

Governance statements



Annual governance statement

Introduction

The Annual Governance Statement is a review of our activities to ensure that the council is carrying out its functions effectively. The quality of governance arrangements is paramount to enable the council to make decisions using high-quality information supported by a comprehensive understanding of risk. This statement explains how the council has discharged its governance responsibilities during the period from 1 April 2025 to 31 March 2026, the key governance mechanisms in place and planned improvements for 2026/27 and beyond.

Our risk management process is a key part of our governance arrangements and provides assurance that:

- our business is conducted in accordance with all relevant laws and regulations;
- public money is safeguarded and properly accounted for; and
- resources are used economically, efficiently and effectively to achieve agreed priorities which benefit local people.

The purpose of the Governance Framework

The council is committed to improving governance through a process of continual evaluation and review, delivered through the seven principles of good governance as identified in the Delivering Good Governance in Local Government Framework 2016 and supported by the council's Constitution and processes which strengthen corporate governance.

Our system of internal control is designed to manage risk to a reasonable level and is based on an ongoing process to identify and manage risks to the achievement of policies, aims and objectives, to evaluate the likelihood of those risks being realised, and to manage them efficiently, effectively and economically. It cannot eliminate all risk of failure but provides reasonable assurance of effectiveness.

This Annual Governance Statement is published in accordance with the CIPFA/SoLACE Delivering Good Governance in Local Government Framework 2016 and 2025 Addendum. The council aims to achieve good standards of governance by adhering to the seven core principles below:



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Overview of Governance Framework

Key elements of the council's governance framework, which have been in place throughout 2025/26 are set out below:

Leader, Cabinet and Council

The council operates a leader and cabinet model of governance in which the Leader and Cabinet are responsible for all of the council's executive functions except those required by law or the Constitution to be undertaken by full Council.

Decision Making

Decisions may be taken by full Council, Cabinet, individual Cabinet Members (for decisions that sit within their portfolio areas), Committees and Sub-committees and Officers who have been delegated specific responsibilities in accordance with the council's scheme of delegation and financial procedure rules. There is an approved governance process for each type of decision, supported by the legal requirements and provisions set out in the council's Constitution.

Risk and Performance Management

The council's risk management arrangements ensure operational and strategic risks are managed effectively to support increased performance and delivery of corporate priorities. Identified risks and mitigating controls are monitored through Service, Directorate and Corporate Risk Registers, reported to the Corporate Leadership Team and Audit and Governance Committee.

Statutory Officers

- Head of Paid Service (the Chief Executive): responsible for the operational management, leadership and delivery of services across the council, supported by the senior Leadership team comprising Corporate Directors from the three directorates: Community Wellbeing, Children and Young People, Economy and Environment, together with the corporate directors.

- Director of Governance and Legal Services (the Monitoring Officer): responsible for maintaining the Constitution and ensuring that functions act in accordance with the Constitution and relevant legal requirements. These arrangements include overseeing the ethical conduct of the council and the production of associated codes, conventions and protocols.
- Chief Finance (Section 151) Officer: responsible for the oversight and delivery of financial management arrangements; achieved through a robust financial control framework, financial procedure rules, a scheme of delegation and an independent and objective Internal Audit function.
- Statutory Scrutiny Officer: responsible for promoting the role of the council's Scrutiny Committees within the council and providing guidance and support to Scrutiny Members. This role cannot be held by the Head of Paid Service, Monitoring Officer or Chief Finance Officer.

Corporate Leadership Team

The council's Corporate Leadership Team (CLT) is collectively responsible for ensuring that effective governance arrangements are in place and are subject to regular review. CLT provides leadership, determines policy and upholds expected standards of behaviour.

Scrutiny Committees

Scrutiny is a statutory role fulfilled by councillors who are not members of the Cabinet. The role of the scrutiny committees is to help develop policy, to carry out reviews of council and other local services, to provide effective challenge and to hold decision makers to account for their actions and decisions.

Audit and Governance Committee

The Audit and Governance Committee oversees the council's audit and corporate governance arrangements and provides independent assurance on the adequacy of the risk management framework and internal controls. The Committee considers annual audit plans and reports of internal and external auditors.

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External Audit

External Audit provides an opinion on the council's annual Statement of Accounts and review the council's Value For Money (VFM) arrangements which are designed to secure economy, efficiency and effectiveness in its use of resources.

Internal Audit

Internal Audit provides an independent and objective opinion on the council's governance, risk management and control environment; evaluating effectiveness through a risk-based approach. The annual Internal Audit Plan comprises: operational audit reviews, cross-cutting governance audits, annual review of key financial system controls, IT audits, grant assurance work and any other special or unplanned review, aligned to the council's corporate risks.

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Review of Effectiveness

The review of effectiveness is informed by the work of Senior Officers and managers with responsibility for the design and maintenance of an effective governance environment. It is also informed by the work of Internal Audit and the annual opinion provided by the Head of Internal Audit, Member assurance through annual reports of Committee chairs and the findings of external assessments from external audit, inspectorates, regulators and the Local Government Association Corporate Peer Challenge.

