

# Annual Governance Statement 2018/2019 DRAFT

TO BE signed by:  
Leader of Brighton & Hove City Council,  
Nancy Platts

Date:  
and, Chief Executive Officer,  
Geoff Raw

Date:



# Why we have prepared this Annual Governance Statement (AGS) 2018-19

- To fulfil the statutory requirement for each local authority to conduct a review of its system of internal control and prepare and publish an AGS at least once a year in each financial year
- To demonstrate that there is a sound system of governance (incorporating the system of internal control) and complying with its [Local Code of Governance \(approved 25 July 2017\)](#)
- To outline our progress in 2018-19 and help us take further actions to improve governance for delivery in 2019-20

# What we mean by governance

The arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved

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How the council makes sure it

- does the right things
- in the right way
- for the right people

# Corporate Governance Structure: within Brighton & Hove City Council



## Corporate Governance Structure:

Working with our partners through Brighton & Hove Connected's thematic partnerships, to ensure community and stakeholder buy-in to assist with legitimising our city's governance.



# We provide assurance based on the 7 principles of the International Good Governance Framework\*

- 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 outcome
- E. Developing the entity's capacity including the capacity of its leadership and with individuals within it
- F. Managing risks and performance through robust internal control and strong financial management
- G. Implementing good practice in transparency, reporting and audit to deliver effective accountability

\*IFAC  
and  
CIPFA,  
2014

# How we make sure our arrangements are working



We use the 'three lines of defence model' to assess the effectiveness of how we manage risks we face as an organisation

# Assurance on Risks

- Strategic risks are considered quarterly by the Executive Leadership Team (ELT) and are reported to the Audit & Standards Committee at each meeting and the Committee focus on up to four Strategic Risks for more in depth review. All Strategic Risks are detailed in Appendix 1
- Directorate risks are reviewed quarterly by Directorate Management Teams and the Directorate Risk Lists are reported to ELT as part of their quarterly risk review



# Head of Internal Audit Opinion

Based on the internal audit work completed,  
the Chief Internal Auditor can provide

**reasonable assurance\***

that Brighton & Hove City Council has in place an adequate and  
effective framework of governance, risk management and internal  
control for the period 1 April 2018 to 31 March 2019

Chief Internal Auditor, Russell Banks/  
Audit Manager, Mark Dallen

\* Assurance can never be absolute. In this context 'reasonable assurance' means that arrangements are in place to manage key risks and to meet good governance principles, but there are one or more areas where improvements are required

# Further Actions to improve governance for delivery 2019/20, page 1 of 3

## What we will do

## Lead Officer

1. Develop the City Strategy with partners and clarify council's role in delivering this via Corporate Strategy to deliver key priorities for the city

Executive Lead Officer,  
Strategy, Governance &  
Law

2. Strengthen financial planning and implementation to deliver savings to future proof the council's financial position

Executive Director, Finance  
& Resources

# Further Actions to improve governance for delivery 2019/20, page 2 of 3

What we will do

Lead Officer

3. Strengthen governance to reduce inequalities for customers and staff

Executive Director,  
Families, Children &  
Learning on behalf of  
Executive Leadership  
Team

4. Strengthen governance in delivering and procuring services to meet health and safety legislation

Executive Director,  
Finance & Resources

# Further Actions to improve governance for delivery 2019/20, page 3 of 3

What we will do

Lead Officer

5. Strengthen employee relations and our relationships with Trade Unions

Executive Director,  
Finance & Resources

6. Strengthen effectiveness and inclusivity of our consultation and engagement processes

Executive Lead Officer,  
Strategy, Governance &  
Law

## In conclusion...

This document:

- shows how we have met the statutory requirement to conduct a review of our system of internal control
- meets the requirement to publish an Annual Governance Statement
- demonstrates our achievements and helps us to be more effective and take action to improve

# What happens next...

We will:

