

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. This statement explains how the council has discharged its governance responsibilities during the period from 1 April 2024 to 31 March 2025, the key governance mechanisms in place and planned improvements for 2025/26 and beyond.

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

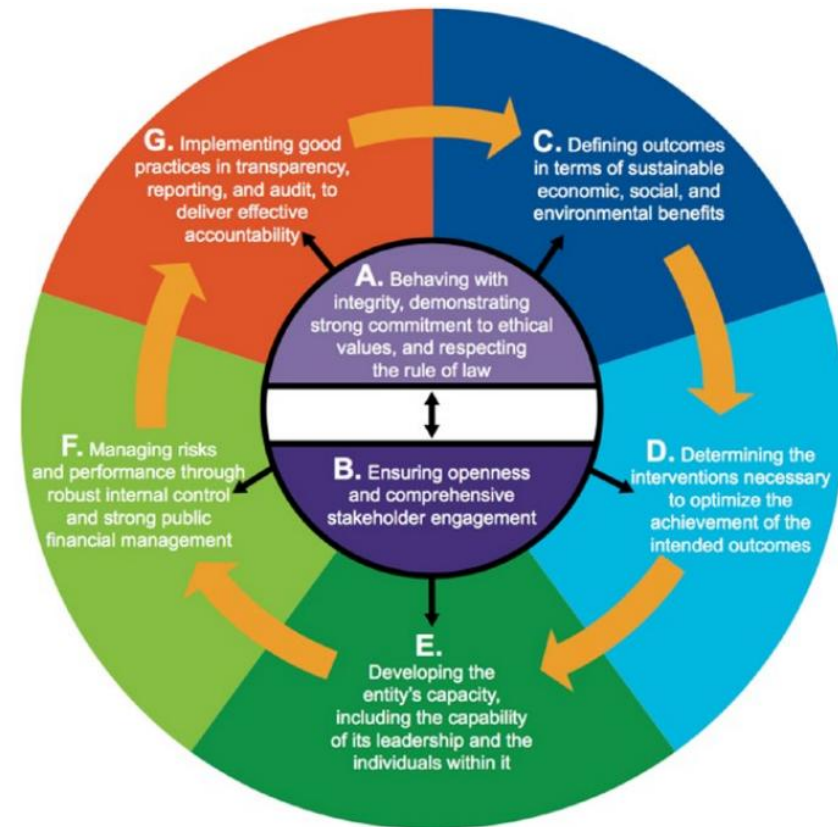
- our business is conducted in accordance with all relevant laws and regulations;
- public money is safeguarded and properly accounted for; and
- resources are used economically, efficiently and effectively to achieve agreed priorities which benefit local people.

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. 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 2024/25 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 strategic direction of the council, alongside the management and performance of the Corporate Leadership Team.
- 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 provide 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.

The results of the annual review of the effectiveness of the council's governance arrangements during 2024/25 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 2024/25

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 2024/25:

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 continued to review the council's Constitution and associated documents to simplify and enhance visibility across officers, Members and residents.

- In October 2024, a report was taken to full Council to propose amendments to the constitution in relation to: functions of the Audit & Governance Committee including recruitment and appointment of an Independent Person; functions of Planning and Regulatory Committee; clarification of the Planning Code and rules; amendment to the Fostering Panel membership to reflect practice; amendment to employment rules; amendment to the corporate scheme of delegation; amendment to enable consequential changes to be made to the Constitution; clarification to call-in; and role description for position of chair and vice chairperson.
- An update on the operation of the employee Whistleblowing Policy was reported to Audit & Governance Committee in October 2024 to provide assurance on the effectiveness of arrangements in place for employees, and others, to raise concerns that may be in the public interest.
- The Equality Policy 2024-2027 was approved in May 2024. The policy supports compliance with the Equality Act 2010 and details the council's equality objectives, work across the council to address equality issues and highlights areas where additional actions are proposed.
- The Corporate Complaints and Compliments Policy and Procedure 2025-2029 has been updated to ensure customers are informed about the complaints process and are aware of the rights and obligations. This ensures effective investigation and appropriate response to formal complaints and compliments received from service users.
- 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 2024/25 to review the position and performance of companies in which the council has a legal interest. The Committee ensures transparent reporting of the council's interests.
- Engagement through Leadership Group, All Staff Briefings and collaboration across Corporate Leadership Team and individual Directorate Teams has taken place throughout 2024/25 ensuring that information about the council's strategic priorities and planned

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activity is shared in a timely way to enable informed decision making at all levels across the organisation.

