Annual Governance Statement

2022/23
Draft 23/05/2023

Brighton & Hove City Council

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Certification

The Annual Governance Statement is formally approved by the Council's Audit & Standards Committee each year. It provides reassurance regarding the effectiveness of the governance arrangements in place during the preceding year and identifies areas for improvement.

This Annual Governance Statement provides an accurate account of the arrangements in place at Brighton & Hove City Council. We confirm that the Council will continue to further strengthen its governance arrangements, including by monitoring the implementation of the actions set out in this statement through the monitoring processes outlined here. The progress that the Council makes will be reported in the next Annual Governance Statement.

Signed:

Councillor Bella Sankey,
Leader of the Council

Date: XX XXX 2023

Signed:

Will Tuckley,
Chief Executive Officer

Date: XX XXX 2023

Annual Governance Statement (AGS)

Purpose

- 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 every financial year
- To demonstrate that there is a sound system of governance
- To outline our progress in 2022-23 and help us take further actions to improve governance for delivery in 2023-24

The focus of the AGS is on assessing our governance arrangements, rather than assessing our performance.

What is Corporate Governance?

Good 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

The 7 principles of Good Governance

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

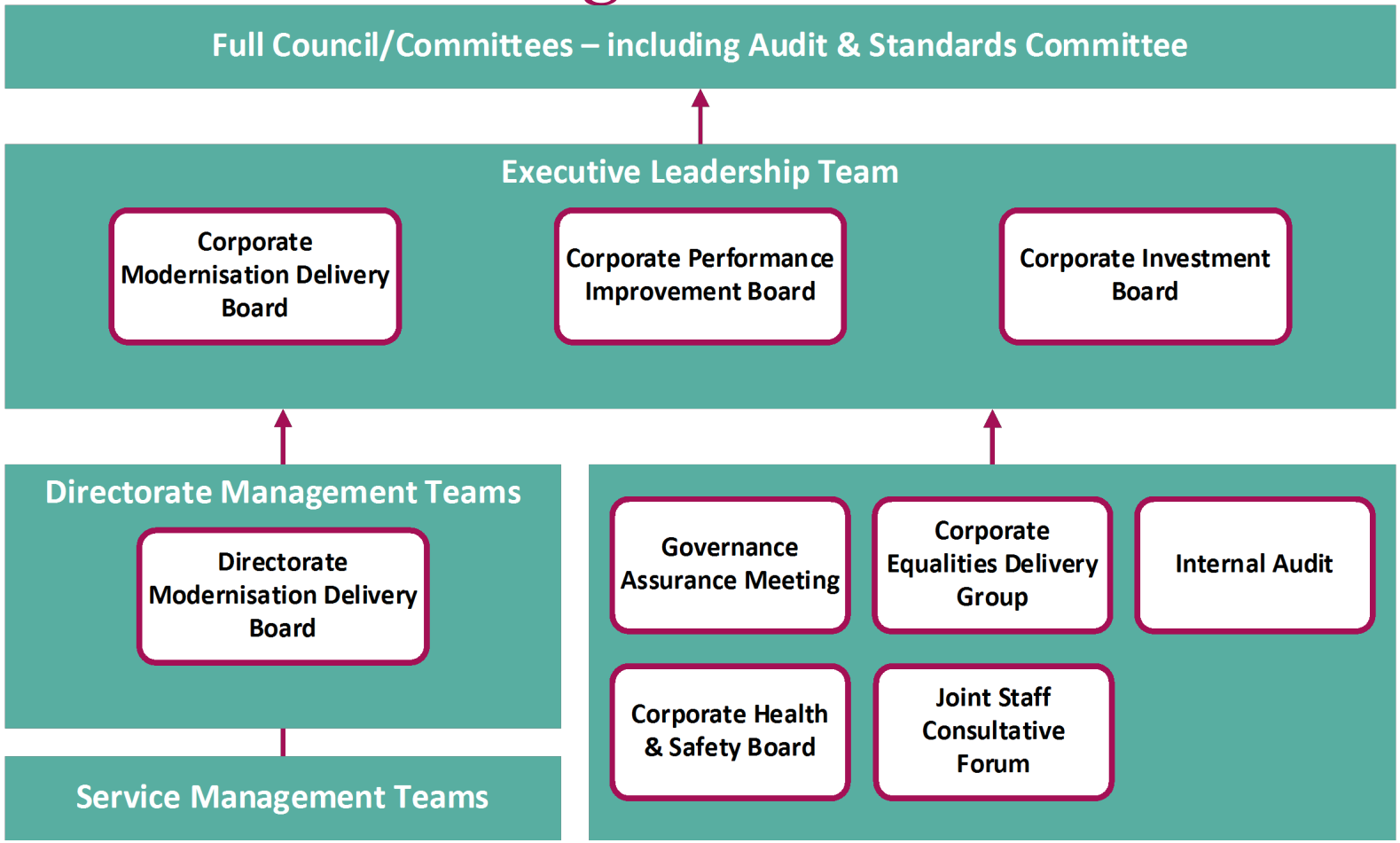
E. Developing the entity's capacity including the capacity of its leadership and with individuals within it

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

‘Delivering Good Governance in Local Government Framework 2014’ published by CIPFA/IFAC

Governance arrangements within BHCC



The process for development of the AGS

The Governance Assurance Meeting (GAM) which includes statutory officers (Head of paid service, Monitoring Officer, S151 Officer and Chief Internal Auditor) develop the first draft

(*please see the next slide outlining information taken into account*)

→ Executive Leadership Team reviews the initial draft proposed by GAM particularly discussing and agreeing future actions to strengthen governance.

