

Draft Annual Governance Statement 2020/2021

signed by:
Leader of Brighton & Hove City Council,
Councillor Phelim MacCafferty

Date: DD MM 2021

and, Chief Executive Officer,

Date: DD MM 2021

Why we have prepared this Annual Governance Statement (AGS) 2020-21

- 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 2020-21 and help us take further actions to improve governance for delivery in 2021-22

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

What is Corporate Governance?

- It's about demonstrating accountability and transparency in our actions and decisions, and is everyone's responsibility
- Establishing and following robust systems and processes
- Demonstrating effective leadership and high standards of behaviour
- Creating a culture based on openness and transparency
- Keeping our focus on the needs of service users and the public

The 7 principles of Good Governance

Appendix 4 provides examples of policies/processes/strategies by each Principle

- 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

Opinion of Internal Audit for 2020/21

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 2020 to 31 March 2021

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

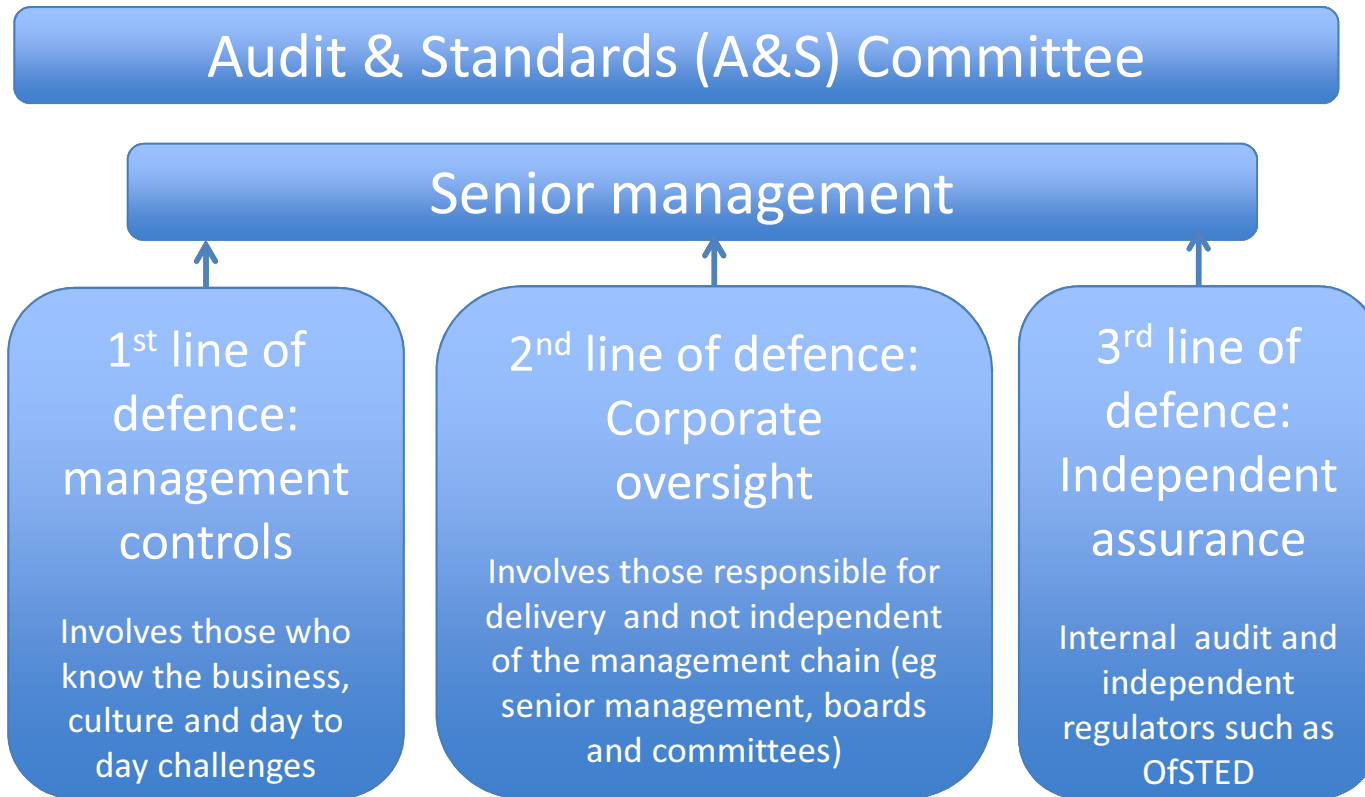
The process for sign off of the AGS

1. The Audit Manager, Head of Performance Improvement & Programmes and Risk Management Lead regularly share and consider service delivery challenges to inform the first draft of the AGS.
2. The Governance Assurance Meeting consider the draft in advance of the Executive Leadership Team reviewing the draft particularly agreeing future actions to strengthen governance.
3. The revised draft is then reviewed by the Leader of the Council in advance of the agreement by the Audit & Standards Committee meeting.
4. The final version is signed off by the Leader of the Council and the Chief Executive.
5. Future actions are included in the relevant Directorate Plans for regular monitoring as part of the Performance Management Framework

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 (DMTs) and the Directorate Risk Lists are reported to ELT as part of their quarterly risk review