The results of the annual review of the effectiveness of the council's governance arrangements during 2025/26 are set out below and demonstrate how the council has complied with the seven principles of the CIPFA/Solace Framework.

Areas for improvement, where it is recognised that governance arrangements could be further strengthened, are included as part of the assessment and these are supported by a detailed action plan. Progress against the plan will be reported to Audit and Governance Committee to ensure that work is undertaken to deliver the identified improvements.

Assessment of the effectiveness of governance arrangements during 2025/26

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

Key aspects of the council's governance arrangements during 2025/26:

We have arrangements in place to provide assurance that our values are upheld, and that members and officers demonstrate high standards of conduct and behaviour to comply with laws and regulations. These include:

- We have reviewed and refreshed the council's Using Artificial Intelligence (AI) Policy with a focus on setting clear expectations on the use of AI tools and introducing eight 'our Herefordshire AI principles' to ensure AI is used safely, ethically and legally.
- Mandatory training completed in 2025/26 included modules which support decision making and reporting: Information Access & Information Governance, Information Security, Equality, Diversity & Inclusion (EDI). The council has achieved its highest completion rates for mandatory training this year with over 98% of staff having completed the modules before the deadline against a target completion rate of 95%.
- The Employee Code of Conduct and supporting Employee Interest Policy and Employee gifts and hospitality Policy set out rules for dealing with employees' interests. Each employee is required to make an annual return with regard to personal interests, in addition to declaring any gifts and hospitality or interests as they arise.
- Improvements have been delivered in supporting employees to declare interests. Employees are required to declare interests on day one when joining the council, on an annual basis and when completing the Employee Code of Conduct mandatory training module.
- Risk management training has been delivered to Cabinet and the council's Leadership Group and tailored support is provided to risk owners and Service and Directorate teams as part of routine risk management activity.
- An update on the operation of the employee Whistleblowing Policy was reported to Audit & Governance Committee in October 2025 to provide assurance on the effectiveness of arrangements in place for employees, and others, to raise concerns that may be in the public interest.
- In July 2025, Audit & Governance Committee received an update on the number of exemptions to the council's Contract Procedure Rules to provide assurance of appropriate oversight and compliance with the rules.

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- The Shareholder Committee forms part of the overall governance arrangements for Herefordshire Council in relation to companies and other legal entities which are wholly or partly owned or controlled by the Council. The Committee has met during 2025/26 to review the position and performance of companies in which the council has a legal interest. The Committee ensures the council's interests are monitored so that financial and other risks can be escalated as appropriate.
- Engagement through Leadership Group, All Staff Briefings and collaboration across Corporate Leadership Team and individual Directorate Teams has taken place throughout 2025/26 ensuring that information about the council's strategic priorities and planned activity is shared in a timely way to enable informed decision making at all levels across the organisation.
- Additional training has been delivered through the council's Leadership Group in 2025/26 for officers to share across their teams including risk management and governance and decision making.
- Equality Impact Assessment (EIA) guidance was revised in 2025 to incorporate the impact of cost increases on certain protected characteristics and a new template developed to ensure compliance on completion of EIAs and Equality Impact Screening Checklists.
- We have continued to review the council's Constitution and associated documents to strengthen arrangements for business cases for capital schemes and to clarify processes for public and Member questions, committee member substitutions and the publication of Records of Operational Decisions (RoODs).
- The council has arrangements in place to monitor and assess the ethical behaviour of external service providers across commissioning and contract lifecycles. Procurement and pre-contract due diligence includes a review of providers' Equal Opportunities and Environmental policies, the measures in place to prevent slavery and human trafficking within their business and supply chains, and suppliers are required to comply with the council's whistleblowing policy. Contract and performance management arrangements monitor the delivery of safe, lawful and

ethical services and external oversight and challenge is provided through multi-agency quality and safeguarding forums.

The governance arrangements, as identified above, have been effective in the period from 1 April 2025 to 31 March 2026. Areas where it is recognised that governance arrangements could be further strengthened include:

- We will continue to review the Using Artificial Intelligence (AI) Policy, with oversight throughout the year by the Information Governance Steering Group.
- We will continue to promote a culture of accountability and strong ethical values through mandatory learning modules in 2026/27.

Core Principle B: Ensuring openness and comprehensive stakeholder engagement

Key aspects of the council's governance arrangements during 2025/26:

- The Chief Executive and Corporate Leadership Team are committed to ensuring that employee feedback is sought, listened to and acted upon. To promote engagement, maintain effective employee relations and share information, monthly all staff briefings are hosted by the Chief Executive and Leadership Group.
- Continued engagement with staff through the Chief Executive's weekly staff update to share staff news, wellbeing advice, training and development opportunities and relevant partner news.
- A multi-year communications strategy has been developed and approved, aligned with Council Plan priorities and timeline. It includes a capability plan to bolster nine key areas, including channels, content, commissioning and coordination. The most recent performance data underlines improvements in reach, followers, engagements and video views. This refreshed activity has been effective in engaging audiences more directly and a number of campaigns have supported key organisational priorities including Children's Services recruitment.