→ The revised draft is then reviewed by the Leader of the Council.

→ The final draft is presented to the Audit & Standards Committee (the cross party member body with delegated authority) for their approval.

→ The version as approved by the Audit & Standards Committee is signed off by the Leader of the Council and the Chief Executive for publication.

→ Future actions are included in the relevant Directorate Plans for regular monitoring as part of the Performance Management Framework

Information taken into account when developing the AGS

- Finance management reports including Statement of accounts
- Key performance indicators update
- Directorate Plan monitoring
- Internal audit reports including follow up audits
- Strategic and Directorate Risk management
- External auditor report
- External inspection outcomes
- Customer insights (including member complaints and any Ombudsman reports)
- Our people data
- Health & safety data
- Modernisation data
- Member input, including at Audit & Standards Committee

Opinion of Internal Audit for 2022/23

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 of 1st April 2022 to 31st March 2023

Chief Internal Auditor, Russell Banks
Audit Manager, Carolyn Sheehan

* 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.

Actions focused on strengthening governance in 2023/24

What we will do	Lead Officer (Committee)
In response to the External Auditor's 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	Chief Finance Officer (Policy & Resources)
Continue to seek improvements to the Payroll and Pension Service	
Continue to implement a pro-active strategy to modernise industrial relations in conjunction with recognised trade unions	Director, Human Resources & Organisational Development (Policy & Resources)
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.	Executive Director, Governance, People & Resources (Policy & Resources)
Implement improvements to operational financial processes for adult social care clients in line with internal audit actions and other improvement plans	Executive Director, Health & Adult Social Care (Adult Social Care & Public Health Sub-Committee)

Appendix 1 Progress on 2021/22 actions

AGS 2021/22 Actions	Lead Officer	Directorate Plan 2021/22 Actions	Q4 Status*
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 Chief Finance Officer (Audit & Standards Committee)	Executive Director, Governance, People & Resources	GPR 4.2 Undertake an assessment of compliance with the Financial Management Code and identify improvement actions 1.7.4.3	↑
Continue to develop and implement a pro-active strategy to improve industrial relations in conjunction with recognised trade unions Director, Human Resources & Organisational Development (Policy & Resources Committee)	Executive Director, Governance, People & Resources	GPR 8.7 To continue to develop and implement a pro-active strategy to improve industrial relations in conjunction with recognised trade unions 1.7.8.7	↔
Strengthen procurement and contract management skills, compliance and knowledge across directorates through improved training, awareness, systems and monitoring. Chief Finance Officer (Policy & Resources Committee)	Executive Director, Governance, People & Resources	GPR 6.13 Corporate Modernisation Programme - Procurement & Contract Management: Implement improved oversight over contract management across the council. 1.7.6.10	↔

*Direction of travel compared to Q4 2021-22: ↑ improving ↓ declining ↔ no change [GPR] Governance, People & Resources.

AGS 2020/21 Actions	Lead Officer (Committee)	Directorate Plan 2021/22 Actions	Q4 Status*
Working with all services across the organisation, improve compliance in relation to information rights cases (Freedom of Information, Subject Access Requests, Data Protection) Executive Director, Governance, People & Resources (Policy & Resources Committee)	Executive Director, Governance, People & Resources	GPR 6.6 Ensure a robust, compliant and cost-effective Information Rights case handling framework in place to enable it to meet its legal obligations, including timescales under the General Data Protection Regulation, Data Protection Act 2018, Freedom of Information Act 2000 and associated legislation 1.7.6.6	↔
Continue to implement improvements in Housing Needs and Temporary Accommodation, in line with internal audit actions and other improvement plans Executive Director, Housing, Neighbourhoods & Communities (Housing Committee)	Executive Director, Housing, Neighbourhoods & Communities	HNC 1.11 Develop a strategy for the provision of council run temporary accommodation including Seaside Homes, and to 'replace privately run temporary and emergency accommodation with council owned properties' 1.5.1.11	↔
		HNC 1.24 Align Housing Needs and Rough Sleeper commissioning to encompass the post pandemic landscape to eliminate rough sleeping, homelessness and reduce the need for Temporary Accommodation 1.5.1.24	↔

*Direction of travel compared to Q4 2021-22: ↑ improving ↓ declining ↔ no change

[GPR] Governance, People & Resources. [HNC] Housing, Neighbourhoods & Communities.

Additional key actions delivered in 2022/23 to strengthen governance

- Business Framework
- Digital, Data & Technology strategy
- Health & safety strategy
- Risk Management Framework
- Essential / non-essential service categorisation
- Strengthen Medium Term Service and Financial Planning to improve the financial sustainability of decision-making
- Digitisation of member expense claims

Appendix 2 – External auditor report to A&S Committee at January 2023 meeting

Auditors are required to report their commentary on the Council's arrangements under specified criteria and 2021/22 is the second year that they have reported their findings in this way. As part of their framework, they considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. Their considerations are summarised in the table below

Criteria	2020/21 Auditor Judgement	2021/22 Auditor Judgement
Financial sustainability	No significant weaknesses in arrangements identified, but improvement recommendation made	Significant weakness in arrangements identified and a key recommendation along with an improvement recommendation have been made
Governance	No significant weaknesses in arrangements identified, but improvement recommendation made	No significant weaknesses in arrangements identified, but improvement recommendations have been made
Improving economy, efficiency & effectiveness	No significant weaknesses in arrangements identified, but improvement recommendation made	No significant weaknesses in arrangements identified and no improvement recommendations raised

Appendix 3 Performance Management Framework

Best Value Authorities are under a general Duty of Best Value to "make arrangements to secure **continuous improvement** in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness."

