, Cabinet, Overview & Scrutiny Committee, and through member briefings and meetings.	Internal audit is planned for 2025/26, and regular meetings are held with the Ministry of Housing, Communities & Local Government on devolution matters.		
Management controls	Oversight	Assurance												
The Devolution & LGR Programme Board oversees the programme plan and risk register, with internal engagement and horizon scanning. Brighton's interests are represented in national conversations.	Progress is reported to CLT, Cabinet, Overview & Scrutiny Committee, and through member briefings and meetings.	Internal audit is planned for 2025/26, and regular meetings are held with the Ministry of Housing, Communities & Local Government on devolution matters.												
Mitigation actions														
Work with neighbouring authorities to establish the Sussex & Brighton Mayoral County Combined Authority and prepare for mayoral elections.														

Risk ID	Risk title	Risk Owner	Current score	Target score										
			Score	Score										
SR43	Failure to maximise the opportunities of Local Government Reorganisation in the best interests of Brighton & Hove	Head of Cabinet Office	12	8										
Summary description														
While Brighton & Hove, as a unitary authority, is not required to undergo reorganisation, East and West Sussex are subject to this process, potentially impacting Brighton & Hove. Consequently, Brighton & Hove has been invited to submit a proposal. The government emphasises that local government reorganisation should not delay devolution and that both processes should complement each other.														
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Management controls	Oversight	Assurance												
Progress is tracked by the LGR & Devolution Programme Board, with public consultation on proposals.	Updates are provided to CLT, Cabinet, Overview & Scrutiny Committee, and through member briefings.	No assurance activities have been conducted at this time.												
Mitigation actions														
Develop and consult on proposals for Local Government Reorganisation to achieve the best outcomes for the city and the region														

SR44	Risk title	Risk Owner	Current score	Target score				
	Failure to maintain and demonstrate the health & safety compliance and fire safety of the council's operational property	Director People & Innovation	16	12				
Summary description								
<p>As an employer and a landlord, it's critically important that the premises we own and provide to our staff, service users and members of the public, is secure, compliant, safe and free from any hazards, including all regulatory compliance disciplines e.g. building safety, fire safety, gas safety, electrical safety, water safety, lift safety, asbestos, etc. Failure to maintain our council premises to the required standards or provide evidence of our compliance with regulations, could have significant impacts on the council's reputation, financial sustainability, political positioning and health, safety, welfare and wellbeing of our staff, premises users and members of the public.</p>								
Management controls	Oversight		Assurance					
Internal audits are conducted by the Health & Safety team, with a dedicated Fire Risk Assessor and reputable contractors for all disciplines. A Compliance Manager ensures adherence to schedules, and a dedicated role manages Legionella contracts.	The Corporate health, safety and wellbeing Board oversee health & safety compliance.		No assurance activities have been conducted at this time.					
Mitigation actions								
<p>Embed the new Health & Safety oversight arrangements to monitor compliance and drive improvements of health, safety and wellbeing performance and practice across the council</p>								
<p>Invest in building and fire safety to meet new duties under the Building Safety Act and new Fire Safety (England) Regulations to ensure Health & Safety compliance through increasing personnel in associated teams and maintenance budgets to ensure they are adequate and sufficient.</p>								
<p>Continue to invest in required technologies such as Computer Aided Facilities Management (CAFM) system and associated personnel resource to bring operational efficiencies and data oversight for compliance and maintenance related tasks.</p>								
<p>Working with strategic property and finance colleagues ensuring a 'one council' approach in decision making and effective use of property portfolio</p>								

Audit Standards & General Purposes Committee

Agenda Item 52

Subject: Standards Update, including Annual Review

Date of meeting: 27th January 2026

Report of: Elizabeth Culbert, Director – Governance & Law and Monitoring Officer

Contact Officer: Name: Victoria Simpson, Senior Lawyer – Corporate Law

Email: Victoria.Simpson@brighton-hove.gov.uk

Ward(s) affected: All

For general release

1. Purpose of the report and policy context

1.1. To provide an update on Standards-related matters, including a review of complaints received in during 2025 alleging that Members have breached the Council's [Code of Conduct for Members](#).

