

Brighton & Hove City Council

Audit & Standards Committee

Agenda Item 9

Subject: Formal approval of the Annual Governance Statement 2021-2022

Date of meeting: 28th June 2022

Report of: Executive Director, Governance, People & Resources

Contact Officer: Name: Kat Brett
Tel: 01273 293846
Email: kat.brett@brighton-hove.gov.uk

Ward(s) affected: All

For general release

1. Purpose of the report and policy context

- 1.1 This report shows the city council's governance arrangements and requests that the Committee approves the Annual Governance Statement (AGS) 2021-2022.
- 1.2 The responsibilities of the Audit & Standards Committee in the Council's Constitution include:
 - i. Considering the annual review of the effectiveness of the system of internal control required by regulation 3 of the Accounts and Audit Regulations 2015; and
 - ii. Approving the Annual Governance Statement prepared in accordance with regulation 6 of the above Regulations.

2. Recommendations

- 2.1 That Audit & Standards Committee formally approve the Annual Governance Statement 2021-2022 in Appendix 1, so that the AGS may 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. 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 Overall, we have received 'reasonable assurance' for our governance arrangements in 2021/22. 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.
- 3.4 The key actions we need to undertake in 2022/23 to further strengthen our governance are:
- 1. Taking account of new ways of working, including governance and control changes in a post-Covid financial environment, undertake an assessment of compliance with the Financial Management Code
 - 2. Continue to develop and implement a pro-active strategy to improve industrial relations in conjunction with recognised trade unions
 - 3. Continue to implement improvements in Housing, in line with internal audit actions and other improvement plans
 - 4. Strengthen procurement and contract management skills, compliance and knowledge across directorates through improved training, awareness, systems and monitoring.

5. Working with all services across the organisation, improve compliance in relation to information rights cases (Freedom of Information, Subject Access Requests, Data Protection)

4. Analysis and consideration of alternative options

- 4.1 Reflecting the CIPFA guidance of 2021, we have taken the opportunity to review the content and format of our Annual Governance Statement and compare it with those of other authorities, including our CIPFA peer group. We consider that our approach accords with the CIPFA guidance, is backed up by our embedded operating arrangements, is proportionate and evidences 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. Conclusion

- 6.1 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 Directorate Plan actions.

7. Financial implications

- 7.1 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 in the agreed 2022/23 budget and will inform the preparation of the 2023/24 budget. The council's response to the Covid-19 pandemic has tested the governance arrangements and the council has adapted decision making including additional committee and sub-committee meetings and the reporting of the use of urgency powers, to ensure proper oversight is maintained. The lessons learned from this ongoing experience will be used to inform recommendations for governance going forward.

Name of finance officer consulted: James Hengeveld

Date consulted: 24/05/2022

8. Legal implications

- 8.1 The Council is responsible for ensuring that it conducts its business in accordance with the Accounts and Audit Regulations 2015. It has delegated to its Audit & Standards Committee responsibility for (amongst other things) reviewing the outcome of the annual review of governance arrangements and formally approving the Annual Governance Statement. In this way, the requirements of Regulation 6 of the Accounts and Audit Regulations 2015 are met by a Committee of the Council designated for this purpose.

Name of lawyer consulted: Victoria Simpson
Date consulted: 26/05/2022

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 modernisation programme linked to Directorate Equalities Delivery Groups. Policy & Resources Committee receive progress updates on our fair & inclusive work, corporate key performance indicators linked to staff protected characteristics and customer insight linked to equalities data.

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 Carbon Neutral corporate modernisation programme, carbon neutral strategic risk (SR36), carbon neutral corporate key performance indicator and actions to reduce carbon footprint, which are included in the Directorate Plans.

11. Other Implications

- 11.1 None

Supporting Documentation

Appendices

1. Draft Annual Governance Statement 2021-2022