

Annual Governance Statement 2019/2020

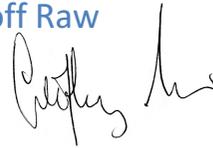
signed by:

Leader of Brighton & Hove City Council,
Councillor Phelim MacCafferty



Date: 09 September 2020

and, Chief Executive Officer,
Geoff Raw



Date: 09 September 2020



Why we have prepared this Annual Governance Statement (AGS) 2019-20

- 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 2019-20 and help us take further actions to improve governance for delivery in 2020-21

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

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 get assurance on Risk Management?



We use the 'three lines of defence model' to assess the effectiveness of how we manage risks we face as an organisation (this is referred to as Corporate Risk Assurance Framework or 'CRAF')

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 specific 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

Performance Information as at November 2019

Improvements:



Delivery of savings plan



Improved grip on
Modernisation



Reduced escalation
of complaints



Progress towards improving equalities
for customers and staff

Priority areas for focus:



Delivery within budget



Develop and embed
Climate Change initiatives



Health & Safety
governance



Customer experience and
complaints response times



Support for and management of staff:
completion of PDPs and 1-2-1s



Information governance
compliance
(GDPR, FOI, Subject Access Requests)

Head of Internal Audit Opinion for 2019/20

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 2019 to 31 March 2020

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 continue to strengthen governance in 2020/21, page 1 of 3

What we will do

COMMITTEE and
Lead Officer

1. Financial controls and efficiency & effectiveness of service delivery in Adult Social Care

HEALTH & WELLBEING
BOARD
Executive Director, Health
& Adult Social Care

2. Financial management and ensure controls and risks are managed in key areas relating to Housing e.g. Temporary Accommodation (TA) and Housing Repairs

HOUSING COMMITTEE
Executive Director, Housing,
Neighbourhoods &
Communities

Further actions to continue to strengthen governance in 2020/21, page 2 of 3

What we will do

COMMITTEE and Lead Officer

3. Control environment and culture at City Clean

ENVIRONMENT,
TRANSPORT &
SUSTAINABILITY
Executive Director,
Economy, Environment
and Culture

4. Relationships with Trade Unions

POLICY & RESOURCES
COMMITTEE
Executive Director
Finance & Resources

Further actions to continue to strengthen governance in 2020/21, page 3 of 3

What we will do

COMMITTEE and Lead Officer

5. Covid-19 recovery programme including learning from the challenges of service delivery during the pandemic and our business continuity arrangements

POLICY & RESOURCES
(RECOVERY) SUB
COMMITTEE
Executive Director
Economy, Environment &
Culture

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

Independent Assurances 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
<p>SR13 Not keeping vulnerable adults safe from harm and abuse..</p>	<p><u>2019/20</u> This risk was last reviewed at A&S Committee in September 2019.</p> <p>No specific Internal Audit work in <u>2019/20</u>.</p> <p>In <u>2016/17</u> this strategic risk was specifically reviewed concluding Reasonable Assurance.</p> <p>Care Quality Commission (CQC) Inspections on an on-going regular basis see council website re. inspection results: https://www.brighton-hove.gov.uk/content/social-care/getting-touch-and-how-were-doing/adult-social-care-inspection-reports-council</p>
<p>SR15 Not keeping children safe from harm and abuse</p>	<p><u>2019/20</u> This risk was reviewed at A&S Committee in March 2020. No specific Internal Audit work in 2019/20.</p> <p>Ofsted inspection of BHCC social work arrangements in July 2018, the overall judgement was 'Good'.</p> <p>In February 2020 Ofsted undertook a focussed visit looking at services to children in need and children with child protection plans to check on progress following their 2018, they were pleased with BHCC's progress.</p>
<p>SR32 Sub-standard health & safety measures lead to personal injury, prosecution, financial losses and reputational damage.</p>	<p><u>2019/20</u> The A&S Committee reviewed this risk in September 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> <p>Health & Safety Executive (HSE) interest in relation to a fatality in BHCC secondary school in August 2018, decision is pending on prosecution. In March 2019 the HSE indicated they would be issuing BHCC with an improvement notice in relation to its management of vibration risk. On 12th March 2019 the BHCC Coroner issued a 'Regulation 28: Report to prevent future deaths' to BHCC which outlined the Coroner's concerns, response made by CEO in May 2019.</p>