- continue to further strengthen our governance arrangements
- monitor the implementation of the actions set out in this statement
- report the progress we have made in our next annual review

# Appendix 1 Strategic Risk Analysis

Internal Audit's analysis of the Strategic risks in the Corporate Risk Assurance Framework (CRAF)

## Good Governance Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Strategic Risk	Independent Assurances
SR13 Not keeping vulnerable adults safe from harm and abuse	<p><u>2018/19</u> This risk was last reviewed at A&amp;S Committee in September 2018.</p> <p>No specific Internal Audit work in <u>2017/18</u>. Independent assurance on this risk is available from the inspections carried out by the Care Quality Commission and Peer reviews.</p> <p>In <u>2016/17</u> this strategic risk was specifically reviewed concluding Reasonable Assurance.</p>
SR15 Not keeping children safe from harm and abuse	<p><u>2018/19</u> This risk was reviewed at A&amp;S Committee in March 2019.</p> <p>No specific Internal Audit work in <u>2017/18</u>. Independent assurance on this risk is available from the inspections carried out by the OFSTED, Peer review and Work carried out by the University of Sussex.</p> <p>The audits undertaken in <u>2015/16</u> on Children’s Services Procurement gave Substantial Assurance. Our work on Fostering &amp; Adoption and (SR15) and Safeguarding Children both gave Substantial Assurance.</p>
SR32 Sub-standard health & safety measures lead to personal injury, prosecution, financial losses and reputational damage	<p><u>2018/19</u> The A&amp;S Committee reviewed this risk in September 2018. HSE interest in relation to a fatality at a BHCC secondary school in August 2018, decision is pending by Health &amp; Safety Executive (HSE) on prosecution. This interest in BHCC has broadened with the HSE now focussing on risk management arrangements in relation to vibration, noise and contract monitoring. In March 2019 the HSE indicated they would be issuing BHCC with an improvement notice in relation to its management of vibration risk. On 12 March 2019 the BHCC Coroner issued a ‘Regulation 28: Report to prevent future deaths’ to BHCC which outlined the Coroner’s concerns. This has been responded to by the Chief Executive Officer in May 2019.</p> <p>No specific Internal Audit work in <u>2017/18</u>. Independent assurance on this risk is available from the inspections carried out by the HSE and East Sussex Fire and Rescue Authority.</p>



## Good Governance Principle B: Ensuring openness and comprehensive stakeholder engagements

Strategic Risk	Independent Assurances
<p>SR20 Inability to integrate health and social care services at a local level to the agreed timescales</p>	<p><u>2018/19</u> The risk was reviewed at A&amp;S Committee in September 2018.</p> <p>No specific Internal Audit work in <u>2017/18</u>. Some independent assurance on this risk is provided by NHS England.</p> <p>In <u>2016/17</u> our work reviewing the Better Care Fund gave Limited Assurance. The audit on Public Health concluded Reasonable Assurance.</p>
<p>SR26 Not strengthening the council's relationship with citizens</p>	<p><u>2018/19</u> The risk was reviewed at A&amp;S Committee in January 2019.</p> <p>The <u>2017/18</u> Internal Audit Plan included an audit of Public Consultations which concluded Reasonable Assurance.</p> <p>In <u>2015/16</u> the audit on Organisational Ethics concluded Substantial Assurance.</p>