The eight elements of the Performance Management Framework allow us to understand the performance of the council as a whole which will give us better context in which we are operating. The elements are inter-related; most services contribute to every element in the framework.

The Performance Management Framework sets out to ensure:

- strong leadership at all levels which is consistent and fair and challenges blame culture
- commitment to the accountability that has been assigned to individuals
- the right information reaching the right people at the right time so that decisions are made and actions are taken
- ongoing evaluation, review and learning to help improve future performance
- the ability to identify and commitment to rectify poor performance at an early stage

Organisation wide

Position based on performance information as at 8th June 2023

Improvements/good performance:

Improved representation in workforce profiles

Improved response time in customer complaints and councillor enquiries

Improved governance with Digital Data and Technology strategy

Improved compliance with Information Rights

Priority areas for focus:

Financial sustainability of demand led services

Customer Experience (particularly with high transaction services)

Managing organisational capacity

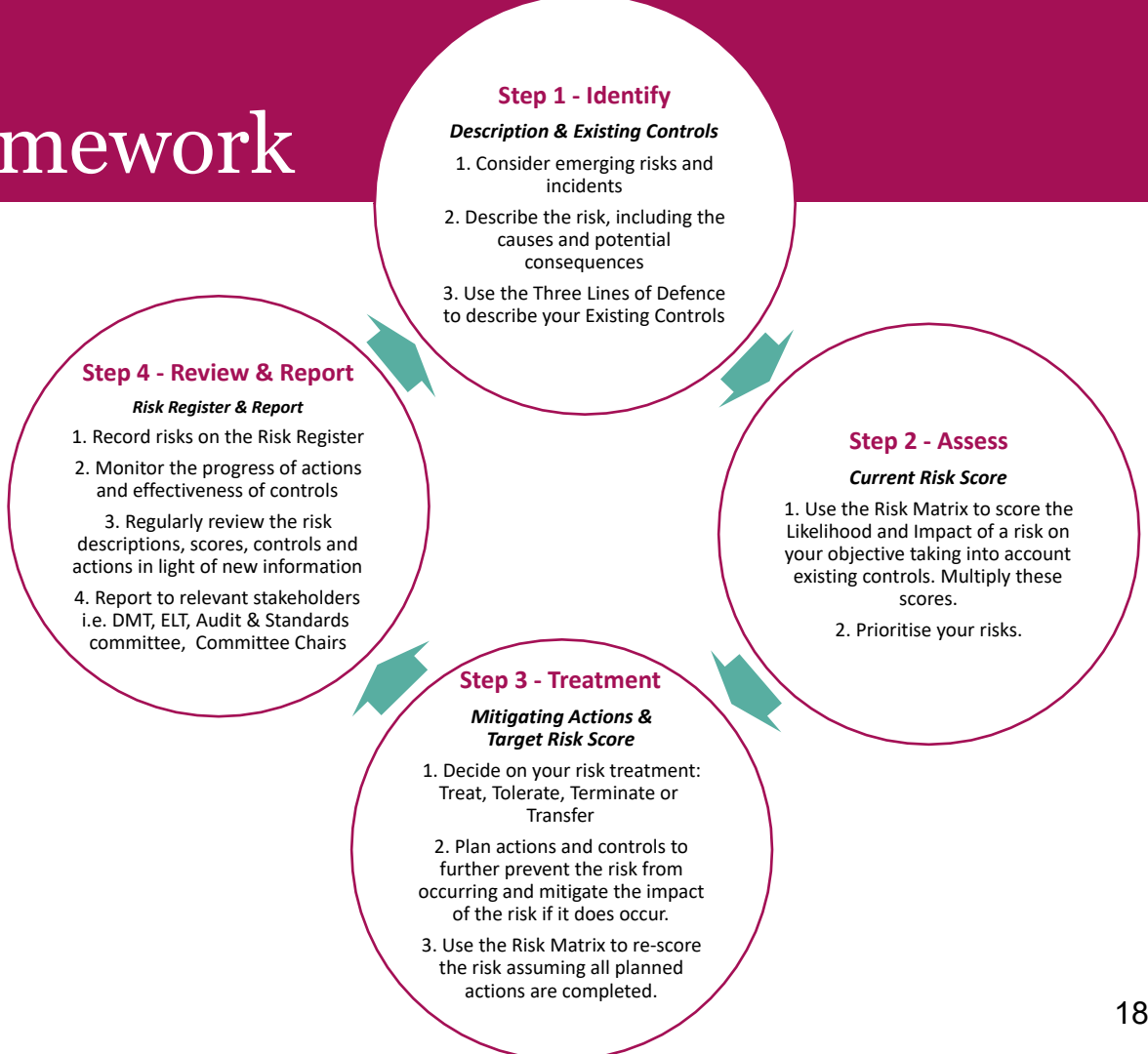
Managing workplace sickness

Appendix 4 Risk Management Framework

Risk Management Process

There are four steps in the risk management process – identify the risk, assess the risk, decide on the risk treatment, and review and report on the risk.

The full Risk Management Framework can be found here



Risk Management Approach

Risk description
- Risk Owner
- Risk title
- Causes
- Potential Consequences

→

Existing Controls
- Three Lines of Defence
- Effectiveness of controls

→

Current Risk Score
- Likelihood
- X
- Impact

→

Mitigating Actions
- Risk Action Lead
- Target Date

→

Target Risk Score
- Likelihood
- X
- Impact

Risks are prioritised by assigning risk scores 1-5 to the likelihood of the risk occurring, and the potential impact if the risk should occur. These are multiplied to give a total risk score.

The Strategic Risk Register mostly includes high (red) and significant (amber) risks. Directorate Risk Registers are likely to include high, significant, moderate (yellow) and low (green) risks.

