

Brighton & Hove City Council

Audit & Standards Committee

Agenda Item 10

Subject: Annual Governance Statement 2022-2023

Date of meeting: 27th June 2023

Report of: Executive Director, Governance, People and Resources

Contact Officer: Name: Rima Desai, Luke Hamblin
Tel: 01273 291268, 01273 291496
Email: rima.desai@brighton-hove.gov.uk;
luke.hamblin@brighton-hove.gov.uk

Ward(s) affected: All

For general release

1. Purpose of the report and policy context

1.1 The Council is required to report on how it ensures a sound system of governance, including effective systems of internal control. This report provides information on the annual review of the city council's governance arrangements. It seeks formal Committee approval for the Annual Governance Statement (AGS) 2022-2023 (Appendix 1).

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 2022-2023 at Appendix 1 so that the AGS may be signed by the City Council's Leader and Chief Executive before publication alongside the City Council's Statement of Accounts.

3. Context and background information

3.1 Good corporate governance in local authorities:

- Ensures that decision making is lawful, informed by objective advice, transparent and consultative.
- Is crucial to achieving value for money and securing financial sustainability.

- Ensures that ethical standards (The Nolan Principles) are upheld and prevents serious failings such as fraud.
- 3.2 We have used the Chartered Institute of Public Finance & Accountancy (CIPFA) guidance 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 2022/23. 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 2023/24 to further strengthen our governance are:
- In response to the external auditors' key recommendation in relation to the authority's financial sustainability, to review the council's annual budget and medium-term planning processes to develop robust and sustainable service and financial plans.
 - Continue to seek improvements to the Payroll and Pension Service.
 - Continue to implement a proactive strategy to modernise industrial relations in conjunction with recognised trade unions.
 - Ensure executive level leadership of health & safety and effective governance to implement the Health & Safety Strategy.
 - Ensure effective governance of the implementation of the Digital, Data & Technology Strategy.
 - Implement improvements to operational financial processes for Adult Social Care clients in line with internal audit actions and other improvement plans.

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 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 around the Council's governance arrangements and identifies actions to strengthen governance which will be monitored through regular review of directorate plan actions.

7. Financial implications

- 7.1 Good corporate governance and effective systems of internal control are essential to the financial health and reputation of the council. The resources required to implement the proposed actions to strengthen the governance arrangements are generally provided for in the agreed 2023/24 budget but will be kept under review and may need further consideration where improvement actions require additional resources. This will also inform the preparation of the 2024/25 budget.

- 7.2 Good practice and lessons learned from the response to the Covid-19 pandemic have been incorporated into the council's governance framework and regular internal and external audit reviews as well as recommendations from inspections (e.g. Ofsted) are continually used to inform improvements to the governance and internal control framework. Where these have a significant cost or resource implication, this will further inform future years' budget setting rounds.

Name of finance officer consulted: Nigel Manvell Date consulted: 31/5/23

8. Legal implications

- 8.1 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 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: Victoria Simpson Date consulted: 06.06.23

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. Strategy, Finance & City Regeneration Committee will 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.

Supporting Documentation

1. Appendices

1. Draft Annual Governance Statement 2022-2023

2. Background documents

1. None