## Good Governance Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits

Strategic Risk	Independent Assurances
SR21 Unable to manage housing pressures and deliver new housing supply	<p><u>2018/19</u> The risk was reviewed at A&amp;S Committee in January 2019.</p> <p>No specific Internal Audit work in <u>2017/18</u>. Our audit work in <u>2016/17</u> on Housing New Builds concluded Substantial Assurance.</p>
SR23 Unable to develop and deliver an effective Investment Strategy for the Seafront and ensure effective maintenance of the seafront infrastructure	<p><u>2018/19</u> The risk was reviewed at A&amp;S Committee in January 2019. Internal Audit review on SR23 (Reasonable Assurance).</p> <p><u>2017/18</u> Internal audit review of the Waterfront Project. Some independent assurance on this risk is also provided by the Greater Brighton Economic Board (quarterly) and Coast to Capital LEP.</p> <p><u>2016/17</u> audits were Valley Gardens and Shelter Hall (Limited Assurance).</p>
SR29 Ineffective contract management leads to sub-optimal service outcomes, financial losses, and reputational damage	<p>Internal audit reviews <u>2018/19</u> were Housing Management System procurement (Reasonable Assurance), Care Management System (Reasonable Assurance), Street Lighting Procurement (no opinion).</p> <p>Internal audits during <u>2017/18</u> were Strategic Construction Contract (Substantial Assurance), Contract Waivers (Substantial Assurance) and Lift Maintenance Contract (Substantial Assurance).</p> <p><u>2016/17</u> audits were Waivers (Limited Assurance), Housing Electrical Works (Limited Assurance).</p>
SR33 Not providing adequate housing and support for people with significant and complex needs.	<p><u>2018/19</u> Internal Audit review of Supported Accommodation (Reasonable Assurance)</p> <p><u>2017/18</u> This risk was identified in March 2018. No specific Internal Audit work. Assurance on this risk is provided by the Local Safeguarding Adults Board and the Local Safeguarding Children Board, both of which are independently chaired.</p>

## Good Governance Principle D: Determining the interventions necessary to optimise the achievement of the intended outcome

Strategic Risk	Independent Assurances
SR18 The organisation is unable to deliver its functions in a modern, efficient way due to the lack of appropriate technology	<p><u>2018/19</u> Last reviewed at A&amp;S Committee in July 2018. Internal audit review of Digital First – Follow up (Minimal Assurance).</p> <p><u>2017/18</u> audit of the Digital First Programme (Partial Assurance given). Annual staff survey has identified significant concerns with staff not having the right tools to do their jobs.</p> <p>In <u>2015/16</u> Audits included a review of the Modernisation Agenda (Reasonable Assurance).</p>
SR30 Not fulfilling the expectations of residents, businesses, government and the wider community that Brighton & Hove City Council will lead the city well and be stronger in an uncertain environment	<p><u>2018/19</u> Last reviewed at A&amp;S Committee in January 2019.</p> <p><u>2017/18</u> No independent assurance work was carried out on this risk.</p>
SR35 Unable to manage serious risks and opportunities resulting from the impact of Brexit on the local and regional society and economy	<p><u>2018/19</u> This risk was agreed February 2019.</p>
SR34 Ambitions to improve offer for staff which have been stated in our People Promise may not be realised	<p><u>2018/19</u> This risk was identified in November 2018. Internal Audit of Wellbeing Project (Substantial Assurance).</p>

## Good Governance Principle E: Developing the entity's capacity including the capacity of its leadership and with individuals within it

Strategic Risk	Independent Assurances
SR2 The council is not financially sustainable	<p><u>2018/19</u> This risk was last reviewed at A&amp;S Committee in July 2018. Internal Audit of Budget Management (Substantial Assurance). Eight Internal Audit reviews of key financial systems. All Substantial or Reasonable Assurance with one exception (Debtors – Partial assurance).</p> <p><u>2017/18</u> Financial Pressures (Reasonable Assurance). Eight internal audits were undertaken of other key financial systems. The majority were given Substantial or Reasonable assurance opinions with the exception of Council Tax and Debtors where a partial assurance opinion was given.</p> <p><u>2016/17</u> Budget setting (Reasonable Assurance).</p>
SR24 The impact of Welfare Reform increases need and demand for services	<p><u>2018/19</u> This risk was last reviewed at the A&amp;S Committee in March 2019. Welfare Reform (Substantial Assurance).</p>
SR25 The lack of organisational capacity leads to sub-optimal service outcomes, failure to meet statutory obligations, and reputational damage	<p><u>2018/19</u> This risk was last reviewed at A&amp;S Committee in July 2018.</p> <p><u>2017/18</u> Organisational Capacity (Partial Assurance).</p>