Risk Owners are asked to consider whether to treat, tolerate, terminate or transfer the risk. Risk actions should reduce the likelihood and/or impact – if neither are true, there will not be any reason to undertake the action.

LIKELIHOOD	Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)
Almost certain (5)	5	10	15	20	25
Likely (4)	4	8	12	16	20
Possible (3)	3	6	9	12	15
Unlikely (2)	2	4	6	8	10
Almost impossible (1)	1	2	3	4	5

IMPACT

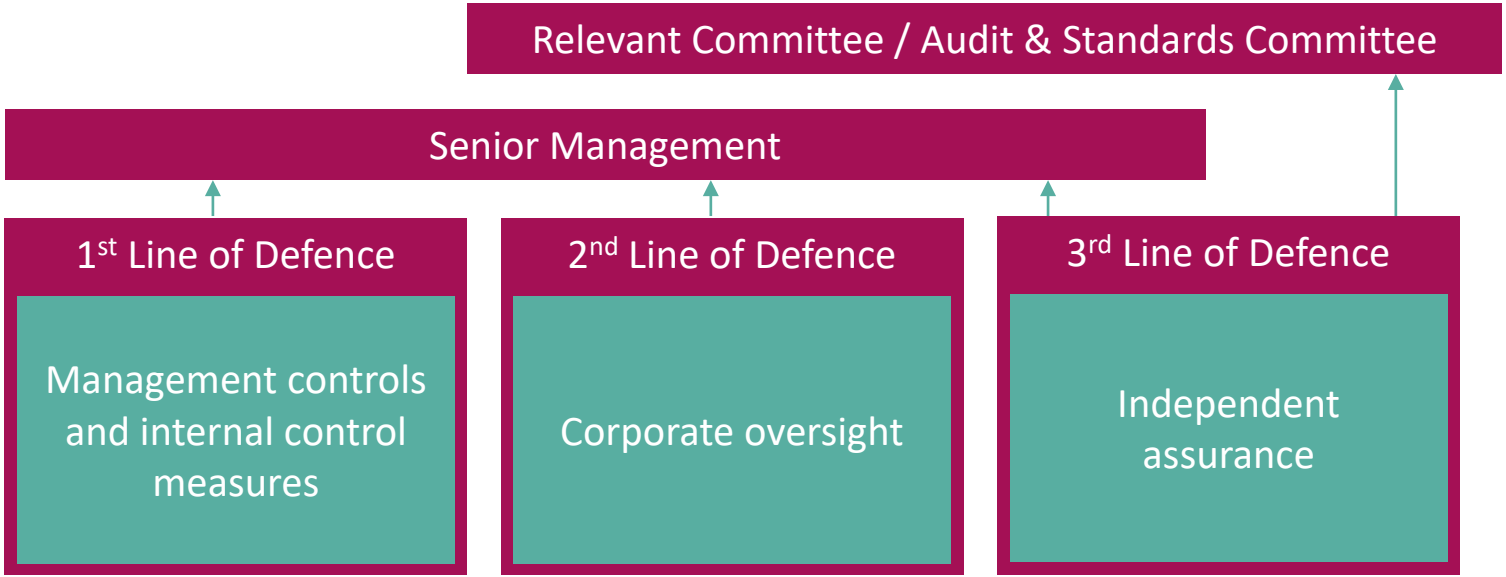
Risk scoring & levels

- The level of a risk will depend on the scope, scale of potential impact and the type of response required. Risks can be escalated or de-escalated between levels through reviews.
- Scoring should be a realistic assessment without optimism bias.
- The **current score** is with existing controls in place and the **target score** is with completed mitigating actions.
- The target score needs to be realistic and take into account the uncertainty of the risk and resources available to deliver actions so can sometimes remain a high 'red' score.
- However, the purpose of scoring is to prioritise risks to ensure resources are allocated to the most significant risks. Heat maps are a helpful way to see how risk scoring compares.

Level & Risk Owner	What makes this type of risk?	Oversight
Strategic Risk (SR) A member of Executive Leadership Team (ELT)	*Affects multiple directorates/ organisations *Impacts on achievement of the Corporate Plan *Requires cross-directorate response	Audit & Standards Committee Relevant Committees External & Internal Audit Executive Leadership Team
Directorate Risk (DR) A member of a Directorate Management Team (DMT)	*Affects multiple services/ departments *Impacts on achievement of the Directorate Plan *Requires directorate level response	Relevant Committees Internal Audit Executive Leadership Team Directorate Management Team
Service/Team Risks Head of Service or Team Leader	*Limited to individual team/ service *Impacts on achievement of the service's plan and objectives *Response can be managed within service	Directorate Management Team Heads of Service
Programme/Project Risks A member of Programme/Project Board	*Impacts on achievement of the Programme/Project's objectives *Response can be managed within Programme/Project	Corporate Modernisation Delivery Board or ELT Directorate Modernisation Board or DMT Programme/Project Board

Three Lines of Defence Model

Existing controls are set out using the Three Lines of Defence model.