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- Political Group Consultations to inform decisions with financial or community significance; to provide a political viewpoint for officers to capture in key decision reports and demonstrate the council's commitment to encourage cross party engagement in decisions before they are taken.
- A Record of Operational Decision (RoOD) and/or a Key Decision is published for contracts awarded above the threshold determined by the Contract Procedure Rules and Constitution. This ensures openness and transparency in decision-making, in line with The Openness of Local Government Bodies Regulations 2014.
- As part of consultation on proposals for the 2026/27 revenue budget and capital programme, the council invited residents and stakeholders to consider funding choices and the impact of changes in income and expenditure on the delivery of services through an online budget consultation. Engagement also asked for feedback on priorities for the 2026/27 budget and council tax increase options.
- Acting on feedback from employee surveys that staff wanted more opportunities to contribute ideas and opinions, an additional budget survey was undertaken, encouraging staff to share ideas and shape decisions with specific feedback provided via an all staff briefing session.
- Feedback from events and surveys to inform the council's corporate priorities. Consultations and surveys, to engage the views of stakeholders, during 2025/26 included: Herefordshire Local Transport Plan 2025-2041, 2026/27 Budget proposals, local cycling, walking and wheeling infrastructure plan, regeneration of Merton Meadow, the Local Government Boundary Commission electoral review, Homelessness Prevention and Rough Sleeping Strategy and Hereford 2050 City Masterplan.
- The council has engaged with key stakeholders and partners on the development of a targeted, focused delivery plan for the overarching Big Economic Plan. This included consultation and challenge with input from Members, officers, the Economy & Place Board, Skills Board and Business Growth Board.
- A Steering Group was established by political Group Leaders in 2025/26 with collaboration to produce the council's response to the

Foundational Strategic Authority and Spatial Development Strategy Government consultation.

- A Major Projects Delivery dashboard was developed during 2025/26 with a monthly update provided to Corporate Leadership Team and Cabinet. The dashboard highlights the key dates and decisions as well as Lead Officers, planned activity and risk status in respect of each of the council's major and capital projects. This process has ensured additional oversight of risks in the delivery of projects. This is in addition to the individual project boards and Member and Officer project specific working groups.

The governance arrangements, as identified above, have been effective in the period from 1 April 2025 to 31 March 2026. Areas where it is recognised that governance arrangements could be further strengthened include:

- Arrangements to enhance and strengthen governance, internal challenge and oversight of the council's major and capital projects will continue in 2026/27 through Project Assurance Reviews. This internal process will identify areas where controls can be strengthened to support successful project delivery. Each review will consider programme management, adequacy of project plans, risk management arrangements, capacity and capability of project and technical teams, budget monitoring and reporting and project governance and reporting arrangements.
- The council will continue to develop relationships with partners and statutory organisations through the Nutrient Management Board and river-health related initiatives to strengthen collaboration.
- The process of responding to recommendations made by the council's Scrutiny Committees will be strengthened in 2026/27 to ensure responses are provided within the constitutionally required two-month period. A new recommendation action tracker is being developed alongside current arrangements and dedicated scrutiny webpages will include information on task and finish group activity and recommendations. This will provide greater public visibility and transparency of the scrutiny function.

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

Key aspects of the council's governance arrangements during 2025/26:

- The Herefordshire Council Plan 2024-2028, alongside the Medium-Term Financial Strategy 2026/27 to 2029/30, provides the overarching policy framework within which decisions will be taken and resources allocated over the next four years. The Council Plan sets out the council's vision across four priority areas: People, Place, Growth and Transformation. The annual Delivery Plan underpins the Council Plan and individual Service Plans provide a framework to support effective performance management and to ensure activity is aligned to the priorities and principles of the Delivery Plan and Council Plan.

People: We will enable residents to realise their potential, to be healthy and to be part of great communities who support each other. We want all children to have the best start in life.

Place: We will protect and enhance our environment and ensure that Herefordshire is a great place to live. We will support the right housing in the right place, we will support access to green spaces and we will do everything we can to recover the health of our rivers.

Growth: We will create the conditions to deliver sustainable growth across the county; attracting inward investment, building business confidence, creating jobs, enabling housing development along with providing the right infrastructure.

Transformation: We will be an efficient council that embraces best practice, delivers innovation through technology and demonstrates value for money.

- Progress against the 2025/26 Delivery Plan has been monitored and reported through the quarterly Cabinet report, progress reporting to the Corporate Leadership and through annual service plans and individual performance and development plans.