- Mandatory training completed in 2024/25 included modules which support decision making and reporting: Information Access & Information Governance, Information Security, Equality, Diversity & Inclusion (EDI).
- Additional training has been delivered through the council's Leadership Group in 2024/25 for officers to share across their teams: Equality Impact Assessments, the role of Scrutiny, Impact of Procurement Reforms and regular updates on the council's financial position and performance.

The governance arrangements, as identified above, have been effective in the period from 1 April 2024 to 31 March 2025. Areas where it is recognised that governance arrangements could be further strengthened include:

- We will continue to promote a culture of accountability and strong ethical values through additional training to Officers to support the documentation of evidence-based decision making and reporting, aligned to the revised Risk Management Strategy and Risk Appetite Statement.
- Improvements to the process for declaring employee interests will be delivered in 2025/26 to enable simplified reporting and updating by employees and support improved oversight by managers.
- Incorporation of equality considerations in service planning templates to improve ownership of equality within each service area.

Core Principle B: Ensuring openness and comprehensive stakeholder engagement

Key aspects of the council's governance arrangements during 2024/25:

The Chief Executive and Corporate Leadership Team value 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.

Activity during 2024/25 comprised:

- 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.
- Active promotion of employee network groups to strengthen the voices of employees and provide a safe environment for colleagues who share identities, life experiences or cultures to raise awareness, challenge discrimination and initiate positive change in the workplace.
- 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 ensure transparent political choices for the electorate.
- The Herefordshire Council Plan 2024-28, approved by Council in May 2024, identifies the council's strategies and plans that will support delivery of priorities. As part of routine activity during 2024/25, these plans and strategies have been subject to in-year review and updates made accordingly. Collaboration and engagement across teams, and review by the Corporate Leadership Team, ensures that relevant strategies and policies are aligned to the Transformation Strategy.
- The Audit & Governance Committee appointed an Independent Member in September 2024 to provide specialist knowledge and insight and complement the skills and experience of existing Members. Training and information have been provided to the newly appointed Member to support delivery in the role.
- Feedback from events and surveys to inform the council's corporate priorities. Consultations and surveys, to engage the views of stakeholders, during 2024/25 included: Library Strategy, Active travel improvements, 2025/26 Budget proposals, Herefordshire Domestic Abuse Strategy, Wraparound Childcare requirements and proposed expansion of Aylestone School.

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- As part of consultation on proposals for the 2025/26 revenue budget and capital programme, the council developed an online budget simulator tool, enabling residents and other stakeholders to consider funding choices and the impact of changes in income and expenditure on the delivery of services. Engagement also asked for feedback on priorities for the 2025/26 budget and council tax increase options. A further event to engage with the business community was held in December 2024.
- Implementation of a People's Voice questionnaire at the conclusion of each Care Act Assessment in adult social care to secure feedback from individual residents on their experience to inform ongoing service improvement.

The governance arrangements, as identified above, have been effective in the period from 1 April 2024 to 31 March 2025. 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 be implemented in 2025/26 with the establishment of a Major Projects Forum. This body will provide oversight with representation from a variety of stakeholders across the council to provide internal check and challenge.
- A further layer of assurance will be provided via a Corporate Services Gateway board to be chaired by the Deputy Monitoring Officer and Deputy S151 Officer to provide an opportunity for cross-cutting legal, financial, governance issues and risks to be considered separately for upward reporting to the Major Projects Forum.

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

Key aspects of the council's governance arrangements during 2024/25:

- The Herefordshire Council Plan 2024-28 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.

- Performance against 2024/25 Delivery Plan actions has been reported quarterly to Cabinet. Reporting identifies the lead officer and outlines progress made in the quarter against the performance measures relevant to each action and indicates the risk of delivery.
- Work to finalise Service Plans has progressed during 2024/25; in June 2024, a workshop took place with the council's Leadership Group to review existing service plans and standardise processes to develop the plans. The outcomes from this workshop have been taken forward to inform the production of Service Plans to support monitoring of performance at Service level in 2025/26.
- The council's Carbon Management Plan 2020/21 to 2025/26 and supporting action plan aims to deliver a 75% reduction in carbon emissions by 2025/26; an interim target on a path to carbon neutral by 2030/31.