## Good Governance Principle F: Managing risks and performance through robust internal control and strong financial management

Strategic Risk	Independent Assurances
<p>SR10 Corporate Information Assets are inadequately controlled and vulnerable to cyber attack</p>	<p><u>2018/19</u> Internal audits of GDPR (Partial Assurance) and Disaster Recovery (Partial Assurance). This risk was last reviewed by the A&amp;S Committee in July 2018.</p> <p><u>2017/18</u> Six partial assurance reports: Building and System Access Controls, PCI DSS, Active Directory, Parking Service Systems, Corporate Banking System, IG Toolkit.</p> <p>This risk was reviewed at A&amp;S Committee in September 2017.</p> <p><u>2016/17</u> Cyber Security and IT Disposals (both Limited Assurance), IT Incident Management (Substantial Assurance), IT Service Desk (Reasonable Assurance), Computer Facilities (Limited Assurance).</p>
<p>SR31 Greater liability on the council's budget due to budgetary pressures on schools</p>	<p><u>2018/19</u> This risk was last reviewed at A&amp;S Committee in March 2019. Seven schools audits in the year. Reasonable Assurance (5 Schools), Partial assurance (2 Schools).</p> <p><u>2017/18</u> Financial Pressures (Reasonable Assurance). Nine school reviews were carried out in the year. The opinions given were Reasonable Assurance (5 schools), Partial Assurance (3 schools), Minimal Assurance (1 school).</p> <p><u>2016/17</u> Schools Funding Arrangements (Substantial Assurance).</p>

Good Governance Principle G: Implementing good practice in transparency, reporting and audit to deliver effective accountability

No strategic risks were mapped to this risk

## Appendix 2 - Progress made to address AGS 2017/18 actions

### 1) Information Governance

#### i) Deliver the GDPR Implementation actions from GDPR Plan

- a) The Corporate Modernisation Programme GDPR co-ordinated activity across BHCC including establishing Information Asset Owners, Asset Management Administrator resources identified, communications campaign, workshops with services, an Information Audit and Data Privacy Impact Assessments built in to business change processes.
- b) Internal Audit of GDPR compliance in 2018/19 gave an audit opinion of Partial Assurance.

#### ii) Continue to improve security over our information assets

- a) IT policies reviewed and updated.
- b) Adoption of TLS secure mail – all mail sent from BHCC domain is now encrypted in transit.
- c) Migration from Blackberry to iPhone mobile platforms – improved security native to iPhones/iOS.

## Progress made in 2018/19 to address AGS 2017/18 actions

### 2) Financial Pressures

#### i) Control the cost of demand led services including childrens & adults social care, housing and schools

- a) 4 year Integrated Savings & Financial Plans are in place and being monitored for all directorates. Children's and Adults social care budgets and City Environment Management costs pressures are stabilised or improving with remaining pressures monitored. Monthly analysis of the expected budget position of each school, informed by schools' budget monitoring updates. The sharing of primary school applications data in January 2019 and the determination of the council's funding format provided an opportunity to remind schools of the potential funding pressures in the coming years that they need to be mindful about for action.
- b) Improved governance around social care to contain the costs within council budgets included two Sustainable Social Care Boards chaired by the Chief Executive with plan for 'new view of care budgets' presented to Leadership Board & Opposition Groups as requested at [Policy, Resources & Growth Committee 11 October 2018](#).