- The 2026/27 Delivery Plan, approved by Cabinet in March 2026, includes key deliverables and milestones not completed in 2025/26 to be monitored for delivery in 2026/27, alongside new deliverables and milestones to progress the key objectives within the Herefordshire Council Plan set against the priorities of People, Place, Growth and Transformation.
- The annual Delivery Plan is informed by the key characteristics of Herefordshire, as outlined on Understanding Herefordshire (the council's Joint Strategic Needs Assessment). Factors such as rurality, the ageing population and social mobility for our young people are key drivers at the heart of the vision, priorities and objectives.
- A Cabinet Task & Finish group was established in 2025/26 to update the Carbon Management Plan (CMP) and action plan to improve focus and consistency of the council's emissions reporting and targeted actions. The completed Plan will be approved by Cabinet for implementation in early 2026/27.
- The Herefordshire Climate and Nature Board has met regularly in 2025/26. Officers have worked on carbon budget modelling for energy, buildings, domestic, land use and agriculture and waste management and transport to inform the Board's priority actions. A Climate and Nature networking event was held during the year with attendance from key stakeholders across the county. This event served as an opportunity for the Board to update the outcome of modelling activity and share key themes and future priorities.
- The Greener Footprints communications channels and e-bulletin aim to support the county's response to climate and nature emergencies. These sources highlight schemes offered by the council including the Warm Homes Local Grant, Biodiversity and Nature grant scheme, community car clubs, biodiversity schemes for schools, business energy grants as well as initiatives provided by other local organisations.
- Decision making across the council is supported by a clear governance framework and this ensures appropriate review and challenge of information across relevant teams including Finance, Legal, Governance, Risk, Equalities. Where appropriate, decisions are aligned to the priorities of the approved Council Plan. Cabinet

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and Committee reports set out the environmental implications of recommendations for consideration as part of decision making.

- The Finance Procedure Rules and Contract Procedures Rules were updated in 2025/26 to incorporate the legislative requirements of the Procurement Act 2023 and Procurement Regulations 2024; updates were approved by the Audit & Governance Committee.
- The council has proactively led sub-regional engagement in identifying a future basis for devolution through establishing a proposed Foundation Strategic Authority and Spatial Development Strategy area economic partnerships. Key analysis has been undertaken to consider economic partnerships and interdependencies and sectoral and strategic alignment across the wider region. In 2025 a Steering Group of the political Group Leaders was formed to engage public sector, community and private sector leaders as well as all locally elected members and Members of Parliament.

The governance arrangements, as identified above, have been effective in the period from 1 April 2025 to 31 March 2026. Areas where it is recognised that governance arrangements could be further strengthened include:

- The council will continue to engage with the Ministry of Housing, Communities and Local Government (MHCLG) and Leaders and Chief Executives from neighbouring local authorities to explore opportunities for Herefordshire as part of Foundation Strategic Authorities and Spatial Development Strategy geographies.
- The council will continue to work with strategic partners, residents and local organisations to reduce carbon emissions and achieve improved energy efficiency, energy resilience and cost savings. Activity through the Carbon Management Plan 2026/27 to 2030/31 will contribute to key local goals and wider national objectives by 2030.
- A review of the commissioning strategy will take place in 2026/27 including the introduction of a low entry commissioning framework to support engagement with the Voluntary, Community and Social

Enterprise (VCSE) sector and development of a social value approach as part of wider commissioning and procurement.

Core Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

Key aspects of the council's governance arrangements during 2025/26:

- The council has robust processes in place to support financial planning and sustainability. The budget is informed by the Medium-Term Financial Strategy (MTFS) with key risks and assumptions clearly identified and reported to Members. The budget setting process identifies financial pressures and risks to achievement of approved savings, and these are subject to challenge and scrutiny by relevant stakeholders.
- Updates to Cabinet in 2025/26 included the Annual Review of Earmarked Reserves, setting out the council's approach to maintaining appropriate levels of reserves to respond to future risks, and an update on the MTFS to highlight headlines from the Spending Review and potential impact of local authority funding reform on the council's future financial position.
- The Dedicated Schools Grant (DSG) position and impact of Special Educational Needs and Disabilities (SEND) Reform and the High Needs Stability Grant on the council's overall financial position has been reported through Schools Forum, Cabinet and Scrutiny Committees.
- Development of the 2026/27 revenue budget and capital programme included increased engagement and transparency across Group Leaders, and their political groups, to share information on the potential outcome of the fair funding review and its impact on the council's revenue budget and capital programme.
- Monthly Budget Board meetings of Corporate Directors and Service Leads, the Chief Executive and S151 Officer, have taken place throughout 2025/26 to monitor key Directorate pressures and challenges in the delivery of savings, and to identify action plans to manage cost pressures and mitigations for 'at risk' savings. This

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activity has been supported by Directorate led Savings Boards and Expenditure Control Panels.

- Performance against actions from the council's Delivery Plan was reported quarterly to Cabinet during 2025/26.
- Responsibility for the delivery of the council's strategic objectives lies with individual Directorates and this is monitored through individual Directorate Plans, Service Business Plans and Individual Personal Development Plans to ensure the alignment of individual activity to corporate ambitions.
- Finance, Service and Performance teams have worked throughout 2025/26 to identify improvements and strengthen the links between activity and financial data which inform monthly forecasts and budget setting.
- A cross-party Housing Working Group was established in 2025/26 to address the county's critical housing needs and increasing demand for temporary accommodation. The council has supported a whole-Herefordshire collaboration approach to respond to the shortage of local housing with registered providers.
- The Herefordshire Business Growth Board was established in 2025/26. The Board will play a key role in driving the economy, supporting business growth, promoting innovation and collaboration and championing inward investment in Herefordshire.