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- 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 and Committee reports set out the environmental implications of recommendations for consideration as part of decision making.
- The Contract Procedures Rules were updated in 2024/25 to incorporate the legislative requirements of the Procurement Act 2023 and Procurement Regulations 2024. The revised Rules ensure that service specifications for procurement of new or existing services identify social value outcomes and how they will contribute to the council's strategic priorities.

The governance arrangements, as identified above, have been effective in the period from 1 April 2024 to 31 March 2025. Areas where it is recognised that governance arrangements could be further strengthened include:

- Development of an updated Carbon Management Plan and associated action plan.
- Continued work with strategic partners, residents and local organisations to develop a revised countywide carbon dioxide reduction strategy aspiring for carbon neutrality by 2030.

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

Key aspects of the council's governance arrangements during 2024/25:

- 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 savings proposals and

these are subject to challenge and scrutiny by relevant stakeholders.

- Development of the 2025/26 revenue budget and capital programme included increased engagement and transparency across Group Leaders, and their political groups, to share information throughout each stage of development and as new challenges to the council's financial position arose.
- Monthly Budget Board meetings of Corporate Directors and Service Leads, the Chief Executive and S151 Officer, have taken place throughout 2024/25 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.
- Quarterly reporting of financial performance to Cabinet during 2024/25 has highlighted key financial pressures and risks, prompting the continuation of expenditure controls and management recovery actions with a resulting positive impact on the final outturn position for the financial year.
- Performance against actions from the council's Delivery Plan was reported quarterly to Cabinet during 2024/25.
- 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.
- The council's future target operating model was launched in 2024 and has been communicated across the organisation through staff briefings and the staff conference. The Strategic Transformation Board has been established to finalise work programmes and improvement activity that will support the implementation of the council's new target operating model.
- Enhanced monitoring of children's residential placements has been delivered in 2024/25 through the Children & Young People Directorate's 'Better Outcomes' Panel, chaired by a Senior Officer.

Areas where it is recognised that governance arrangements could be further strengthened include:

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- In addition to improvements in performance monitoring arrangements, the council has identified areas for improvements in the integration of social care case management and financial systems to support consistency and accuracy in data used to drive activity and financial forecasts.
- Improved links between All Age Commissioning and operational service areas to ensure joint understanding of commissioned services, to support service developments and enhanced financial management.

A key area for improvement for the council is the continued transformation of children's social care services to address areas identified for improvement following an Ofsted review of the service in July 2022.

In September 2022, the council's Children's Services were rated inadequate and a statutory direction was issued by the Secretary of State and a Commissioner for Children's Services was appointed. The council has responded positively to the findings of these reviews with enhanced governance and oversight arrangements and significant financial investment. Further planned actions to improve are noted below under Significant Governance Issues.

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 2024/25:

- The Workforce Strategy 2024-28, was approved for implementation in April 2024. The Strategy commits to nurturing a culture of excellence, empowerment and growth with the **THRIVE** core values as the guiding principles to shape the culture and behaviours within the council:

TRUST: developing and maintaining relationships based on a culture of transparency and open communication

HONESTY: demonstrating truthfulness, integrity, and transparency in all communications, decisions, and relationships

RESPONSIBILITY: taking ownership of individual and collective actions, decisions, and delivering on commitments

INCLUSIVITY: embracing diversity, equity and inclusion by recognising and valuing the unique perspectives, backgrounds and experiences of staff, customers and residents

VALUE: upholding high standards, ethics and integrity to guide actions and decisions by demonstrating commitment to creating and delivering value

EMPATHY: demonstrating a genuine and caring understanding of others' feelings, perspectives, and experiences

- A Children & Young People Workforce Strategy, aligned to the Corporate Workforce Strategy with a specific focus on ambitions for staff in the C&YP Directorate, is in place to support permanent recruitment and development of staff internally.
- The council provides a range of learning and development opportunities for staff, delivered through the Learning & Organisational Development Team. This includes Mandatory Training modules as well as opportunities through 'My Learning Hub'.
- In 2024/25, investment in the council's learning offer, shaped by feedback from staff, resulted in a programme of learning across a variety of topics. The All Staff learning offer includes 10 topics covering core skills as well as areas identified as a learning gap in the employee survey and through employee feedback. Themes include: Productivity, Impact & Influence, Change Mindset and Presenting. For Managers and Leaders, an additional suite of training is available to support leadership and management skills. This includes topics such as coaching skills, managing change and performance and delegation and empowerment skills.
- Staff are able to discuss and agree training and development needs through the annual 'My Conversation' process.
- In 2024/25, the Corporate Leadership Team approved a suite of leadership training for leaders at all stages of their careers, which will be implemented in 2025/26: Lead@HC.