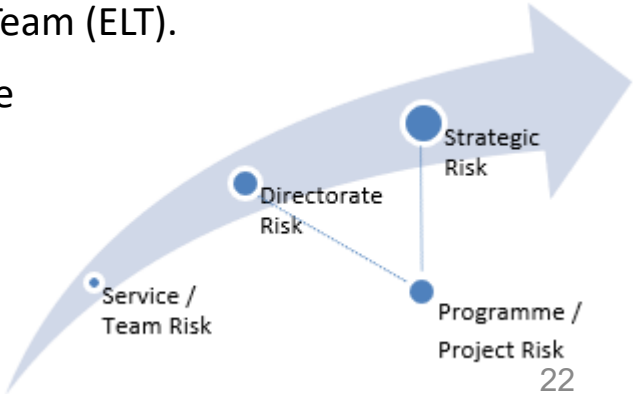
Involves those who know the business, culture and day to day challenges

Involves those responsible for delivery and not independent of the management chain (senior management, boards and committees)

Internal audit, external audit and regulators

Assurance and escalation of risks

- Our Corporate Risk Assurance Framework uses the 'three lines of defence model' to assess the effectiveness of how we manage organisational risks.
- Audit & Standards Committee have oversight of the risk management framework.
- Strategic risks are owned by an Executive Leadership Team (ELT) lead. ELT leads are responsible for discussing strategic risks with the relevant committee chairs with a view to mitigating these as appropriate.
- Any member can approach an ELT lead with risks that they foresee for them to take account of it in their risk review sessions.
- Strategic risks are reviewed regularly by the Executive Leadership Team (ELT).
- Directorate and strategic risks are reviewed regularly by Directorate Management Teams (DMTs); risk registers are live documents. Suggested amendments to strategic risks and the Directorate Risk Registers are reported to ELT as part of their risk review.
- All officers are expected to escalate risks to the relevant DMT lead. Risk management training is available to all officers.



Appendix 5 Strategic Risk Analysis

Independent assurances of the strategic risks are represented in the third line of defence. The risk register is one element that informs the Internal Audit Plan, but the planned audits will not cover all of the strategic risks. Internal audit provides 3rd line of defence assurance on specific aspects of some of the strategic risks.

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

Strategic Risk	Independent assurance
SR13 Not keeping adults safe from harm and abuse.	1. For the council's in-house registered care services Care Quality Commission (CQC) Inspections on an on-going regular basis. From 2023, all local authority adult social care services will be inspected by CQC. 2. CQC's programme of inspections of all registered care providers are published weekly and available on CQC's website www.cqc.org.uk. These are monitored for local relevance by the council's Quality Monitoring team. 3. Brighton & Hove Safeguarding Adults Board (BHSAB) is independently chaired and meets quarterly with the three statutory agencies for city wide safeguarding assurance. The subgroups are always attended by HASC. The Safeguarding Lead is a member of the SAR panel (multi agency, chaired by independent sector) where referrals for reviews are discussed in depth. Input is provided in a robust manner for all reviews and related pieces of work for example multi agency audits and action plan reviews required by SAB. 4. Local Government Association Test of Assurance in September 2022 provided recommendations that were reviewed at follow up session in April 2023. 5. Internal Audit * 2022/23: Adult Social Care (In-house services) (Reasonable Assurance); Direct Payments (follow up) (Partial Assurance); ASC Financial Assessments (Partial Assurance) * 2021/22: HASC Modernisation Programme (Reasonable Assurance), Direct Payments (Partial Assurance), Home Care (Reasonable Assurance); Care Payments (Reasonable Assurance) * 2020/21: Hospital discharge arrangements (Reasonable Assurance), Care System Replacement Project – Eclipse (Reasonable Assurance)

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

Strategic Risk

SR15 Not keeping children safe from harm and abuse.

Independent assurance

1. Ofsted inspections of social work practice under the ILACS arrangements. Full inspection July 2018 - overall judgement was 'Good'. An ongoing action plan enabled oversight on completing the recommendations, and progress and completion of these have been reported to CYPS committee meetings.
2. Ofsted Focused visit under ILACS framework February 2020 looking at services to children in need and children with child protection plans. Ofsted noted continued improvement made since 2018 inspection. Next ILACS inspection expected imminently which will provide up to date assurance around our wider safeguarding and care arrangements.
3. Ofsted and the CQC inspection the LAs SEND and Alternative Provision arrangements in March 2023. The report is yet to be published but it provides further assurance around our social care arrangements for children with special educational needs and disabilities and provides confirmation that our existing improvement plans are still correctly focussed
4. National Probation Inspectorate statutory inspection of the city's Youth Offending Service April 2021 - Outstanding grading across every domain.
5. Annual Engagement Meeting (AEM) with Ofsted HMI for social care and education. Most recently held in March 2023 and covered social care and education. A separate discussion focussing on Further Education and Skills took place in April 2023 and the discussion focussing on Special Educational Needs is due to take place in Autumn 2023.
5. Local Government Association (LGA) review of Early Help processes January 2020. The recommendations were taken forward and formed a key element of the Family Hubs Transformation Programme which is currently underway
6. The Brighton & Hove Safeguarding Children's Partnership (BHSCP) commissions Independent Scrutiny (IS) for the partnership, whose role and
function is to provide external challenge to the business of the partnership, its meetings, subgroups and priorities.
7. Internal audit:
* 2022/23: Home to School Transport (Reasonable Assurance).
* 2021/22: Child Disability Agency Placements (Reasonable Assurance); School Attendance (Reasonable Assurance).
* 2020/21: Education, Health and Care Plans (Reasonable Assurance), Care System Replacement Project – Eclipse (Reasonable Assurance)
* 2019/20: Care Leavers (Reasonable Assurance), Joint Commissioning (Reasonable Assurance).