The governance arrangements, as identified above, have been effective in the period from 1 April 2025 to 31 March 2026. Areas where it is recognised that governance arrangements could be further strengthened include:

- New commissioning workstreams will be implemented in 2026/27: Care in Your Home, Working Age Adults Support and Care Home Partnership. These workstreams will ensure that interventions are targeted to individuals' needs whilst improving control of expenditure.
- A tailored Herefordshire Council Outcomes Framework will be used to enhance performance monitoring and reporting in 2026/27 alongside an internal performance management tool to support self-

service and bespoke reporting against key performance indicators and Delivery Plan milestones.

- Quality Circles are based on the idea that an employee doing a certain task is the most informed on that topic and best placed to develop solutions through innovation. A pilot of Quality Circles will be implemented in Children's Services in April 2026 as a mechanism to support staff to contribute to improvement and performance of the services. The effectiveness of this activity will be evaluated at the end of 2026/27.

Improvement and transformation of children's social care has been the council's highest priority, and a significant governance issue, since the Ofsted review of the service in July 2022.

Following the Inspection of Local Authority Children's Services (ILACS) that took place in November 2025, Herefordshire Council's Children's Services have been rated 'Good' overall by Ofsted, with each specific service area receiving a 'Good' judgement and the 'Impact of leaders on social work practice with children and families' judged as 'Outstanding'. This rating reflects the hard work and dedication of practitioners, managers, Members and partners in the delivery of improvements through the Herefordshire Children's Services and Partnership Improvement Plan.

Core Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

Key aspects of the council's governance arrangements during 2025/26:

- Regular meetings between the three 'Golden Triangle' statutory officers (Head of Paid Service, Chief Finance Officer and Monitoring Officer) have taken place throughout 2025/26. These meetings, to review current and potential future political, financial, legal, staffing and other issues that may impact on delivery of the statutory duties, and the constructive work relationship between the three statutory officers form a key element of overall governance arrangements.

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- The council's leadership development programme (@LeadHC) was launched in 2025/26 to address gaps in the learning and development offer and strengthen leadership skills and capabilities. The programme aims to develop inspirational leaders across four themes: Grow, Aspire, Empower, Innovate.
- The first cohort of delegates in the Aspire and Empower programmes have 'graduated' with positive support and feedback across the council. The Innovate programme, for senior leaders, will recruit its first cohort of delegates in 2026/27.
- The council has provided a range of learning and development opportunities for staff at all stages of their careers, delivered through the Learning & Organisational Development Team. This includes Mandatory Training modules as well as opportunities through 'My Learning Hub'.
- A review of Member mandatory training was completed by the Member Development Working group in August 2025 and the second round of mandatory training was undertaken during September to November 2025. All training was recorded and placed on the Councillors Intranet site as a resource for members to utilise on an ongoing basis for the remainder of the current administrative term.
- A corporate transformation board has been established and in place since August 2025. The board is chaired by the Chief Executive and meets monthly to set the direction and ambitions for transformation, drive delivery and manage strategic risk and resources.
- To further embed the council's **THRIVE** values of **Trust**, **Honesty**, **Responsibility**, **Inclusivity**, **Value** and **Empathy**, a values-based recruitment framework has been launched in 2025/26.
- Staff are able to discuss and agree training and development needs through the annual 'My Conversation' process.
- During 2025/26, regular updates on the council's financial position and performance in the year to date, have been shared with the council's Leadership Group (staff who report directly to a member of the Corporate Leadership Team) and through All Staff Briefings.
- Interactive information and learning sessions delivered to the Leadership Group in 2025/26 have included Digital Leadership &

Skills, Governance, Finance, Children's Services and Risk Management arrangements.

The governance arrangements, as identified above, have been effective in the period from 1 April 2025 to 31 March 2026. Areas where it is recognised that governance arrangements could be further strengthened include:

- The council will continue to identify and deliver improvements to the Member two-yearly mandated training programme, informed by feedback following the review carried out in 2025 and training modules provided.
- The Scheme of Delegation will be kept under review and updated as required.
- Activity to strengthen organisational capacity and capability in 2026/27 will include the introduction of a new Learning Management System and expanded self-help learning offer, delivery of a senior leadership programme, and development of our digital capability through our digital skills offer.

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

Key aspects of the council's governance arrangements during 2025/26:

- The council's performance management framework sets out the approach to business planning, monitoring performance and risk management and this structure enables the alignment of resources, people and finance to the ambitions outlined in the Council Plan. Quarterly budget and performance reports are presented to Cabinet to report progress against the agreed revenue budget, capital programme, savings and achievement of key milestones in the Delivery Plan.
- Risk management forms an integral part of the council's governance arrangements and decision-making processes and is fundamental to the successful delivery of strategic objectives.