2. Recommendations

2.1 That Committee agrees to note this Report.

3. Context and background information

3.1. The Council is required by the Localism Act 2011 to have in place arrangements for dealing with complaints against elected and co-opted Members. Brighton & Hove City Council reviews its arrangements regularly and publishes them on its website. It also makes data on member complaints available to the public via quarterly reports such as this one.

3.2 The Audit, Standards and General Purposes Committee has delegated authority for leading in discharging the statutory requirement that the Council maintain and promote high standards of conduct by Members. This Committee receives quarterly reports on complaints against members to provide reassurance that complaints are being considered and dealt with in accordance with the Council's processes. The Report appends data on the complaints both still outstanding at the time of the last Report, and those which have been received since then.

3.3 also provides data regarding the full twelve months of complaints received during the 2025 calendar year to enable members to better assess the overall picture. In this way, the Report seeks to provide reassurance that

complaints are being considered and dealt with in accordance with the Council's processes.

3.4 Members are asked to note the contents of the Report and to make any comments or suggestions they wish.

4 Quarterly report on Member complaints

Progress on complaints previously reported to this Committee

4.1. This data is provided in Appendix 1, at table 1.

Progress on new complaints received in since the last update in September 2025

4.2. This data is provided in Appendix 1, at table 2.

4.3. The complaints referred to in this section are being progressed by the office of the Monitoring Officer in accordance with the Procedure governing member complaints.

Annual review of Member Complaints

4.4 This Report provides annual data at Appendix 2 which shows the overall volume of complaints made about elected members during 2025 alongside a high level description of the nature of those complaints. Members will be aware that 2025 is the first full year in which the updated criteria for dealing with complaints (approved in September 2024) has been applied, and also that (in accordance with the steer given by this Committee) the Group Leader of members who are the subject of a complaint (if the member is part of a Group) is routinely copied into new complaints as they are received in.

4.5 There is currently no legal requirement that authorities publish data on member complaints. In this context there is only limited information available regarding the member complaints received by other comparable authorities. Past attempts at benchmarking have previously shown that members of Brighton & Hove City Council appeared to receive a greater number of complaints than other authorities considered. This may be attributable in part to the high degree of democratic engagement which is such a feature in this City.

4.6 Members will be aware that there is currently no means of compelling Members to cooperate in investigations, while the sanctions available where a breach is found to have been committed do not currently include the power to suspend or disqualify members. Committee has been made aware of the proposals consulted on by Government this time last year which – if implemented – would substantively reform this and other aspects of the member complaint regime.

4.7 The Government response to the consultation outcome was [published in November 2025](#). It signalled an intention to legislate for a “whole system” reform of the current regime. The response included the following list of measures which they propose to include:

- *‘the introduction of a mandatory code of conduct, which will include a behavioural code, for all local authority types and tiers’*
- *‘a requirement that all principal authorities convene formal standards committees, to include provisions on the constitution of standards committees to ensure objectivity, accountability and transparency’*
- *‘the requirement that all principal authorities offer individual support during any investigation into code of conduct allegations to both the complainant and the councillor subject to the allegation’*
- *‘the introduction at the authority level of a ‘right for review’ for both complainant and the subject elected member to have the case reassessed on grounds that will be set out in legislation’*
- *‘powers for authorities to suspend elected members for a maximum of 6 months for serious code of conduct breaches, with the option to withhold allowances during suspension for the most serious breaches and introduce premises and facilities bans either in addition or as standalone sanctions’*
- *‘in response to the most serious allegations involving police investigation, or where sentencing is pending, the introduction of powers to suspend elected members on an interim basis for an initial period of 3 months which, if extended, will require regular review’*
- *‘a new disqualification criterion for any elected member subject to the maximum period of suspension more than once within 5 years’*
- *‘the creation of a new national appeals function, to consider appeals from elected members to decisions to suspend them and/or withhold allowances, and for complainants if they consider their complaint was mishandled. Any appeal submitted will only be permitted after complainant or elected member has invoked their ‘right for review’ of the local standards committee decision has been invoked and that process is completed.’*