## Appendix 2 - Progress made to address AGS 2017/18 actions

### 3) Organisational Capacity

#### i) Budget processes to include a clear and specific assessment of the impact on organisational capacity

- a) All financially significant policy and service developments have nominated finance officers. These include Housing Joint Venture and company, Seaside Homes; Orbis; Integration with Health/CCG; Major Projects (PPP schemes); Royal Pavilion & Museums Trust; Estate Regeneration; new social care systems; Saltdean Lido; City Parks Trust; Housing Options (HRA); i360 re-financing, Housing Repairs in-sourcing project etc. All quantifiable impacts have been factored into the Medium Term Financial Strategy.
- b) Modernisation funds secured for 2019/20 and 2020/21 to progress work on Our People Promise which aims to ensure the council is able to recruit and retain the people it needs, and to improve the motivation and morale of staff as measured in the staff survey.

## Appendix 2 - Progress made to address AGS 2017/18 actions

### 4) Integrating Health & Social Care

#### i) **Work with the CCG and primary and community health care stakeholders to develop new care and delivery models to support closer integration**

- a) The Joint Health and Social Care Integration Board (BHCC and BH CCG) meets monthly to develop a [Brighton & Hove Joint Health & Wellbeing Strategy](#). Integrated commissioning functions are started and are to complete by March 2020.
- b) The council and the CCG's joint approach to managing and supporting the care market is detailed in the Market Position Statement. It includes brokerage of packages of care and a programme including continuing health care.
- c) Updated Public Health Memorandum of Understanding with the CCG approved April 2018. The public health work-plan within the CCG falls within this, it includes planning for needs assessments, public health support for Clinically Effective Commissioning work.

#### ii) **Establish an integrated management team structure to support a fully integrated Health and Social Care Service from 2020**

- a) HWBB has agreed to the development of a collaborative approach and in response HASC finalising a senior management re-structure ready for consultation.

## Progress made in 2018/19 to address AGS 2017/18 actions

### 5) Governance and management in key services

#### i) Strengthen and build on good management in key services

- a) Leadership Development Programme with various modules and over 180 spaces for tier 1-4 managers to attend
- b) The behaviour framework was used in mid year reviews Nov-Dec 2018, including rated appraisals mid-year scores for senior leaders based on a 4 scale rating system. The moderation of the Executive Leadership Team's performance was carried out by Members who have confirmed scores for ELT
- c) The sickness procedure has been completed with further conversations with the unions to plan to agree the toolkit that will provide advice and guidance about the procedure and ensure the benefits of information and early resolution are embedded
- d) The well being workstream, part of delivery of Our People Promise, started to drive improved resilience and performance through wellbeing. The sickness figures showed in a reduction in sickness days from 10.57 to 10.09.

## **Progress made in 2018/19 to address AGS 2017/18 actions**

### **6) Continue to clarify the shared vision for Brighton & Hove as a city which will inform Leadership and the new Corporate Strategy to be developed after May 2019**

- a) after working with key partners across the city from all sectors to develop a City Vision for 2030, the City Vision 2030 is almost complete.
- b) the Council's Corporate Strategy will commence starting March 2019 with a view to it being adopted in Autumn 2019. Directorate Plans will be developed to clarify plans for delivery against which progress will be monitored as part of the Performance Management Framework.

## Progress made in 2018/19 to address AGS 2017/18 actions

### 7) Governance of Property Portfolio

**i) Annual report to Policy, Resource & Growth Committee in relation to making best use of the council's assets (investment strategy) to improve income, achieve capital receipts requirements under the Medium term Financial Strategy**

- a) Asset Management Board (AMB) focus on urban portfolio Asset Investment Strategy to ensure that opportunity to acquire high performing property can happen, e.g. acquisition of Phoenix House central Brighton office use which should help investment portfolio targets and re-balance the portfolio which is mainly retail
- b) Capital receipt programme progressing, capital monitoring continues
- c) Disposals are progressing to include strategic disposals generated by Workstyles programme and support for the Stanmer Heritage Lottery Fund premises change
- d) Asset Management Strategy on website and being reviewed



Brighton & Hove  
City Council