Good Governance Principle B: Ensuring openness and comprehensive stakeholder engagements

Strategic Risk	Independent Assurances
<p>SR20 Failure to achieve health and social care outcomes due to organisational and resource pressures on the Clinical Commissioning Group (CCG) and Brighton & Hove City Council (BHCC).</p>	<p><u>2019/20</u> The risk was reviewed at A&S Committee in September 2019.</p> <p>Internal Audit work in <u>2019/20</u>. Joint Commissioning (Reasonable Assurance), Public Health (Reasonable Assurance).</p> <p>In <u>2016/17</u> Internal Audit work reviewing the Better Care Fund gave Limited Assurance. The audit on Public Health concluded Reasonable Assurance.</p> <p>2017 NHS England signed Better Care Plan, submitted Nov 2017 (approved with 2 conditions, addressed).</p>
<p>SR26 Not strengthening the council's relationship with citizens.</p>	<p><u>2019/20</u> The risk was reviewed at A&S Committee in March 2020.</p> <p>The <u>2017/18</u> Internal Audit Plan included an audit of Public Consultations which concluded Reasonable Assurance.</p>
<p>SR37 Not effectively responding to COVID-19 in Brighton and Hove.</p>	<p>This is a new risk and the council will look for opportunities to obtain independent assurances as soon as possible.</p>

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

Part 1 of 3

Strategic Risk	Independent Assurances
SR21 Unable to manage housing pressures and deliver new housing supply.	<p><u>2019/20</u> The risk was reviewed at A&S Committee in March 2020. The Internal Audit reports Housing Allocations (Substantial Assurance), Temporary Accommodation (Partial Assurance).</p> <p>No specific Internal Audit work in <u>2018/19</u> and <u>2017/18</u>.</p>
SR23 Unable to develop and deliver an effective Regeneration and Investment Strategy for the Seafront and ensure effective maintenance of the seafront infrastructure.	<p><u>2019/20</u> The risk was reviewed at A&S Committee in January 2020.</p> <p><u>2018/19</u> 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>

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

Part 2 of 3

Strategic Risk	Independent Assurances
<p>SR29 Ineffective contract performance management leads to sub-optimal service outcomes, financial irregularity and losses, and reputational damage.</p>	<p><u>2019/20</u> The risk was reviewed at A&S Committee in March 2020. The following audits were undertaken, Contract Collusion (Reasonable Assurance), Highways Contract (Partial Assurance – Draft), Agency Staff Contract (Partial Assurance).</p> <p>Internal audit reviews <u>2018/19</u> were Housing Management System procurement (Reasonable Assurance), Care Management System (Reasonable Assurance), Street Lighting Procurement (No specific 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>SR33 Not providing adequate housing and support for people with significant and complex needs.</p>	<p><u>2019/20</u> The risk was reviewed at A&S Committee in September 2019. An audit of HASC Temporary Accommodation was undertaken (Reasonable Assurance).</p> <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 C: Defining outcomes in terms of sustainable economic, social, and environmental benefits

Part 3 of 3

Strategic Risk	Independent Assurances
<p>SR36 Not taking all actions required to address climate and ecological change, and making our city carbon neutral by 2030.</p>	<p><u>2019/20</u> The risk was reviewed at A&S Committee in January 2020.</p> <p>Internal Audit acts as first level controller to support three EU funded projects part of whose remit is to address some of the challenges. These are EU Grant – Solarise, Shaping Climate change Adaptive Places (SCAPE) and Sustainable Housing Initiatives in Excluded Neighbourhoods (SHINE).</p> <p>There were no significant issues with the grant claims certified for these projects in the last 12 months.</p>