4.8 Members will be mindful that the above changes will involve significant changes to the status quo. While primary legislation is needed to give effect to the above reforms, there is currently no indication of a likely timeframe. A watching brief will be maintained and Committee will be alerted once timescales become clear and the detail of the proposals is announced. For now, however, Members are simply asked to note this Report, including the commitment made by the Government

5 Member training

5.1 This Committee is aware that training and information on the Council’s Standards arrangements is offered to all newly elected members, including those appointed following the May and September 2025 by-elections. In order to provide an opportunity for existing members to refresh their understanding, at least one further session will be offered this quarter for any members who have previously received training but seek an update. That session will be offered to co-opted voting members also.

6 Analysis and consideration of alternative options

6.1. The Council is obliged under the Localism Act to make arrangements for maintaining high standards of conduct among members and to make arrangements for the investigation of complaints. This 'for noting' Report provides information as opposed to options.

7. Community engagement and consultation

7.1 Past reviews of the Council's Standards arrangements (most recently in 2021) have been carried out by its elected Members and the Council's Independent Persons, supported by officers. While options for consultation and engagement will be kept under review, the Government's stated commitment to a standards regime which is standardized and consistent across the country is considered to be highly likely to result in mandated arrangements, rather than affording the same degree of discretion local authorities have been given in the past.

8. Financial implications

8.1 There are no direct financial implications arising from this report. Any activity in relation to monitoring standards and investigating complaints is met from existing budgets.

8.2 Any financial impacts that arise from the reforms proposed by government will be assessed and reported once proposals are published and understood.

Name of finance officer consulted: Haley Woppard Date consulted: 09/01/26

9 Legal implications

These are covered in the Report.

Name of lawyer consulted: Victoria Simpson Date consulted 5/01/2025

10. Risk implications

10.1 The Report to members in June 2025 noted the potential for pressures on the Council's resources if the Government enacts legislation to make the substantive changes to the standards regime that have been proposed. Any risks generated by a requirement to implement significant changes using existing resource will be explored and reported on once detailed proposals are published and understood.

11. Equalities implications

There are no equalities implications arising from this Report, which provides reassurance on the arrangements which have been developed with the need to ensure the Council and its members discharge their responsibilities with appropriate regard for equalities considerations in mind.

12. Sustainability implications

No sustainability implications have been identified.

13. Other Implications

No other implications have been identified.

14. Conclusion

Members are asked to note the contents of this Report, which aims to assist the Council in discharging its responsibilities in this area.

Supporting Documentation

[Guidance on Member Model Code of Conduct Complaints Handling | Local Government Association](#)

[Strengthening the standards and conduct framework for local authorities in England - GOV.UK](#)

Appendices

Appendix 1 – data on member complaints previously reported to Committee (Table 1) and new Complaints (Table 2)

Appendix 2 – annual data on member complaints received in during 2025.

Appendix 1: Complaint data

Table 1 - Complaints unresolved at time of last meeting of this Committee, in September 2025:

URN	Date received	Date determined	If concluded, basis on which decision was taken	Complaint Topic	Additional notes
N2025	20/03/2025	1/12/2025	An external investigator considered the complaints in a detailed way outlined their view that neither the Code of Conduct nor relevant protocols had been breached. The Monitoring Officer concurred with them and – having followed correct process – concluded this complaint on that basis.	B	Complaint alleging that a member had acted outside their powers
U2025	03/07/2025	Ongoing	Not yet concluded	D	Complaint concerned remarks and claims made online about the complainant and other third parties.
X2025	01/07/2025	18/9/2025	Decision made to take no further action at preliminary assessment stage, insufficient evidence of a breach of the Code having been identified to merit progressing the complaint	B	Complaint alleging a member made misrepresentations at a council meeting.
Z2025	24/08/2025	Ongoing	Not yet concluded – still at preliminary assessment stage.	D	Complaint about comments made by a member about a politician from another Party.