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

Performance Information as at March 2021

Improvements/good performance:



Fair and inclusive workforce and services



Safeguarding of children and adults



Sickness absence

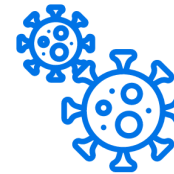
Priority areas for focus:



Delivery within budget and achievement of savings plans



Managing the risks associated with Climate Change



Covid-19 response and recovery



Review of Health and Social Care outcomes taking account of pressures on the CCG and BHCC



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



Customer satisfaction and complaints response time

Further actions to continue to strengthen governance in 2021/22, page 1 of 3

What we will do

COMMITTEE and
Lead Officer

1. Undertake an assessment of compliance with the Financial Management Code and take forward identified improvement actions to the Policy & Resources Committee

AUDIT & STANDARDS
COMMITTEE
Acting Chief Finance
Officer

2. Coordinate CIPFA review of Audit & Standards Committee and enable implementation of recommended actions

AUDIT & STANDARDS
COMMITTEE
Chief Executive

Further actions to continue to strengthen governance in 2021/22, page 2 of 3

What we will do

COMMITTEE and Lead Officer

3. Manage the impact of Covid-19

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

4. Continue to work to improve relationship with Trade Unions

POLICY & RESOURCES
COMMITTEE
Chief Executive

Further actions to continue to strengthen governance in 2021/22, page 3 of 3

What we will do

COMMITTEE and Lead Officer

5. Implement improvements in Housing, including the Temporary Accommodation and the Housing Repairs services, in line with internal audit actions and other improvement plans

HOUSING COMMITTEE
Executive Director,
Housing, Neighbourhoods
& Communities

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 through the Performance monitoring process
- report the progress we have made in our next annual review

Appendix 1 Strategic Risk Analysis

Independent Assurances of the Strategic risks*

We link Strategic Risks to Good Governance principles as a framework to provide assurance on our activity to deliver our business