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

Part 1 of 2

Strategic Risk	Independent Assurances
<p>SR18 The organisation is unable to deliver its functions in a modern, efficient way due to the lack of appropriate technology.</p>	<p><u>2019/20</u> Last reviewed at A&S Committee in July 2019. Internal Audit of Mobile Device Management (Reasonable Assurance – Draft).</p> <p><u>2018/19</u> 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>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>	<p><u>2019/20</u> Last reviewed at A&S Committee in January 2020.</p> <p><u>2018/19</u> and <u>2017/18</u> No independent assurance work was carried out on this risk.</p>

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

Part 2 of 2

Strategic Risk	Independent Assurances
SR35 Unable to manage serious risks and opportunities resulting from the impact of Brexit on the local and regional society and economy.	<u>2019/20</u> Last reviewed at A&S Committee in January 2020.
SR34 Ambitions to improve offer for staff which have been stated in our People Promise may not be realised.	<u>2019/20</u> This risk was identified in July 2019. <u>2018/19</u> Internal Audit of Wellbeing Project (Substantial Assurance).

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>2019/20</u> This risk was last reviewed at A&S Committee in July 2019. Internal Audit of Budget Management (Reasonable Assurance). Eight Internal Audit reviews of key financial systems. All Substantial or Reasonable Assurance with one exception (Debtors – Partial assurance).</p> <p><u>2018/19</u> Internal Audit of Budget Management (Reasonable Assurance).</p> <p><u>2017/18</u> Financial Pressures (Reasonable Assurance).</p>
SR24 The impact of Welfare Reform increases need and demand for services.	<p><u>2019/20</u> This risk was last reviewed at the A&S Committee in March 2020.</p> <p><u>2018/19</u> 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>2019/20</u> This risk was last reviewed at A&S Committee in July 2019.</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>2019/20</u> This risk was last reviewed by the A&S Committee in July 2019. The following audits were undertaken in the year with relevance to the risk: Surveillance Cameras (Partial Assurance), Cloud Computing (Partial Assurance – Draft), Network Security (Partial Assurance – Draft), ICT Compliance Framework (Reasonable Assurance), Cyber Security (Reasonable Assurance), BACS (Reasonable Assurance).</p> <p><u>2018/19</u> Internal audits of GDPR (Partial Assurance) and Disaster Recovery (Partial Assurance).</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>

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

No strategic risks were mapped to this principle

Appendix 2 - Progress made in 2019/20 to address AGS 2018/19 actions

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

1. The Corporate Plan was adopted in December 2019 with the intention to develop the City Strategy.
2. The focus was on promotion of the Corporate Plan. Even though initial planning was considered on the City Wide Strategy this has since been superseded by concentrating on post Covid-19 recovery.
3. The City Council and its partners will use the Corporate Plan and the Covid-19 recovery to enable focus on key priorities for the city.

Appendix 2 - Progress made in 2019/20 to address AGS 2018/19 actions

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

1. Financial Planning in 2019/20 was undertaken against a backdrop of a new minority Labour Administration and the prospect of a Comprehensive Spending Review in Autumn 2019. The new Administration embraced long term planning and at the July P&R Committee Members agreed to continue with a 4-year planning horizon and MTFs. The Administration also worked to develop a new Corporate Plan which was also approved by full Council and provided a helpful steer in terms of financial planning and commitments.
2. Overall, in 2019/20 although Adult Social Care (ASC) pressures resulted in a £4m pressure which was mitigated through effective financial management to achieve a breakeven position in 2019/20, including a small release of surplus reserves. Financial planning and monitoring therefore continued to prove effective overall, but ASC now needs a national funding solution.
3. The impact of the pandemic in late 2019/20 also severely impacted the council's finances beyond its control but this is a separate matter, again, likely to require national funding solutions.