A12025	24/08/2025	15/10/2025	Decision made to take no further action at preliminary assessment stage on the basis that insufficient evidence in support had been identified.	A	Complaint that a member had made unfounded accusations about the complainants' conduct of their business.
B12025	31/08/2025	02/12/2025	Decision made to take no further action at preliminary assessment stage. on the basis that insufficient evidence in support had been identified.	D	Complaint about a member's comments and statements during an online exchange, initially about a politician from another party.
C12025	02/09/25	18/11/2025	Decision made to take no further action at preliminary assessment stage. Insufficient evidence of conduct giving rise to a breach of the Code.	C	Complaint about statements made by a member in the press.

Table 2: Complaints received in since the September meeting of this Committee:

URN	Date received	Date determined	If concluded, basis on which decision was taken	Complaint Topic	Additional notes
D12025	16/09/25	18/11/2025	Decision made to take no further action at preliminary assessment stage.Insufficient evidence to support complaint to merit progressing it, having noted that the councillor concerned had	A	Complaint alleging that the subject member had not responded to the complainant's email requesting for assistance.

			previously sent two substantive responses, which included a clear indication of their position on communicating as well as signposting information considered to be of potential relevance.		
E12025	21/09/25	22/10/2025	Decision made to take no further action at preliminary assessment stage. Insufficient evidence to support complaint to merit progressing it.	A	Complaint alleging Cllr had not responded to a member of the public regarding their concerns.
F12025	10/09/25	22/10/2025	Decision made to take no further action at preliminary assessment stage. Insufficient evidence of a potential breach of the Code of Conduct to merit any action.	C	Complaint alleging that Cllr had not forwarded an FOI request to the correct recipient despite agreeing to do so.
G12025	05/10/2025	Ongoing	Not yet concluded	A	Complaint alleging misinformation conveyed within a newsletter
H12025	03/10/2025	Ongoing	Not yet concluded	D	Complaint regarding comments which the complainant believed had encouraged racism.
I12025	15/10/2025	02/12/2025	Decision made to take no further action at preliminary assessment stage as the article which was the subject of the complaint was considered to be a 'standard' press release about an improved facility being brought back into use	C	Complaint alleging that a Cllr had misrepresented who was responsible for successfully renovating a local resource.
J12025	17/10/2025	Ongoing	Not yet concluded	B	Complaint regarding conduct during a Cllr's speech.

K12025	16/10/2025	3/12/25	Decision made to take no further action at preliminary assessment stage, insufficient evidence to support the allegations having been identified.	A	Complaint regarding conduct in the local community and comments in the press.
L12025	16/10/2025	Ongoing	Complaint referred for formal investigation, which remains underway.	D	Complaint about the conduct of a Cllr alleging inappropriate conduct.
M12025	21/11/2025	Ongoing	Not yet concluded	B	Complaint about the conduct of the Chair of a Council meeting.
N12025	29/11/2025	Ongoing	Not yet concluded	B	Complaint about the conduct of three separate Cllrs at a Council meeting.
O12025	06/12/2025	Ongoing	Not yet concluded	A	Complaint alleging lack of response to comms sent to three Cllrs.
P12025	18/12/2025	Ongoing	Not yet concluded	B	Complaint about the conduct of three separate Cllrs at a Council meeting.

Key to Complaint topics

Code	Description of type of conduct complained about
A	<i>Complaints about members' conduct in their wards, including when discharging their ward responsibilities or otherwise communicating with constituents or other stakeholders.</i>
B	<i>Complaints about comments or conduct either at council meetings, or at meetings at which members are representing BHCC</i>

C	<i>Complaints about conduct relating to council business or other members made outside council meetings, including on social media</i>
D	<i>Complaints about a member's conduct or position on an issue which is not council business or a ward matter, including conduct or a statement reported in the press or made on social media</i>