* As last reported to Audit & Standards Committee on 9 March 2021

Good Governance Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Strategic Risk	Independent Assurances
SR13 Not keeping vulnerable adults safe from harm and abuse.	<p><u>2020/21</u> The A&S Committee reviewed this risk in March 2021. Internal Audit in 2020/21 included Home Care - Follow-up (Partial Assurance), Direct Payments (Partial Assurance).</p> <p><u>2019/20</u> This risk was reviewed at A&S Committee in September 2019. Care Quality Commission Inspections ongoing and regular - 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>
SR15 Not keeping children safe from harm and abuse.	<p><u>2020/21</u> The A&S Committee reviewed this risk in March 2021. An Internal Audit of Children’s Assessments – Education Health Care Plans (Reasonable Assurance).</p> <p><u>2019/20</u> January 2020 the Local Government Association review of Early Help processes, recommendations to be taken forward during 2021. In February 2020 Ofsted focused visit re. services to children in need and children with child protection plans and were pleased with progress made since 2018. Improvement plans have been adjusted according to Ofsted’s most recent feedback. This risk was reviewed at A&S Committee in March 2020.</p> <p><u>2018/19</u> Ofsted inspection of BHCC social work arrangements in July 2018, the overall judgement was ‘Good’.</p>
SR32 Challenges to ensure health & safety measures lead to personal injury, prosecution, financial losses and reputational damage.	<p><u>2020/21</u> and <u>2019/20</u> Internal Audit of the Working Time Directive – Follow-up (Partial Assurance). The A&S Committee reviewed this risk in September 2019 and January 2021.</p> <p><u>2018/19</u> There was no internal audit work however independent assurance was provided by: 1) Health & Safety Executive (HSE) after a school fatality in 2018, decision on prosecution remains pending 2) HSE March 2019 unannounced inspection with Improvement Notice pending re. BHCC managing vibration risk 3) In March 2019 the BHCC Coroner issue of Regulation 28: Report to Prevent Future Deaths was responded to by BHCC with plans to address actions. 4) East Sussex Fire and Rescue Authority’s city wide audits resulted in no actions for BHCC.</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>2020/21</u> The A&S Committee reviewed this risk in July 2020. Hospital discharge arrangements audit (Reasonable Assurance).</p> <p><u>2019/20</u> This 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>SR37 Not effectively responding to and recovering from COVID-19 in Brighton and Hove.</p>	<p><u>2020/21</u> This risk was added to the SRR in April 2020 and was reviewed at A&S Committee in July 2020.</p> <p>Internal Audit counter fraud work on Business Grants and certification of other Covid Grants in accordance with central government department requirements.</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>2020/21</u> The risk was reviewed at A&S Committee in March and October 2020. An Internal Audit of Temporary Accommodation was undertaken (Minimal Assurance), Housing Repairs Service (Partial Assurance).</p> <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>
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>2020/21</u> The risk was reviewed at A&S Committee in October 2020.</p> <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>2020/21</u> A&S Committee reviewed the risk in March 2021.</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><u>2018/19</u> The risk was reviewed at A&S Committee in March 2019. 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>SR33 Not providing adequate housing and support for people with significant and complex needs.</p>	<p><u>2020/21</u> A&S Committee reviewed the risk in March 2021.</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. 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>2020/21</u> The risk was reviewed at A&S Committee in October 2020.</p> <p>Internal Audit acts as first level controller to support three EU funded projects part of whose remit is to address some elements of this risk. These are Solar Adoption Rise In the 2 Seas (Solarise), Shaping Climate change Adaptive Places (SCAPE) and Sustainable Housing Initiatives in Excluded Neighbourhoods (SHINE). All claims during 2020/21 were certificated in accordance with EU processes.</p> <p><u>2019/20</u> The risk was reviewed at A&S Committee in January 2020.</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>2020/21</u> The A&S Committee reviewed this risk in January 2021. Internal Audits of Mobile Device Management (Reasonable Assurance), Eclipse System Implementation (Reasonable Assurance), Housing Management System Implementation (Partial Assurance); IT Asset Management during Covid (Reasonable Assurance),</p> <p><u>2019/20</u> Reviewed at A&S Committee in July 2019. Internal Audit of Mobile Device Management (Reasonable Assurance).</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>2020/21</u> The A&S Committee reviewed this risk in January 2021.</p> <p><u>2019/20</u> Reviewed at A&S Committee in January 2020.</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.	<p><u>2020/21</u> This risk was reviewed by A&S Committee in October 2020.</p> <p><u>2019/20</u> Reviewed at A&S Committee in January 2020.</p>
SR38 Difficulty in restoring trust and confidence in the home to school transport service and sourcing sufficient capacity to resolve issues raised by the independent review	<p><u>2020/21</u> This risk was added to the Strategic Risk Register in April 2020 following an independent review and recommendations co-ordinated by the Local Government Association.</p> <p>This risk was presented to the A&S Committee in March 2021 with a further report on procurement arrangements to A&S in March 2021.</p> <p>There was no Internal Audit work 2020/21.</p>

