

## **Report to Council/ Committee**

**Subject:** Draft Annual Governance Statement 2025/26

**Date:** 23 June 2026

**Author:** Chief Finance & S151 Officer

### **Purpose**

To present the Draft Annual Governance Statement 2025/26 to Audit Committee for consideration and comment. The Statement will be brought back to Audit Committee in September 2026 for further discussion and again in January 2027 for formal approval and sign-off.

### **Recommendation(s)**

**THAT:**

1. Audit Committee considers and comments on the Draft Annual Governance Statement 2025/26.
2. Audit Committee notes the governance review undertaken to support preparation of the Statement, including the sources of assurance used to assess the effectiveness of the Council's governance, risk management and internal control arrangements.
3. Audit Committee notes that the Statement will be brought back in September 2026 for further discussion and again in January 2027 for formal approval and sign-off alongside the Statement of Accounts.

## **1 Background**

- 1.1 The Council is required to prepare an Annual Governance Statement each year. The Statement explains how the Council has complied with its Local Code of Corporate Governance and how it has reviewed the effectiveness of its governance framework, including the system of internal control.

- 1.2 Regulation 6 of the Accounts and Audit Regulations 2015 requires relevant authorities to conduct an annual review of the effectiveness of their system of internal control and prepare an Annual Governance Statement. The Statement must be considered and approved in accordance with the Regulations and published alongside the Statement of Accounts.
- 1.3 The Draft Annual Governance Statement 2025/26 has been prepared with reference to the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework and the May 2025 CIPFA/SOLACE addendum, which applies to Annual Governance Statements from 2025/26 onwards.
- Updated legislative context (including relevant economic crime and transparency requirements)
  - Evolving fraud risks facing local authorities
  - Lessons learned from internal audit work and national fraud reports
- 1.4 The 2025/26 Statement includes a forward-looking assessment of governance arrangements, identifies areas for continued improvement and reflects the Council's assurance sources, including management assurance, statutory officer input, Internal Audit, External Audit, risk management, performance reporting and Audit Committee oversight.

## **2 Proposal**

- 2.1 The Draft Annual Governance Statement 2025/26 is attached for Audit Committee's consideration and comment. The Statement sets out the Council's scope of responsibility, the purpose of the governance framework, the governance arrangements in place during 2025/26 and the review of their effectiveness.
- Preventing fraud and corruption through strong internal controls and culture
  - Detecting fraud through proactive and reactive measures
  - Responding effectively to suspected or proven fraud
- 2.2 The Statement confirms that the Council's Local Code of Corporate Governance is based on the seven principles in the CIPFA/SOLACE Framework: integrity and ethical values; openness and engagement; sustainable outcomes; effective interventions; organisational capacity; risk,

performance and financial management; and transparency, reporting and accountability.

- Clearer definition of roles and responsibilities (Members, officers, partners)
- Strengthened reporting arrangements (including routes for staff and the public)
- Alignment with whistleblowing and anti-bribery frameworks
- Increased emphasis on fraud awareness and training

2.3 The annual review has considered whether the Council's governance arrangements were operating effectively during 2025/26, whether they remain fit for purpose, whether any significant governance issues have arisen, and what further improvements are required for 2026/27.

2.4 The draft Statement identifies areas for continued governance focus, including financial sustainability, workforce capacity, Local Government Reorganisation, emergency planning and business continuity, Audit Committee effectiveness, Financial Management Code compliance, counter-fraud arrangements, external funding, procurement reform and cyber security, data governance and resilience.

### **3 Alternative Options**

3.1 Do nothing is not recommended. The Council is required to prepare an Annual Governance Statement and to review the effectiveness of its governance framework and system of internal control each year.

3.2 A shorter or less detailed Statement has been discounted because the 2025 CIPFA/SOLACE addendum places increased emphasis on clear evidence, a rounded assurance review, identification of significant governance issues and a forward-looking assessment of future governance needs.

### **4 Financial Implications**

4.1 There are no direct financial implications arising from consideration of this report.

- 4.2 The Annual Governance Statement supports financial stewardship by providing assurance on the Council's governance, risk management, internal control and financial management arrangements.
- 4.3 Any actions identified through the annual governance review will be managed through existing governance, budget monitoring, risk management and improvement planning arrangements.

## **5 Local Government Reorganisation Implications**

- 5.1 The Draft Annual Governance Statement recognises Local Government Reorganisation as an important governance, financial planning, workforce, service continuity and programme management consideration for 2025/26 and beyond.
- 5.2 The Statement notes the need to maintain effective governance, risk management and decision-making arrangements while engaging with regional partners and assessing potential implications for services, assets, liabilities, staffing, systems and financial resilience.
- 5.3 Progress and emerging risks will continue to be monitored through the Council's established governance, risk management, performance and audit arrangements.

## **6 Legal Implications**

- 6.1 The Accounts and Audit Regulations 2015 require the Council to conduct an annual review of the effectiveness of its system of internal control and prepare an Annual Governance Statement.
- 6.2 The Statement has been prepared with reference to recognised proper practice, including the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework and the May 2025 addendum covering the annual review of governance and preparation of the Annual Governance Statement.

- Local Government Act 1972 and 2000
- Accounts and Audit Regulations
- Fraud Act 2006
- Bribery Act 2010

6.3 The Monitoring Officer has been consulted and no adverse legal implications have been identified.

## 7 **Equalities Implications**

7.1 There are no direct adverse equalities implications arising from this report.

7.2 Good governance supports transparent, accountable and inclusive decision-making, including appropriate consideration of equality, diversity and inclusion implications through the Council's decision-making arrangements.

## 8 **Carbon Reduction/Environmental Sustainability**

There are no direct environmental implications arising from this report. The governance framework supports consideration of sustainable economic, social and environmental outcomes through the Council's planning, decision-making and assurance arrangements.

## 9 **Appendices**

9.1 Draft Annual Governance Statement 2025/26

### **Statutory Officer approval**

**Approved by:**

**Date:**

**On behalf of the Chief Financial Officer**

**Approved by:**

**Date:**

**On behalf of the Monitoring Officer**