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Effective risk management enables the council to make informed decisions in respect of challenges and risks within the boundaries of risk appetite, available resources and legislative and regulatory requirements and strengthens the council's ability to be agile to respond to challenges and opportunities.

- The Corporate Leadership Team (CLT) and Cabinet have undertaken quarterly reviews of the Corporate Risk Register to update risk scores, consider the adequacy of control measures and mitigating actions and identify new threats and opportunities to the delivery of the objectives and priorities of the Council Plan 2024-28.
- A consistent Risk Register template to record and monitor individual Directorate, Service and Project risks has been developed with automated links and escalation flags; this template aligns risks to the council's approved Risk Strategy and Risk Appetite Statement. A SharePoint site and Teams channel has been established to share guidance, training and enable interaction between risk owners.
- The council's 2025/26 Internal Audit Plan was reviewed to ensure alignment with the refreshed Risk Strategy and risks identified in the Corporate Risk Register and this was approved by the Audit & Governance Committee.
- The council's Counter Fraud and Corruption Strategy promotes a culture in which fraud, bribery and corruption are not tolerated and supports the prevention and detection of fraud across the organisation. Work to raise awareness internally and externally has continued in 2025/26: additional training has been delivered to staff and Members, additional resources to raise awareness of fraud have been made available to staff and we have continued to develop methods of partnership working to identify and investigate fraud. The Anti-Fraud, Bribery & Corruption Report outlining counter-fraud activities and progress and outcomes aligned with strategic objectives was reviewed by Audit & Governance Committee in January 2026.
- The council supports and submits data for the National Fraud Initiative (NFI) and assesses all matches for review and, where appropriate, mitigation.

- The Financial Procedures Rules (FPRs) control the way the council manages its finances and safeguards its assets. They form part of the Constitution and outline the financial roles and responsibilities for staff and Members and provide a framework for financial decision-making. An update to the FPRs was approved by Audit & Governance Committee in January 2026.
- Internal financial reporting and monthly Directorate Budget Board meetings have supported early identification and effective management of financial risks during 2025/26; enabling recovery plans and expenditure controls to be implemented to influence the final outturn position. A budget monitoring report is prepared for Directorate and Corporate Leadership Teams on a monthly basis. These reports are also presented at Cabinet Briefings in addition to the quarterly monitoring reported to Cabinet.
- Individual Directorates continue to exercise robust financial management through routine expenditure control panels. New arrangements in 2025/26 include the transfer of the Quality Assurance team for commissioned services, including placements, to the Children & Young People Directorate. This provides clarity of function, removing duplication and improving practice in contract management to ensure best value and good outcomes.
- The Shareholder Committee has continued to exercise its functions and responsibilities in respect of its shareholdings in Hoople Ltd and Cyber Quarter Limited and has convened to consider both service and financial performance.

The governance arrangements, as identified above, have been effective in the period from 1 April 2025 to 31 March 2026. Areas where it is recognised that governance arrangements could be further strengthened include:

- Risk management takes place across the council at Corporate, Directorate and Service levels and activity will continue in 2026/27 to embed and develop risk management by risk owners at all levels within the risk management framework including elected members.
- To support delivery of approved savings in 2026/27, arrangements to monitor progress and identify risks and challenges to delivery will

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be strengthened. A monthly monitoring and assurance process will take place, led by a Service Director or the Corporate Director. This activity will support and inform monitoring of Directorate financial position and performance at the monthly Budget Board meetings.

- The MTFS will be updated in 2026/27 to reflect the impact for the council of the multi-year funding Settlement and in-year funding allocations as further information is released.
- Activity to develop specific actions and milestones as part of the council's Future Financial Strategy will be a key focus from April 2026 to close the estimated funding gap in future years and protect the council's future financial sustainability.

Core Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability

Key aspects of the council's governance arrangements during 2025/26:

- Arrangements for the governance of the council, including terms and reference of committees, political group representation on committees and outside bodies and appointments of committee chairpersons and vice chairpersons are approved at the Annual Meeting of Council.
- The 2024/25 draft Statement of Accounts was published in May 2025, one month ahead of the statutory deadline, to support early audit testing from June 2025. The early publication of the accounts, alongside high quality supporting working papers, enabled the council to achieve an unqualified audit opinion and External Auditor's Annual Report in September 2025.
- The audit report, and the timely unqualified opinion on the 2024/25 financial statements, provide valuable, independent assurance that the council has robust financial planning arrangements in place to identify all significant financial pressures and risks to financial resilience and to support the sustainable delivery of services in accordance with strategic and statutory priorities.
- An update on the actions identified to deliver continuous improvement in governance arrangements in the 2024/25 Annual