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

Strategic Risk	Independent assurance
SR32 Challenges in ensuring robust & effective health & safety measures, leading to personal injury, prosecution, financial losses, or reputational damage	1. Post Grenfell tragedy (June 2017) information required by Ministry of Housing Communities and Local Government (MHCLG) in relation to council owned blocks was provided. The Council provide data to MHCLG on private sector blocks visual inspections. 2. East Sussex Fire & Rescue Service (ESFRS) Regulatory Reform (Fire Safety) Order - ESFRS undertake citywide audits according to a prioritised programme which includes a range of council buildings. No inspections of council buildings have led to the need for enforcement action. All Council high rise buildings have been visited by ESFRS. 3. A Notice of Contravention issued by the HSE in response to their investigation into the fatality in a school Feb 2019 outlined necessary action. The council have responded to the NOC and no further comment has been provided by the HSE. 4. HSE Control of Vibration unannounced inspection in City Parks in October 2017, linked to national focus on work related health. Areas for improvement identified which has led to development of an action plan with assigned leads and timescales for action. HSE responded to RIDDOR reports specifically on vibration in March 2018 visiting City Parks and City Clean. A request for an update on progress was responded to in October 2020. 5. After Inquest re. fatality of a council employee in 2018 the BHCC Coroner issued a Regulation 28: Report to Prevent Future Deaths in March 2019. Head of Health & Safety and Senior Lawyer prepared a letter in response to outline the activity of the council to address the issues raised within the Regulation 28 Report, and our plans to address the long-term corporate issues. This is managed through the Health & Safety Strategic Action Plan. 6. Royal Society for the Prevention of Accidents (RoSPA) undertook an independent audit of BHCC's health and safety framework and arrangements between 1-3rd and 10th December 2020. Final report issued from RoSPA February 2021. Key elements from the RoSPA report have been included in the strategic action plan. 7. Ofsted and CQC undertake statutory audits of schools, educational settings and care homes and care services. 8. Internal audit: * 2021/22: Property and Design - Corporate Landlord (Reasonable Assurance) *2022/23: Health & Safety (Partial Assurance)

Good Governance Principle B: Ensuring openness and comprehensive stakeholder engagements

Strategic Risk	Independent assurance
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	1. HM Government 2. External Audit reviews of financial position of the city council - June 2019. 3. Inspectorate reports e.g. Ofsted 2018 - Children's Services - Good Judgement; and Ofsted focused visit in February 2020 looking at services to children in need and child protection plans resulted in positive comment. 4. LGA peer review Equality Framework for Local Government. 5. Investigatory Powers Commissioner – reviewed the use of investigatory powers (2018) 6. Internal Audit * 2022/23: Risk Management (Substantial Assurance); Declarations of Interest (Gifts and Hospitality) Members (Reasonable Assurance); Declarations of Interest (Gifts and Hospitality) Staff (Partial Assurance) *2021/22: Major Capital Projects - Brighton Centre / Black Rock (Reasonable Assurance) * 2019/20: Brighton Centre (Reasonable Assurance) * 2018/19: Royal Pavilion and Museums (Partial Assurance), Seafront Investment Strategy (Reasonable Assurance)
SR37 Adverse impact on health outcomes and business continuity from high levels of disease transmissions and pandemics in the city	1. UK Health Security Agency (UKHSA) review of local and regional health protection systems and MOU's.

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

Strategic Risk	Independent assurance
SR21 Unable to manage housing pressures and deliver new housing supply	1. Internal Audit: * 2022/23: Housing Management System (follow up) (Reasonable Assurance); Temporary Accommodation (follow up) (in progress) * 2021/22: Housing Rents (Partial Assurance) * 2020/21: Temporary Accommodation (Minimal Assurance), Housing Management System Implementation (Partial Assurance) * 2019/20: Housing Allocations (Substantial Assurance) * 2018/19: Digital First (Minimal Assurance), Housing Management System Replacement (Reasonable Assurance) 2. Department for Levelling Up, Housing and Communities information returns. 3. Homes England (HE) information returns where we have HE grant allocations. HE grant for homeless move on accommodation – regular updates to HE on scheme progress and draw down on grant.
SR24 The council is unable to provide an effective welfare support response to households facing financial hardship.	1. Internal Audit: * 2021/22: Welfare Discretionary Funding (Reasonable Assurance), Housing and Council Tax Benefits (Substantial Assurance); Council Tax (Reasonable Assurance). 2. Department for Work & Pensions (DWP) oversee distribution of the Household Support Fund. 3. Department of Levelling Up, Housing & Communities and BEIS oversee the Energy Payment and associated discretionary fund, and Energy Bills Support Scheme respectively.

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

Strategic Risk	Independent assurance
SR36 Not taking all actions required to address climate and ecological change and transitioning our city to carbon neutral by 2030	1. Environment Agency (EA) in respect of flooding and monthly reports made to EA on how the city council spends the monies received from EA includes schemes such as coastal protection; Property Level Protection; sustainable urban drainage SPG (policy); Strategic Flood Risk Assessment. 2. 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. 3. Local Air Quality Management reports submitted regularly to the Department for Environment, Food and Rural Affairs (Defra) Internal Audits undertaken: * 2022/23: Carbon Reduction Programme – Governance Arrangements (in progress)

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

Strategic Risk	Independent assurance
SR18 The organisation is unable to deliver its functions in a modern, efficient way due to the lack of investment in and exploitation of technology	1. Internal Audit: * 2022/23: Housing Management System (follow up) (Reasonable Assurance); Public Sector Bodies Accessibility Regulations (follow up) (Reasonable Assurance) *2021/22: MCM Housing Repairs Application (Reasonable Assurance), Public Sector Bodies - Website & Mobile Applications - Accessibility Regulations (Partial Assurance)? * 2020/21: Care System Replacement Project – Eclipse (Reasonable Assurance), Housing Management System Implementation (Partial Assurance), Cloud Computing (Reasonable Assurance), IT Access Management (Partial Assurance)? * 2019/20: Mobile Device Management (Reasonable Assurance), Surveillance Cameras (Partial Assurance) * 2018/19: Digital First (Minimal Assurance), Housing Management System Replacement (Reasonable Assurance), Care management system re-procurement (Reasonable Assurance)