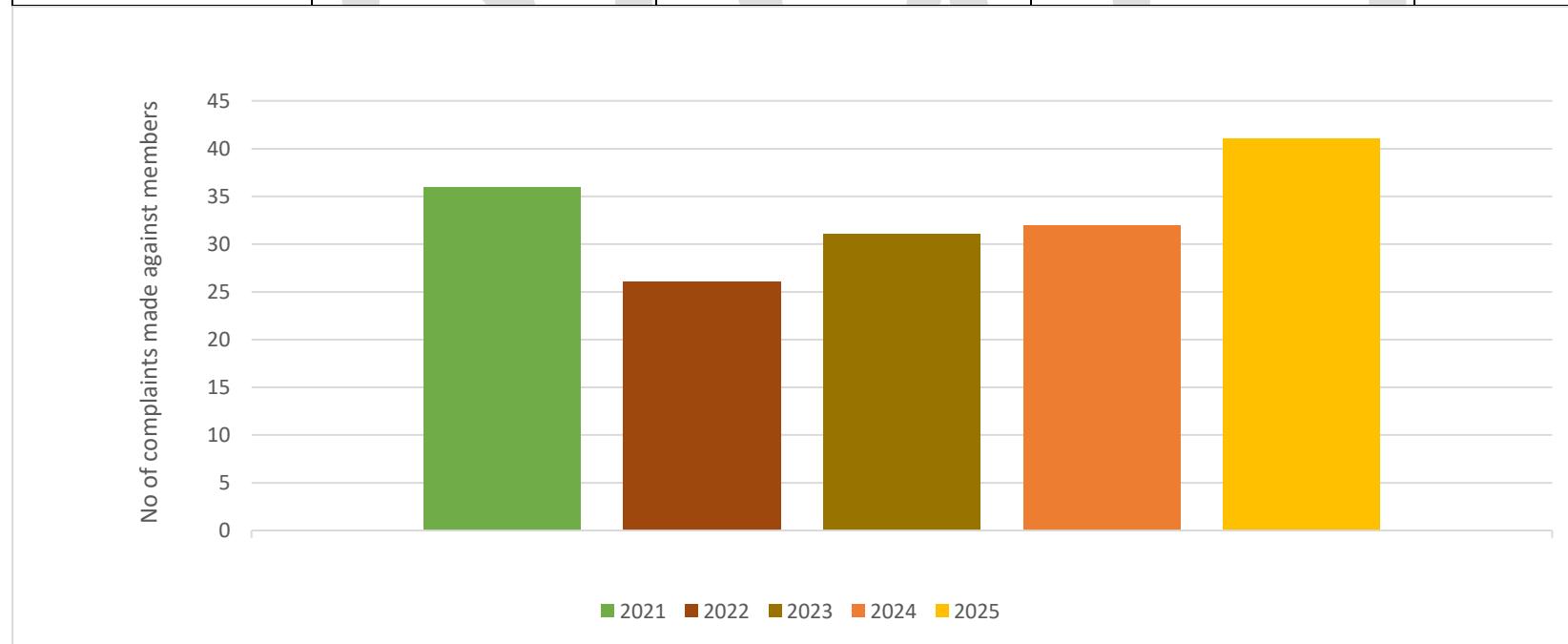
Appendix 2

Overview of member complaints received in between 1st Jan & 31st Dec 2025

Section one – volume & status of complaints

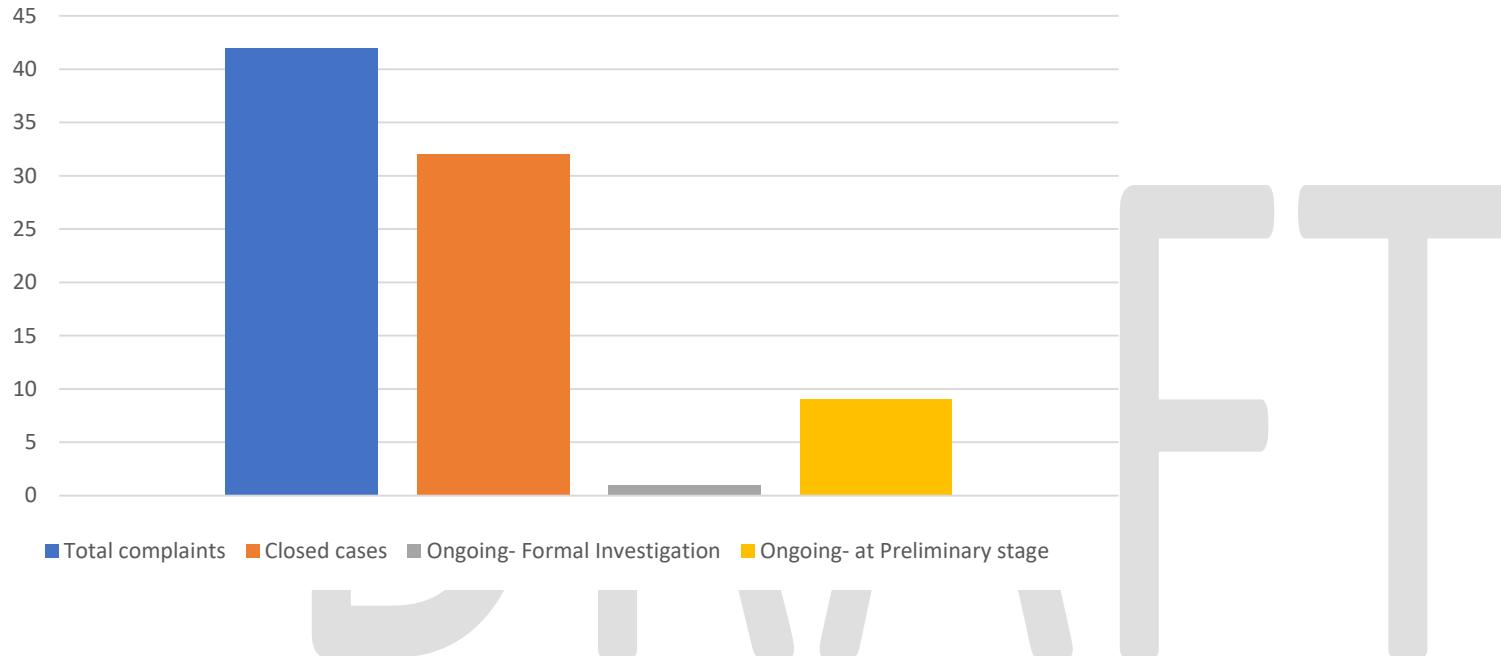
Table 1.1 – Volume & status of complaints

Complaints against members made in 2021	Complaints against members made in 2022	Complaints against members made in 2023	Complaints against members made in 2024	Complaints against members made in 2025
36	26	31	32	42



Note: Members are asked to bear in mind that the data in table 1 above reflects the number of individual complaints made, some of which were against more than one member, whether from the same or different political Groups.

Table 1.2 – Status of complaints received in during 2025 as at end of that year



Note: 32 out of a total of 42 complaints received in during 2025 were determined by end of that year. 10 remained undetermined at the end of the year, one of which remains the subject of a formal investigation.

Section two – Data re subject members (ie the members who were the subject of complaints) and also complainants

Table 2.1 – subject members

	Number of individual councillors who were the subject of complaints
2022	11
2023	27
2024	12
2025	23

Table 2.2 - complainants¹

	Complaints made by members about other members	Complaints made by residents or other stakeholders*
2022	3	23
2023	6	25
2024	3	29
2025	6	36

¹ NB complaints made about members by officers are normally dealt with under the Council's Officer/ Member Protocol.

Section 3 - Complaint topics/ content

Table 3.1 – Complaint topics

Code	Description of type of conduct complained about	2021	2022	2023	2024	2025
A	Complaints (including but not only by constituents) about members' discharge of their ward responsibilities, or other activities in their wards	14	6	18	9	11
B	Complaints about comments or conduct either at council meetings, or at meetings at which members are representing BHCC	3	8	10	11	15
C	Complaints about conduct relating to council business or other members made outside council meetings, including on social media	16	9	0	6	8
D	Complaints about a member's conduct or position on an issue which is not council business or a ward matter, including conduct or a statement reported in the press or made on social media	3	3	3	6	8