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- Internal audit arrangements have been strengthened in 2025/26 with refreshed resources led by a new Head of Internal Audit and a revised Internal Audit Plan, developed using a risk-based, assurance mapping approach which is aligned to the council's corporate objectives and priorities and the key risks which may prevent them from being achieved.
- Quarterly reports to update Members on progress of internal audit activity and key internal control issues arising have been presented to the Audit & Governance Committee in 2025/26.
- Arrangements are in place to ensure that we fully comply with the requirements of the Public Sector Internal Audit Standards (PSIAS) and CIPFA Statement on the Role of the Head of Internal Audit.
- The council is registered as a Controller under the General Data Protection Regulation (GDPR) which governs how we manage and process the information we collect and retain. There is a nominated Data Protection Officer and procedures in place that explain how we use and share information, as well as arrangements for members of the public to access information.
- Information is published on the council's website to provide details of the working of the organisation, what we spend, and how our decisions are made. All council decisions are published, along with agendas and minutes for Committees and Public and Member questions and answers.
- Cabinet or Cabinet Member decisions are in place for all related activity, with appropriate delegations identified.
- Cabinet members are briefed at monthly portfolio briefing meetings, and regular cabinet meetings.
- The council's Monitoring Officer has a specific duty to ensure the council, its Officers and Members maintain the highest standards in their values and behaviours.
- Exemptions to the Contract Procedure Rules approved during 2024/25 were reported to the Audit & Governance Committee in June 2025. Commercial and legal services have continued to work with council departments throughout 2025/26 to ensure exemptions

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are only proposed where there is no possible alternative.

- In June 2025, the council hosted a Corporate Peer Challenge (CPC) managed by the Local Government Association (LGA). This process provides an independent and objective assessment, led by a team of senior officers and Member peers, of the council's achievements, challenges and future plans. The resulting LGA findings report commended the council's leadership and recognised the council as a "good council that is striving hard to improve further".
- An action plan was prepared to respond to the recommendations made in the LGA findings report identifying planned actions, lead officers and delivery timelines. The findings report and corresponding action plan were reported to and approved by Cabinet in September 2025.

The governance arrangements, as identified above, have been effective in the period from 1 April 2025 to 31 March 2026. Areas where it is recognised that governance arrangements could be further strengthened include:

- The council will continue to strengthen internal audit arrangements through the development of the 2026/27 Internal Audit Plan. The Plan will include key coverage of core financial systems, compliance with laws and regulations, controls in place for new grant schemes and activity across Directorates informed by Corporate and Service level risks.
- The development of business cases will be reviewed in 2026/27 to improve the quality of reporting to inform decision-making and the assessment of investment decisions.
- The Service Level Agreement (SLA) between the council and its subsidiary company Hoople Ltd will be reviewed in 2026/27 to provide assurance that the relationship continues to support delivery of the council's strategic priorities and its future financial strategy.

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Significant Governance Issues

Actions taken to address significant governance challenges during 2025/26 are noted below.

- Continued improvement in Children's Services:** During 2025/26, the council has continued to work hard to deliver the improvements required in Children's Services and good progress with renewed pace was noted in the Ofsted monitoring visits in the lead up to the full Inspection of Local Authority Children's Services (ILACS) in November 2025. The inspection report found the council's Children's Services to have 'Good' overall effectiveness with 'Outstanding' impact of leaders on practice. The outcome of the ILACS inspections, alongside a report completed by the DfE appointed Commissioner, will inform the Secretary of State decision regarding the existing statutory direction and next steps for the council. At the meeting of the independently chaired Children's Improvement Board in January 2026, the Board agreed to stand down, promoting a transition to enable monitoring of Children's Services, including the Children's and Young People's Plan and the Improvement Plan Phase 3, through routine channels in line with other non-inadequate councils. Governance and monitoring arrangements in 2026/27 will be fulfilled by the Corporate Leadership Team, Cabinet and the Children and Young People Scrutiny Committee.
- Financial Sustainability and Resilience:** Monthly Directorate Budget Boards have provided improved oversight of key cost pressures, delivery of the capital programme and challenges in the delivery of approved and brought forward saving targets during 2025/26, supporting the early identification and effective management of financial risks. Directorate control panels have continued to review expenditure on goods and services, as well as changes in staffing arrangements, to provide increased rigour and challenge over expenditure.

The review of governance arrangements during 2025/26 has identified the following areas which will be a key focus for the council's leadership in 2026/27:

- Delivery of major and capital projects:** The council has approved an ambitious capital programme for 2026/27 with significant activity planned to progress major and capital projects aligned to the council's Year of Delivery priorities in 2026. Robust monitoring of capital project delivery in 2026/27 will be required to identify and mitigate risks to project budgets, delivery of benefits and potential loss of grant funding. Project assurance reviews and planned improvements to the development of business cases will ensure that investment decisions deliver economy, efficiency and effectiveness in the use of resources.
- Activity to support the Future Financial Strategy:** The council has set a balanced budget for 2026/27 and we will continue to monitor the outturn position and achievement of savings targets throughout the year. Directorate expenditure controls will continue, as part of financial management arrangements, in 2026/27 to ensure delivery of services within the approved budget and early identification of cost pressures. Budget Boards will monitor achievement of savings targets, key financial pressures and risks and delivery of capital and major projects by Directorate. Assessment of financial position and performance in 2026/27 will include monitoring of delivery of the capital programme, cashflow position and improved reporting of the council's assets and liabilities including debt, long-term borrowing and use of earmarked reserves. The council's future financial strategy will ensure that the council's finances are aligned to its strategic priorities with a clear focus on required activity to ensure the future sustainability of the council and the services it delivers. High support and challenge of planned activity to deliver savings and efficiencies to resolve the estimated future funding gap will be a key area of focus in 2026/27.