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

Strategic Risk	Independent assurance
SR2 The Council is not financially sustainable in the medium term	1. Annual review of Value for Money (VfM) arrangements by the External Auditor leading to an opinion in the annual audit report. The last review (2021/22) concluded there were no governance issues to report and arrangements to secure VfM and the council's use of resource were reasonable. However, a significant weakness in terms of financial resilience was identified resulting in a 'Key Recommendation' to improve financial sustainability. This was considered by the Audit & Standards Committee on 24 January 2023 including the management response. 2. Internal audit reviews: Internal Audit reviews on all aspects of financial management, governance and reporting are undertaken on a rolling basis to provide management with assurance and recommendations for improvements. * 2022/23: Treasury Management (Substantial Assurance); Revenue Collection and Banking (Reasonable Assurance) * 2021/22: Accounts Payable (Reasonable Assurance), City Clean Expenditure (Reasonable Assurance), Capital Programme (Reasonable Assurance); Account Receivable (Reasonable Assurance); Revenue Budget Management (Reasonable Assurance); Council Tax (Reasonable Assurance); Payroll (Reasonable Assurance); Housing Rents (Partial Assurance) * 2020/21: Budget Management (Substantial Assurance), Payroll (Reasonable Assurance), Business Rates (Reasonable Assurance), Accounts Receivable (Partial Assurance), Council Tax (Reasonable Assurance). * 2019/20: Main Accounting System (Substantial Assurance), Treasury Management (Reasonable Assurance), Purchasing Card System (Reasonable Assurance), BACS Payment Arrangements (Reasonable Assurance), Care Payments (Substantial Assurance), Adult Social Care Income (Reasonable Assurance), Housing Rents (Reasonable Assurance).

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

Strategic Risk	Independent assurance
SR25 Insufficient organisational capacity or resources to deliver all services and respond to changing needs and changing circumstances	1. Local Government Peer Review 2017 focused on Leadership and Industrial Relations. 2. Internal Audit * 2022/23: Organisational Capacity – Workforce Strategy and Management (in progress) *2021/22: Performance Review Compliance - PDPs and 1 to 1s (Partial Assurance), Agency Staff Contract (Reasonable Assurance) * 2020/21: Recruitment (Reasonable Assurance), Working Time Directive (Partial Assurance) * 2018/19: Personal Service Companies and Use of Consultants (Reasonable Assurance), Wellbeing Project (Substantial Assurance)

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

Strategic Risk	Independent assurance
SR10 Corporate information assets are inadequately controlled and vulnerable to cyber attack	1. Internal and external IT audits provide an objective evaluation of the design and effectiveness of IT&Ds internal controls. An annual Internal Audit schedule is agreed with internal audit; some focus audits specifically on Information Governance (IG) areas, but all will cover some aspect of IG. The outcome of all audits is reported to the Audit and Standards Committee quarterly. * 2022/23: IT Asset Procurement (Value for Money) (Substantial Assurance); ; Cyber Security (Reasonable Assurance); MetaCompliance IT Application (Reasonable Assurance) * 2021/22: Email Communication - personal and sensitive encryption (Reasonable Assurance), DWP/Searchlight System Security Compliance (Reasonable Assurance), PIER Application Control (Reasonable Assurance), Information Governance - Remote Working (Reasonable Assurance), IT Access Management (Reasonable Assurance), Network Security (Reasonable Assurance), Network Access Management (follow up) (Reasonable Assurance); IT&D Strategic and Operational Risk Management (Reasonable Assurance); Post-Brexit Information Governance (Substantial Assurance)? * 2020/21: Cyber Security (Reasonable Assurance), IT Asset Management during Covid 19 (Reasonable Assurance), GDPR (Reasonable Assurance), Housing Management System Implementation (Partial Assurance)? * 2019/20: ICT Compliance Framework (Reasonable Assurance), Mobile Device Management (Reasonable Assurance), Purchasing Card System (Reasonable Assurance), Main Accounting System (Substantial Assurance) 2. IT Health Check (ITHC) performed by a 'CHECK'/'CREST' approved external service provider – covering both applications and infrastructure assurance. The ITHC approach has been updated to include one standard annual check and one targeted solution specific check (e.g. the mobile service). 3. Continued assurance from compliance regimes, including Public Sector Network (PSN) CoCo (Code of Connection); NHS Digital Data Security and Protection (DSP) Toolkit; and Payment Card Industry Data Security Standard (PCI DSS).

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

Strategic Risk	Independent assurance
SR29 Procurement non-compliance and ineffective contract performance management leads to sub-optimal service outcomes, financial irregularity and losses, and reputational damage	1. Internal Audit: * 2022/23: Highways Contract Management (Reasonable Assurance); Procurement Compliance (follow up) (Reasonable Assurance); Declaration of Interest (Gifts and Hospitality) Staff (Partial Assurance); School Meals Contract (Partial Assurance) *2021/22: Procurement Compliance – Phase 1 & 2 (Minimal Assurance), Highways Contract Management (Reasonable Assurance), Highways Maintenance (Reasonable Assurance) * 2019/20: Contract Collusion (Reasonable Assurance), Grants to community and voluntary organisations (Reasonable Assurance) * 2018/19: Care management system re-procurement (Reasonable Assurance), Housing Management System Replacement (Reasonable Assurance)

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

The Strategic Risk Register is reviewed by the Directorate Management Teams and Executive Leadership Team quarterly. The Strategic Risks are presented to the relevant committees annually so available for staff and public to view in the report pack for committee meetings.