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- The council has continued to develop and update its financial reporting arrangements during 2024/25, to tailor financial information to the risks of each Directorate, working collaboratively with stakeholders.
- During 2024/25, 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. At the Staff Conference in September 2024, an update by the Director of Finance was shared with all attendees.

Areas where it is recognised that governance arrangements could be further strengthened include:

- The council's leadership development programme (@LeadHC) will be launched in 2025/26 to address gaps in the learning and development offer and strengthen leadership skills and capabilities. The Lead@HC Programme will aim to develop inspirational leaders across four themes: Grow, Aspire, Empower, Innovate.
- A review of the reporting tools available through the council's finance system (Business World) will be undertaken in 2025/26 to increase automation and simplification of financial information to aid budget management and decision making.

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 2024/25:

- 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. 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.
- Activity to review and update the council's risk management arrangements was undertaken in 2024/25 to update the Risk Management Strategy and strengthen the management and monitoring of risks across the council.
- This activity has included feedback from the council's external risk management consultants, Corporate Leadership Team Risk Management workshops, facilitated by the council's Internal Auditor's Chief Technical Advisor for Risk and Head of Internal Audit, and engagement with Cabinet Members and Audit & Governance Committee.
- A revised Risk Management Strategy has been completed, incorporating a new Risk Appetite Statement which defines the level of risk the council is willing to accept to deliver the priorities of the Herefordshire Council Plan 2024-28 and annual Delivery Plan.
- The Strategy sets out the approach and principles of risk management, outlining the council's risk appetite, risk management objectives and confirms the roles and responsibilities of elected Members and Officers across the council.
- 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 2024/25: 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.

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- 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.
- Internal financial reporting and monthly Directorate Budget Board meetings have supported early identification and effective management of financial risks during 2024/25; 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.
- A self-assessment against the CIPFA Financial Management Code has been completed in 2024/25 and actions to address areas for improvement have been developed for implementation in 2025/26.

The governance arrangements, as identified above, have been effective in the period from 1 April 2024 to 31 March 2025. 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 2025/26 to review the council's risk management framework which outlines the processes and activities by which risks are identified, evaluated, managed, monitored and reported, in line with the revised Risk Management Strategy.
- This activity will include engagement through the council's Leadership Group and training for risk owners at all levels within the risk management framework including elected members.

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

Key aspects of the council's governance arrangements during 2024/25:

- 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.
- 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.
- Internal and external recommendations for ongoing monitoring are managed through 'AuditBoard': an integrated tool which is now used by Council Staff, Internal Audit (SWAP) and Members of the Audit & Governance Committee. Training has been provided to users and the Internal Audit in-year quarterly update reports are informed by data recorded in this tool.
- Individual Directorate Delegations of Authority have been reviewed to strengthen and reinforce financial accountability and responsibility.
- The process to assess the equality impact of council decisions, activity and policies has been reviewed during 2024/25 and refreshed Equality Impact Assessment Guidance is available on the

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council's intranet for all Officers to consider. In addition, an interactive training session was delivered to the council's Leadership Group in October 2024.

The governance arrangements, as identified above, have been effective in the period from 1 April 2024 to 31 March 2025. Areas where it is recognised that governance arrangements could be further strengthened include:

- A review of the council's Internal Audit Plan for 2025/26, following the approval of the updated Risk Management Strategy and Corporate Risk Register, to ensure that planned work provides adequate coverage of the council's key risks and control environment.
- Integration of equality impact assessments at the initial stages of developing new strategic, policies, functions or services to understand the potential impacts on individuals, and groups, in our communities and ensure effective consideration of equality, diversity and cohesion in all key decision making.
- Equality, Diversity and Inclusion (EDI) training is included in the council's Mandatory Training Programme for 2025; opportunities to enhance and share information to strengthen consideration of equality impact assessments for staff and Members will continue in 2025/26.