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- **Dedicated Schools Grant and SEND Reform Plan:** At 31 March 2026, the council's Dedicated Schools Grant (DSG) cumulative deficit is £36.3 million following a £16.3 million overspend within the High Needs Block. The DSG deficit is accounted for as an unusable reserve on the council's Balance Sheet, as permitted via statutory instrument which will remain in place up to March 2028; beyond the period of the statutory override, any balance on the DSG unusable reserve will transfer back to the council's Earmarked Reserves. The Final Local Government Settlement published on 9 February 2026 confirmed the proposed treatment of DSG deficits as part of wider SEND reform. The first phase of support will be to address historic deficits with a High Needs Stability Grant to cover 90% of High Needs-related DSG deficit accrued up to the end of 31 March 2026. Service and Finance teams are currently developing the council's Local SEND Reform Plan for submission by 19 June 2026. Subject to Department for Education (DfE) approval, the Plan will evidence eligibility for the High Needs Stability Grant to cover approx. £32.7 million (90%), with the remaining balance of £3.6 million (10%) to be a liability of the council once the statutory override period ends in March 2028.
- The council is committed to identifying actions to respond to local special educational needs and disabilities (SEND) and alternative provision to meet current and future levels of demand. The council's SEND Reform Plan will be underpinned by a credible financial strategy, a robust financial baseline, robust financial modelling and planning for use of Experts at Hand Offer and High Needs Provision Capital Allocation grant funding, clear understanding of the drivers of high-cost spend and a plan to respond to such pressures and a mechanism to enable quarterly financial monitoring. The High Needs Stability Grant and SEND Reform Plan are key components of the council's future financial strategy and delivery of the Plan will be a key area of focus for the council in 2026/27.

The key governance challenges facing the council in 2026/27 will be monitored by the Corporate Leadership Team and Audit & Governance Committee.

Glossary of terms

Audit and Audit Assurances

The council's Statement of Accounts are audited by Grant Thornton UK LLP. In accordance with statutory requirements, the annual audit includes an examination and certification of the financial statements to confirm they are 'true and fair' and free from material misstatements and an assessment of the council's arrangements to secure economy, efficiency and effectiveness in its use of resources. In 2024/25, Grant Thornton gave an unqualified audit opinion on the financial statements.

The external auditor's work on the council's arrangements to secure value for money in 2024/25 did not identify any significant weaknesses or improvement recommendations in respect of arrangements for financial planning, alignment of financial plans to other operational planning and in identifying and managing risks to financial resilience. A key recommendation was raised in respect of the council's Dedicated Schools Grant (DSG) deficit position, and an improvement recommendation was made in respect of the achievement of savings in 2024/25.

The Annual Auditor's Report for the year ended 31 March 2025 acknowledges the transformation and improvements made in the delivery of Children's Services, downgrading the prior year significant weakness and key recommendation to an improvement recommendation. This finding supports the external inspection findings reported by Ofsted across multiple monitoring visits during 2024/25 and the 'Good' rating received in January 2026.

A key recommendation was raised in relation to strengthening challenge and control of capital expenditure to ensure effective governance and oversight of procurement decisions. The council has implemented improvements in this area with additional oversight across all major projects to consider individual and thematic challenges and risks in project delivery.

Internal audit services are provided by South West Audit Partnership (SWAP) and these services are managed and delivered in accordance with

the Public Sector Internal Audit Standards (PSIAS). SWAP is responsible for reviewing the adequacy of internal controls across all areas of the council's services, providing risk-based and objective assurance, advice and insight.

The annual Internal Audit plan and Internal Audit Charter are presented to and approved by the Audit and Governance Committee. The plan includes a range of activity designed to provide appropriate coverage of key business objectives, and is aligned to the Risk Strategy and risks identified in the Corporate Risk Register.

Further assurance is provided by reviews undertaken by external agencies including Ofsted, the Care Quality Commission, the Office of the Information Commissioner, the Local Government Association Corporate Peer Challenge and other Local Authority Inspectorates.

For the year ended 31 March 2026, the Head of Internal Audit issued a Reasonable Assurance opinion on the overall adequacy and effectiveness of the council's governance, risk management and internal control environment.

Certification

To the best of our knowledge, the governance arrangements, as defined above have been effective for the period from 1 April 2025 to 31 March 2026. We will use the areas for improvement identified through this review of effectiveness to ensure that these governance arrangements, alongside identified areas for improvement, continue to provide effective foundations for the council to achieve its objectives.

Paul Satoor
Chief Executive
Date: 29/09/2026

Jonathan Lester
Leader of the Council
Date: 29/09/2026