

Subject:	Annual Governance Statement 2016-17		
Date of Meeting:	25 July 2017		
Report of:	Executive Lead Officer Strategy, Governance and Law and Monitoring Officer		
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Ward(s) affected:	All		

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') which is a separate item on this same meeting agenda.

2. RECOMMENDATIONS:

- 2.1 That the Annual Governance Statement is approved (Appendix 1).
- 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 council is responsible for ensuring a sound system of governance (incorporating the system of internal control).
- 3.2 In April 2016, CIPFA (Chartered Institute of Public Finance & Accountancy) and SOLACE (Society for Local Authority Chief Executives) published revised guidance 'Delivering good governance in local government framework 2016 edition'. The Framework defines the principles that should underpin the governance of local authorities and requires each local authority to:
- review existing governance arrangements
 - develop and maintain an up-to-date local code of governance, including arrangements for ensuring ongoing effectiveness
 - report publicly on compliance with their own code on an annual basis including how they have monitored the effectiveness of their governance arrangements in the year and on any planned changes.

3.3 The AGS makes use of the preparatory work undertaken in 2016/17 to construct a [Corporate Risk Assurance Framework](#) (CRAF) which mapped the council's Strategic Risks, Directorate Risks and Policies and Processes to the Good Governance Principles as outlined in the International Framework for Public Sector Good Governance. The CRAF was approved by the Audit & Standards Committee on 10 January 2017 and provides evidence and a structure for this AGS.

- The CRAF sets out how the council gains assurance using the three lines of defence model:
 - First line: management controls
 - Second line: corporate oversight
 - Third line: independent assurance
- The council's Risk Management Process forms a large basis for the Corporate Risk Assurance Framework (CRAF) is active, regularly reviewed and evidence of how the council keeps its arrangements up to date and relevant.

3.4 The AGS is shorter than in previous years and has been revised to enhance stakeholder understanding by making it a more readable and user friendly document. It publicises how the council strives to be effective in meeting the highest standards of governance. It also provides information on the review of governance that has taken place and the governance structures.

3.5 The council is required to detail in the final Annual Governance Statement 2016/17 'significant events or developments relating to the governance system, which have occurred between the reporting date, and the date on which the Statement of Accounts is signed by the responsible officer'. As at 12 July 2017 there are none but any issue between now and the date the Statement of Accounts are signed will be included in a version of the AGS. If this arises, this will be reported to the Committee Chair and reported back to the Audit & Standards Committee at the next meeting.

4. ANALYSIS & CONSIDERATION OF ALTERNATIVE OPTIONS

4.1 The Council has made good progress in addressing issues from the AGS for 2015/16 and has strengthened its governance arrangements in other areas.

4.2 The overall opinion from the Head of Internal Audit is that reasonable assurance can be provided on the overall effectiveness of the council's control environment for the year ended 31 March 2017.

4.3 The AGS does not identify any significant weaknesses but sets out further areas for improvement.

4.4 The council is required to report on any planned changes in the current period beyond the AGS period covered in this report (2016/17). There are no significant issues to be reported.

5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 5.1 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 2016/17 budget.

Finance Officer Consulted: James Hengeveld

Date: 14/06/17

Legal Implications:

- 5.2 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 prepare an annual governance statement in addition to the statement of accounts which it is obliged to prepare in accordance with regs. 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: 19/06/17

SUPPORTING DOCUMENTATION

Appendices:

1. Annual Governance Statement 2016 – 2017.

Documents in Members' Rooms

1. None.

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.