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>2020/21</u> Reviewed by A&S Committee in July 2020. Six Internal Audit reviews of key financial systems. Budget Management (Substantial Assurance), Payroll (Reasonable Assurance), Creditors (Reasonable assurance), Debtors (Partial Assurance), Business Rates (Reasonable Assurance).</p> <p><u>2019/20</u> This risk was reviewed at A&S Committee in July 2019. Internal Audit of Budget Management (Reasonable Assurance).</p> <p><u>2018/19</u> Internal Audit of Budget Management (Reasonable Assurance).</p>
SR24 The impact of Covid-19 on Welfare Reform increases need and demand for services.	<p><u>2020/21</u> Reviewed by A&S Committee in March 2021.</p> <p><u>2019/20</u> This risk was reviewed at the A&S Committee in March 2020.</p> <p><u>2018/19</u> Welfare Reform (Substantial Assurance). Reviewed by AS Committee in March 2019.</p>
SR25 Insufficient organisational capacity or resources to deliver all services a before and respond to changing needs and changing circumstances.	<p><u>2020/21</u> Reviewed by A&S Committee in March 2021.</p> <p><u>2019/20</u> This risk was 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>2020/21</u> Reviewed by A&S Committee in January 2021. The following audits were undertaken in the year: Patch Management (Reasonable Assurance), IT Access Management (Partial Assurance), GDPR – Follow-up (Reasonable Assurance),</p> <p><u>2019/20</u> This risk was 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 linked to this Principle

Appendix 2 Progress made in 2020/21 on last year's actions

AGS Actions	Directorate Plan actions		Q4 RAG
Financial controls and efficiency & effectiveness of service delivery in Adult Social Care	HASC - Budget management/delivery of spend to save proposals	↔	Red
	HASC - Budget management intelligence/more effective use of data	↔	Amber
	HASC - Starting Well	↔	Amber
	HASC - Living Well	↔	Amber
	HASC - Ageing and Dying Well	↑	Green
	HASC - Good quality care/safeguarding arrangements	↔	Amber
	HASC – Directorate Modernisation Programme	↑	Amber
Financial management and ensure controls and risks are managed in key areas relating to Housing e.g. Temporary Accommodation (TA) and Housing Repairs	HNC - Strategy for the provision of council run temporary accommodation	↔	Amber
	HNC - Repairs and maintenance housing service	↔	Amber
Control environment and culture at City Clean	EEC - City Environment Modernisation programme	↔	Amber
Relationships with Trade Unions	FR - Our People Promise modernisation programme	↔	Amber
Covid-19 recovery programme including learning from the challenges of service delivery during the pandemic and our business continuity arrangements	EEC/SGL - Covid Recovery & Renewal modernisation programme	↔	Amber

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

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

- The Royal Pavilion & Museums Trust
- 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

Appendix 3 – bodies created by BHCC or those which we are in partnership with (part 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 (part 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.

Appendix 4 – Whilst many of our policies, processes and strategies link to many Good Governance Principles, here are those particularly relevant to Principle

A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

1. Constitution
2. Code on Officer/Member Relations
3. BHCC Anti-Fraud & Corruption Strategy and Framework

Appendix 4 – Whilst many of our policies, processes and strategies link to many Good Governance Principles, here are those particularly relevant to Principle

B: Ensuring openness and comprehensive stakeholder engagement

1. Customer Experience Strategy
2. Sustainable Communities Strategy
3. Freedom of Information and Subject Access Request

Appendix 4 – Whilst many of our policies, processes and strategies link to many Good Governance Principles, here are those particularly relevant to Principle

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

1. Corporate Plan
2. Economic Strategy
3. Carbon Reduction Programme
4. Medium Term Financial Strategy

Appendix 4 – Whilst many of our policies, processes and strategies link to many Good Governance Principles, here are those particularly relevant to Principle

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

1. Financial Regulations & Standard Financial Procedures
2. Modernisation Portfolio of Change Projects and Programmes
3. Contract Standing Orders

Appendix 4 – Whilst many of our policies, processes and strategies link to many Good Governance Principles, here are those particularly relevant to Principle

E: Developing the entity's capacity including the capacity of its leadership and with the individuals within it

1. Human Resources Policies
2. Fair & Inclusive Action Plan
3. Staff and Member Training
4. Scheme of Delegation

Appendix 4 – Whilst many of our policies, processes and strategies link to many Good Governance Principles, here are those particularly relevant to Principle

F: Managing risks and performance through robust internal control and strong financial management

1. Risk Management Process part of Performance Management Framework
2. Information Governance Board
3. Health & Safety Policies
4. Whistleblowing Policy

Appendix 4 – Whilst many of our policies, processes and strategies link to many Good Governance Principles, here are those particularly relevant to Principle

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

1. Performance Management Framework
2. Internal Audit Plan

