

Brighton & Hove City Council

Audit, Standards & General Purposes Committee

Agenda Item 11

Subject: Formal approval of the Annual Governance Statement
2023-2024

Date of meeting: 25th June 2024

Report of: Corporate Director, Corporate Services

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Ward(s) affected: All

For general release

1. Purpose of the report and policy context

- 1.1 The council is required to conduct a review of its system of internal control and prepare an Annual Governance Statement (AGS) to report publicly on the extent to which it complies with its own code of governance.
- 1.2 The AGS is a valuable means of communication, enabling the council to explain to the community, service users, taxpayers, and other stakeholders its governance arrangements and how the controls it has in place manage risks of failure in delivering its outcomes.
- 1.3 The AGS directly supports the Council Plan Outcome 4: A responsive council with well-run services – Good governance and financial resilience.

2. Recommendations

- 2.1 Committee approve the Annual Governance Statement 2023-2024 in Appendix 1. Once approved, the AGS will be signed by the City Council's Leader and the Chief Executive before publication alongside the City Council's Accounts.

3. Context and background information

- 3.1 Good corporate governance in Brighton & Hove City Council is about doing the right things in the right way ensuring we are well-run and responsive enabling delivery of our vision to be a city to be proud of, a healthy, fair and inclusive city where everyone thrives. It is about:
 - The arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved

- How the council makes sure it does the right things in the right way for the right people
 - Establishing and following robust systems and processes
 - Demonstrating effective leadership, including accountability and transparency in actions and decisions
 - Creating a culture based on openness, inclusivity and honesty
 - Keeping our focus on the needs of service users and the public, ensuring public money is safeguarded, accounted for and used efficiently and effectively
 - Ongoing continuous improvement to further strengthen the way the council operates
- 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 In 2023/24 we took actions in the light of the AGS which saw us strengthen our governance in many areas such as Health & Safety, Digital Data and Technology, operational financial processes for adult social care clients, our relationship with trade unions and Payroll and Pensions Service. Details of our progress is outlined in appendix 1 of the AGS.
- 3.4 The key actions we need to undertake in 2024/25 to further strengthen our governance are:
- 1. Develop and deliver a robust and sustainable medium term integrated service and financial plan (MTSFP)
 - 2. Improve the Payroll and Pension Service
 - 3. Improve contract management compliance across the organisation
 - 4. Implement actions emerging from audit findings to improve key financial systems (e.g. housing rent, housing benefits, council tax)
 - 5. Improve organisational resilience through robust emergency planning and business continuity planning arrangements
 - 6. Ensure effective governance of the implementation of the Digital, Data & Technology Strategy
 - 7. Implement an effective scrutiny function to provide robust 'critical friend' challenge to the executives

8. Refresh Code of Corporate Governance to ensure robust governance
9. Improve operational financial processes for adult social care clients in line with internal audit actions and other improvement plans
10. Ensure robust governance in order to meet Building Safety compliance requirements in council owned housing

4. Analysis and consideration of alternative options

- 4.1 Reflecting the CIPFA guidance and taking account of feedback from external auditors, we have taken the opportunity to review the content and format of our Annual Governance Statement and compare it with those of other authorities. We consider that our approach accords with the CIPFA guidance, is backed up by our embedded operating arrangements, is proportionate and evidences good governance.

5. Community engagement and consultation

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

6. Conclusion

- 6.1 This Report provides reassurance regarding the Council's commitment to implementing the actions identified in the Annual Governance Statement and the arrangements put in place to monitor progress through regular review of actions.

7. Financial implications

- 7.1 Good corporate governance and effective systems of internal control are essential to the financial health and reputation of the council. The resources required to implement the proposed actions to strengthen the governance arrangements are generally provided for in the agreed 2024/25 budget but will be kept under review and may need further consideration where improvement actions require additional resources. This will also inform the in-year management of the 2024/25 budget and/or preparation of the 2025/26 budget.

Finance officer consulted: Nigel Manvell Date: 09/06/24

8. Legal implications (Victoria to amend for 23/24)

- 8.1 The Council is subject to a duty to ensure that its financial management is adequate and effective and that it has a sound system of internal control, including arrangements for the management of risk. The Accounts and Audit Regulations 2015 require the Council to conduct a review of the effectiveness of its system of internal control at least annually and to prepare and publish an annual governance statement alongside its statement of accounts.

The Council has delegated to the Audit, Standards & General Purposes Committee responsibility for considering the outcome of the annual review of governance arrangements and for approving the Annual Governance Statement. In this way, the requirements of the Regulations are met by a Committee of the Council that has been designated for this purpose.

Name of lawyer consulted: Victoria Simpson Date consulted: 10/06/2024

9. Equalities implications

- 9.1 The Annual Governance Statement links to the Performance Management Framework through which as an organisation we have an oversight of our progress in becoming a more fair and inclusive council. The Corporate Equalities Delivery Group has the governance oversight of the Fair & Inclusive corporate modernisation programme linked to Directorate Equalities Delivery Groups.

10. Sustainability implications

- 10.1 The AGS links to the Performance Management Framework through which we have an oversight of our progress in becoming a more sustainable organisation. This is managed through the Carbon Neutral corporate modernisation programme, carbon neutral strategic risk (SR36), carbon neutral corporate key performance indicator and actions to reduce carbon footprint.

Supporting Documentation

1. Appendices

1. Draft Annual Governance Statement 2023-2024

2. Background documents

1. None