

Brighton & Hove City Council

Audit, Standards & General Purposes Committee

Agenda Item 12

Subject: Formal approval of the Annual Governance Statement 2025-2026

Date of meeting: 23rd June 2026

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 and learning council with well-run services – Good governance and financial resilience.

2. Recommendations

- 2.1 Committee approve the Annual Governance Statement (AGS) 2025-2026 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 to ensure we are well-run and responsive and to enable 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 2025/26 we took actions in the light of the AGS which saw us strengthen our governance in many areas such as refreshing our Council Plan, operationalising our Learning Framework, developing our Medium Term Financial Strategy and Transformation & Innovation portfolio of strategic programmes and implementing the recommendations from the LGA Corporate Peer Challenge.

Good governance at Brighton & Hove City Council underpins our ambition to be a learning organisation by providing clear leadership, accountability and assurance while encouraging openness, reflection and continuous improvement.

Strong governance arrangements create a safe and transparent environment in which challenge is welcomed, decisions are evidence-based, and lessons from experience are actively considered and acted upon.

By setting clear expectations, roles and ethical standards, good governance supports informed risk-taking and innovation, ensuring that new ideas and approaches are explored responsibly and in the public interest.

Effective scrutiny, audit and member - officer collaboration help to turn insight into improvement, embedding learning at both strategic and operational levels. In this way, good governance not only strengthens trust and decision-making, but actively enables a culture of learning, adaptation and innovation that improves outcomes for residents.



3.4 Our 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 focus on strong financial management across the organisation, including effective prioritisation and tighter monitoring of budgets, identification of mitigations and recovery plans where pressures exist
2. Ensure Transformation & Innovation strategic programmes are delivered to drive delivery of the Medium-Term Financial Strategy
3. Deliver a programme of asset release to achieve capital receipts and revenue savings to unlock land for regeneration, housing and investment in transformation.
4. Strengthen governance of capital programmes to ensure alignment with council priorities, and in consideration of the council's financial position.
5. Implement actions to improve key financial systems and processes including actions agreed with internal audit (pension/payroll, housing rent, housing benefits, council tax)
6. Improve procurement and contract management compliance and oversight across the organisation

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

1. Continue to embed the Council's Learning Framework across the organisation to strengthen delivery of the Council Plan
2. Strengthen governance arrangements for the Digital Innovation & Technology strategic programme to enable robust prioritisation
3. Embed governance arrangements for Health & Safety to improve organisational resilience and compliance
4. Improve consistency in the quality and use of data to manage the quality and safety of our housing stock, operational premises and commercial portfolio.
5. Deliver the Adult Social Care Improvement Plan to improve prevention & early intervention. This also responds to the feedback received from the Care Quality Commission inspection feedback.
6. Risk owners to ensure clearly defined, documented and actively managed risk tolerance levels aligned to council's risk appetite as outlined in the Risk Management 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. Resource requirements to deliver the key outcomes identified in paragraph 3.4 have been generally provided for in the 2026/27 budget and Medium Term Financial Strategy. This includes additional resources and activity identified to support the delivery of a resilient and financially sustainable council funded from the council's Transformation Fund, approved at Budget Council in February 2026. This will be kept under close review and further consideration will be given where improvement actions require additional resources.
- 6.2 The AGS will also inform the in-year management of the 2026/27 budget and preparation of the 2027/28 budget.

Name of finance officer consulted: Haley Woollard
Date consulted: 05/06/2026

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 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: Elizabeth Culbert
Date consulted: 28/05/2026

8. Risk implications

- 8.1 Good governance and robust systems of internal control enable the council to identify and deliver its intended outcomes for stakeholders. If the actions outlined in section 3 are not delivered it may further impact 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 action plan.

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 2025-2026