

Brighton & Hove City Council

Audit, Standards & General Purposes Committee

Agenda Item 12

Subject: Formal approval of the Annual Governance Statement
2024-2025

Date of meeting: 24th June 2025

Report of: Director, People & Innovation

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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 2024-2025 attached as 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 2024/25 we took actions in the light of the AGS which saw us strengthen our governance in many areas such as adopting a new Leader and Cabinet system, launching organisational redesign and Learning Organisation framework, developing our Corporate Leadership Plan, developing Medium Term Financial Strategy and initiating LGA Corporate Peer Challenge.
- 3.4 This review of governance arrangements identified two broad outcomes where further improvements are needed. Delivery of the actions to achieve these outcomes, as detailed below, will contribute to achieving our mission of a responsive council with well-run services. These will be included in our refreshed Corporate Leadership Plan and will be owned and driven by the Corporate Leadership Team.
- Outcome: A financially sustainable and resilient council
- 1. Continue to focus on strong financial management across the organisation, including tight monitoring of budgets and identification of mitigations and recovery plans where pressures exist
 - 2. Reset the Medium-Term Financial Strategy MTSF (including a financial resilience framework) to revise targets for reserves levels and respond to external audit and LGA peer challenge feedback
 - 3. Ensure Innovation & Change programmes and delivery plans are in place to underpin the MTFS for years 2-4 of the strategy

4. Develop a capital receipts delivery plan and maintain control over the capital programme to ensure funding is in place to underpin the MTFS
5. Implement actions from audit findings to improve key financial systems, e.g. HR/Payroll, Council Tax, Accounts Receivable
6. Develop and implement Innovation & Change approach, including governance, to ensure focus remains on delivery of the Council Plan, MTFS and embedding Learning Organisation
7. Improve contract management compliance and oversight across the organisation

Outcome: Becoming a learning organisation by embedding our ways of working

8. Improve governance arrangements for the delivery of Digital, Data & Technology Strategy
9. Improve organisational resilience and compliance through resetting governance arrangements for Health & Safety
10. Improve consistency in the quality and use of data to manage the quality and safety of our housing stock
11. Ensure consistency across all client groups for managing risk for service users on waiting lists for Adult Social Care
12. Operationalise the Learning Framework

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 evidence of 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. Financial implications

- 6.1 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 2025/26 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 2025/26 budget and/or preparation of the 2026/27 budget.
- 6.2 As set out in the main body of the report, financial sustainability and the need to build up financial resilience is a key issue given the Council's low level of reserves and significant service pressures that exist (particularly for

temporary accommodation and social care). This will require significant attention over the course of the financial year.

Name of finance officer consulted: John Hooton

Date consulted: 05/06/2025

7. Legal implications

- 7.1 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 the 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: 10/06/2025

8. Risk implications

- 8.1 Good governance and robust systems of internal control enable the council in identifying and delivering its intended outcomes for stakeholders. If the actions outlined in section 3 are not delivered that could further impact the financial sustainability of the council, affecting our reputation as a city leader, and reducing our ability to deliver a better Brighton and Hove for all.

These actions will be monitored through the Corporate Leadership Plan to ensure appropriate oversight and intervention where necessary.

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 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 Net Zero programme, climate

change strategic risk (SR38), net zero corporate key performance indicator and actions to reduce carbon footprint.

11. Conclusion

- 11.1 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.

Supporting Documentation

1. Appendices

1. Draft Annual Governance Statement 2024-2025