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Significant Governance Issues

Actions taken to address significant governance challenges during 2024/25 are noted below.

- Improvements in Children's Services:** During 2024/25, the council has continued to work hard to deliver the improvements required in Children's Services. In September 2024, Phase 2 of the Children's Services Improvement Plan was endorsed by Cabinet, following engagement and scrutiny of the Plan by the Children & Young People Scrutiny Committee. Findings and feedback from the Ofsted monitoring visit and SEND Area Inspection during the year have been published by the council and Member briefings have taken place to improve awareness and understanding of key challenges and review latest performance. The Children's Improvement Board, has reviewed its terms of reference and membership and has been independently chaired by the Department of Education Commissioner with meetings held on a six-weekly basis. The Children's Commissioner has continued to provide expert insight and guidance throughout the year, undertaking formal six-monthly reviews to present recommendations for improvement. In March 2025, Council unanimously endorsed the Corporate Parenting Strategy 2025-2027 which sets out the council's ambitions, actions and outcomes to achieve as Corporate Parent of children and young people in Herefordshire.
- Financial Management and Resilience:** Monthly Directorate Budget Boards have provided improved oversight of key cost pressures and challenges in the delivery of savings during 2024/25, 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. This activity has enabled recovery plans to be implemented to have a positive impact on the final outturn position.

The review of governance arrangements during 2024/25 has identified the following areas which will be a key focus for the council's leadership in 2025/26:

- Continued improvement in Children's Services:** As the council's number one priority, we will continue to make improvements to the services that we provide to children and their families. We will continue to work to deliver improvements to address Ofsted recommendations and will monitor activity and report on measures of success through the Improvement Plan.
- Financial Sustainability and Resilience:** The council's financial position continues to be challenging with significant uncertainty in terms of future funding arrangements and allocations across local authorities over the medium term period. Government have confirmed that there will be significant reform of funding arrangements in future years, including a Fair Funding Review and reset of Business Rates during 2025 for implementation from 2026/27. Monitoring of financial position and performance in 2025/26 will include enhanced 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 has set a balanced budget for 2025/26 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 2025/26 to ensure delivery of services within the approved budget. Budget Boards, established in 2024/25 will monitor achievement of savings targets, key financial pressures and risks and delivery of capital and major projects by Directorate.
- Dedicated Schools Grant:** At 31 March 2025, the council's Dedicated Schools Grant (DSG) cumulative deficit is £20.0 million and this is expected to

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increase further during 2025/26. 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 2026; beyond the period of the statutory override, any balance on the DSG unusable reserve will transfer back to the council's Earmarked Reserves.

- The council is committed to identifying actions to mitigate the DSG deficit, through monitoring of the impact of actions in the DSG Deficit Management Plan, and by reviewing opportunities to increase sufficiency and reduce the use and cost of out-of-county and independent provision, through the council's capital programme in 2025/26 and 2026/27. The risk of a lack of local special educational needs and disabilities (SEND) placement provision to meet current and future levels of demand, is included in the Corporate Risk Register and the impact of mitigating actions and controls will be reported to Cabinet throughout 2025/26.

The key governance challenges facing the council in 2025/26 will be monitored by the Corporate Leadership Team and Audit & Governance Committee.

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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 2023/24, Grant Thornton gave an unqualified audit opinion on the financial statements.

The external auditors work on the council's arrangements to secure value for money in 2023/24 did not identify any significant weaknesses in respect of the themes of financial sustainability and governance. The auditors reported a significant weakness, first identified in 2021/22, which remains in respect of improvement in children's services under the theme of improving economy, efficiency and effectiveness in the use of resources.

Internal audit services are provided 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, associated risks and the risk management process and the council's corporate governance arrangements.

Further assurance is provided by reviews undertaken by external agencies including OFSTED, the Care Quality Commission, the Office of the Information Commissioner and other Local Authority Inspectorates.

For the year ended 31 March 2025, 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 2024 to 31 March 2025. 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 Walker
Chief Executive
Date: 25/09/2025

Jonathan Lester
Leader of the Council
Date: 25/09/2025