Appendix 2 - Progress made in 2019/20 to address AGS 2018/19 actions

3) Strengthen governance to reduce inequalities for customers and staff

1. After working with key stakeholders across the organisation to co-create a Fair and Inclusive Action Plan, a new Equality Governance Framework was established in February 2019 to govern and oversee delivery of the 4-year plan. Fair & Inclusive Workplace & Services is part of the council's portfolio of modernisation programmes and projects and progress is monitored through corporate modernisation governance.
2. Directorate Plans have been updated to include relevant equality objectives against which progress will be monitored as part of the Performance Management Framework. Achievements in year 1 include:
 - a) continued progress towards our workforce profile targets for under-represented groups
 - b) BHCC's definition of racism and zero tolerance published and the We Need to Talk About Race Campaign launched
 - c) provision of additional 'safe space' for reporting issues of discrimination and procurement of specialist equalities training for HR Advisory Service, investigating managers and and Members
 - d) working collaboratively with our workers' forums and highlighting development opportunities
 - e) holding the council's first Neurodiversity Day and the Diverse Stories series events to raise awareness of equality and inclusion issues.

Appendix 2 - Progress made in 2019/20 to address AGS 2018/19 actions

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

1. The council formed an Assurance Group to specifically review the health and safety (H&S) governance framework and the corporate H&S policy which sets out roles, responsibilities and arrangements. This resulted in a Strategic Corporate Action plan for H&S.
2. The corporate H&S team re-aligned their service to enable support for high priorities identified, e.g. staff support to Housing and City Environment Management services, whilst continuing to provide competent advice including technical fire safety.
3. H&S Training core programme (online learning and face to face where essential) is maintained which includes the management of contracted works and services from a H&S perspective.
4. Oversight of activity is provided by the Housing Fire Health and Safety Board (Council, ESFRS) including and emerging safety issues in EEC.
5. The H&S team is part of the Covid-19 Response Group and related working groups (cells) and a framework that is fit for purpose.

Appendix 2 - Progress made in 2019/20 to address AGS 2018/19 actions

5) Strengthen employee relations and our relationships with Trade Unions

1. A review of the Joint Staff Consultation Forum resulted in changes to engage and consult with our recognised Trade Unions (TUs) at an earlier and more strategic level. Agendas and meetings are planned jointly, and action is monitored through meetings with the Trade Union and employer.
2. Each directorate holds Directorate Consultative Group meetings, and there are also regular meetings informally to discuss how we develop our employer offer to staff, and matters such as budget planning.
3. We work collaboratively with Trade Union colleagues on developing the programme of work for Our People Promise, such as jointly developing the Fair and Inclusive Action Plan to ensure the council is working towards becoming a fairer and more inclusive workplace.

Appendix 2 - Progress made in 2019/20 to address AGS 2018/19 actions

6) Strengthen effectiveness and inclusivity of our consultation & engagement processes

1. The Corporate Plan was approved in December 2019 as more partnership consultation was required in order to agree measured and achievable targets.
2. The council's website has a fully digital and accessible Corporate Plan and we produced a pocket guide for staff.
3. Consideration of performance management of the Corporate Plan was the next planned stage, however focus was diverted to manage the challenges of Covid-19 within the council and with city partners.

Appendix 3 – bodies created by BHCC or those which we are in partnership with (page 1 of 3)

Outside bodies which are registered as Charitable Companies where BHCC has appointed members includes:

- Brighton Dome and Festival Limited
- Brighton and Hove Estates Conservation Trust
- Brighton and Hove Music Trust
- Brighton and Hove Seaside Community Homes Ltd
- Gorham's Gift
- The Brighton Fund
- The West Pier Trust Board

Information on bodies created by BHCC is not available.

Appendix 3 – bodies created by BHCC or those which we are in partnership with (page 2 of 3)

BHCC appoints members to a range of other external bodies and partnerships as a means of discharging the council's functions across the area of Brighton & Hove. A complete list of appointments is available in the papers of annual Council, which are published on the council's website.



Appendix 3 – bodies created by BHCC or those which we are in partnership with (page 3 of 3)

Those external bodies include the East Sussex Fire Authority, which is a combined fire authority made up of members of its two constituent authorities: East Sussex County Council and BHCC, and the Police & Crime Panel; a joint committee which monitors and supports the Police and Crime Commissioner.

