

Subject:	Draft Annual Governance Statement 2018-2019		
Date of Meeting:	23 July 2019		
Report of:	Executive Lead for Strategy, Governance & Law (Monitoring Officer)		
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Ward(s) affected:	All Wards		

FOR GENERAL RELEASE**1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 The Annual Governance Statement (AGS) is a requirement of Local Authorities to report publicly on the extent to which they comply with their own Code of Corporate Governance ('the Local Code').
- 1.2 The council is responsible for ensuring a sound system of governance (incorporating the system of internal control). The AGS publicises how the council strives to be effective in meeting the highest standards of governance as set out in the International Framework for Good Governance (henceforth referred to as 'the Framework')¹ and provides information on the review of governance that has taken place during the course of the last complete financial year.

2. RECOMMENDATIONS:

- 2.1 That the Committee review the attached AGS and make recommendations for the Leader of the City Council and the Chief Executive.
- 2.2 To note the Leader of the City Council and the Chief Executive will be asked to confirm their agreement to the AGS by signing a hard copy of Appendix 1 which will be stored securely.
- 2.3 To note that the AGS once signed by the Leader of the City Council and Chief Executive will be published alongside the council's Annual Accounts.

3. CONTEXT/ BACKGROUND INFORMATION**3.1 The Local Code of Corporate Governance**

- 3.1.1 The Council is responsible for ensuring that it conducts its business in accordance with the law and according to relevant standards. This requires Members and officers to make arrangements which ensure that

¹ CIPFA (Chartered Institute of Public Finance Accountancy) and IFAC (International Federation of Accountants) 'Delivering Good Governance in Local Government Framework 2014'.

public money is safeguarded and properly accounted for, and is used economically, efficiently and effectively, so as to ensure continuous improvement. A key element is the responsibility of ensuring that our systems of internal control are sound and reflect best practice.

3.1.2 Brighton & Hove City Council's Local Code of Corporate Governance was last substantively reviewed in July 2017 in the light of CIPFA & SOLACE² guidance 'Delivering Good Governance in Local Government: Framework (2016)'. At its meeting on 25 July 2017, the Audit and Standards Committee exercised its delegated powers under article 13.03 (xi) of the Constitution to approve a revised Code of Corporate Governance, which is published as Part 8.11 of Brighton & Hove City Council's Constitution.

3.1.3 The afore-mentioned Code of Corporate Governance is based on the good practice guidance referred to above, which was developed following work carried out by a joint working party sponsored by CIPFA and SOLACE. The Code of Corporate Governance incorporates the Framework proposed in the guidance, using the definition of good governance and the core principles cited therein.

3.1.4 It is a legal requirement that authorities conduct a review each financial year on the effectiveness of their systems of internal control and report publicly on the findings of that review. At Brighton & Hove City Council this review - as well as the Council's compliance with its Code of Corporate Governance - is conducted and monitored through the AGS process.

3.2 Best Practice

The city council has complied with best practice guidance³ published by CIPFA and SOLACE) which are to:

- i) review existing governance arrangements
- ii) develop maintain an up-to-date local code of governance, including arrangements for ensuring on-going effectiveness
- iii) report publicly on compliance with the local code on an annual basis including how they have monitored the effectiveness of their governance arrangements in the year and on any planned changes. This is delivered primarily through the AGS and the reports to the Audit & Standards Committee, policy updates sent for approval by other relevant committees and reflected as necessary in changes to the Council's Constitution and internal documentation.

The format of the council's AGS was included as an example of best practice by CIPFA as we have followed their advice that:

² CIPFA is acronym for the Chartered Institute of Public Finance Accountancy; SOLACE is acronym for the Society of Local Authority Chief Executives.

³ CIPFA and SOLACE guidance 'Delivering good governance in local government framework 2016 edition'.

'The annual governance statement should:

- provide a meaningful but brief communication regarding the review of governance that has taken place including the role of the governance structures involved (such as the authority; the audit and other committees)
- be high level, strategic and written in an open and readable style
- focus on outcomes and value for money and relate to the authority's vision for the area.'

3.3 The city council is active in delivery of its risk management process through its senior officers in order to use risk management to manage its business and keep the council safe. The internal audit service analyse the strategic risks agreed by the Executive Leadership Team (ELT) and in Appendix 1 of the AGS provide for each risk details of their work and other independent assurance. This helps to inform stakeholders on the level of assurance for each strategic risk against the Good Governance Principles set out in the International Framework for Good Governance.

3.4 Risk Management and Assurance are inter-related and are crucial to Governance and the council achieving its 'purpose' as an organisation.

3.5 The council is required to report on any planned changes in the current period beyond the AGS period covered in this report (2018/19). There are no significant issues to be reported.

4. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

4.1 Sound corporate governance and proper systems of internal control are essential to the financial health and reputation of the council. The resources required to implement the actions outlined to strengthen the governance arrangements are provided for the agreed 2018/19 budget.

Finance Officer Consulted: James Hengeveld

Date: 21/05/19

Legal Implications:

4.2 The council is under a duty to ensure that its financial management is adequate and effective and that it has a sound system of internal control which includes arrangements for the management of risk. Regulation 6 of the Accounts and Audit Regulations 2015 further require the council to at least annually conduct a review of the effectiveness of its system of internal control and to prepare an annual governance statement in addition to the statement of accounts which it is obliged to prepare in accordance with regulations 9 and 12.

The council's Audit & Standards Committee is responsible for amongst other things reviewing the outcome of the annual review of governance arrangements and

approving the Annual Governance Statement, thereby ensuring that the council meets the requirements of the Accounts and Audit Regulations 2015 by fulfilling these requirements as a committee of the council designated for this purpose.

Lawyer Consulted:

Victoria Simpson

Date: 13/06/19

SUPPORTING DOCUMENTATION

Appendices:

1. Draft Annual Governance Statement 2018 – 2019.

Background Documents

1. International Framework Good Governance in the Public Sector, CIPFA/ IFAC 2014.
2. Delivering good governance in local government framework 2016 edition, CIPFA/SOLACE 2016.