Appendix 6 Policies, Processes & Strategies

Whilst many of our policies, processes and strategies link to many of the Good Governance Principles, below are those that are particularly relevant.

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

- The Constitution (Delegations to Committees and Officers, Financial Procedures and Contract Standing Orders, the Code of Conduct for Member/Officer Relations, Code of Corporate Governance, Code of Conduct for Employees, Code of Conduct for Members, Guidance for Members & Officers Serving on Outside Bodies)
- The Budget and Policy Framework
- Code on Officer/Member Relations
- Behaviour Framework which includes council values
- BHCC Anti-Fraud & Corruption Strategy and Framework

Good Governance Principle B: Ensuring openness and comprehensive stakeholder engagements

- Sustainable Communities Strategy (needs refreshing)
- Customer Experience Strategy
- Information Rights Framework (including Freedom of Information and Subject Access Requests)
- Formal Partnerships including the City Management Board
- Co-opted Members to Committees

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

- Corporate Plan
- Economic Strategy
- Carbon Reduction Programme
- Medium Term Financial Strategy
- Capital Investment Programme

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

- Business Framework
- Financial Regulations & Standard Financial Procedures
- Modernisation Portfolio of Change Projects and Programmes
- Contract Standing Orders

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

- Human Resources Policies
- Fair & Inclusive Action Plan (which includes equalities work with city partners)
- Staff and Member Training
- Scheme of Delegation to Committees and Officers
- Codes of conduct for members and officers

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

- Risk Management Process part of Performance Management Framework
- Information governance & security Policies
- Health & Safety Policies
- Whistleblowing Policy

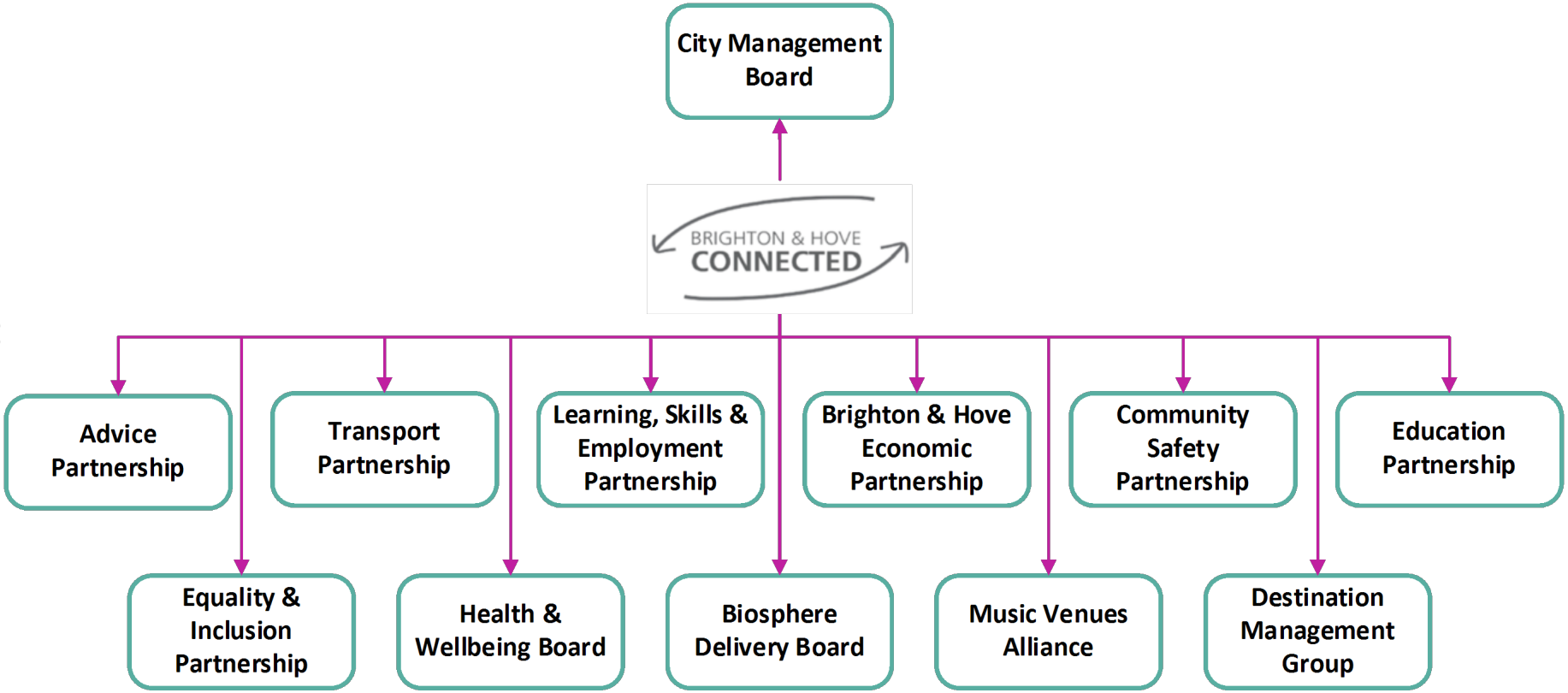
Good Governance Principle G: Implementing good practice in transparency, reporting and audit to deliver effective accountability

- Performance Management Framework
- Internal Audit Plan, Annual Internal Audit Review and Opinion, Independent Assessment of Internal Audit
- External Auditor's Annual Report

Appendix 7 Bodies BHCC works closely with and/or whose board BHCC nominates members to

- Sussex Integrated Care Board
- 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
- City Management Board

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.

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.

Thematic Partnerships