

Annual Governance Statement (AGS) 2022-23

1. Introduction

Leicestershire County Council (the Council) is responsible for ensuring that its business is conducted in accordance with prevailing legislation, regulation and government guidance and that proper standards of stewardship, conduct, probity, and professional competence are set and adhered to by all those representing and working for and with the Council. This ensures that the services provided to the people of Leicestershire are properly administered and delivered economically, efficiently, and effectively. In discharging this responsibility, the Council must have in place a solid foundation of good governance and sound financial management.

Regulations 6 (1) (a) and (b) of the Accounts and Audit Regulations 2015 require each English local authority to conduct a review, at least once a year, of the effectiveness of its system of internal control and approve an annual governance statement (AGS), prepared in accordance with proper practices in relation to internal control. The preparation and publication of an AGS, in accordance with the CIPFA/SOLACE 'Delivering Good Governance in Local Government: Framework' (2016), fulfils the statutory requirement of the Accounts and Audit Regulations. The AGS encompasses the governance system that applied in both the Authority and any significant group entities (e.g. ESPO, EMSS) during the financial year being reported.

2. What is Corporate Governance?

Corporate Governance is defined as how organisations ensure that they are doing the right things, in the right way, for the right people in a timely, inclusive, open, honest, and accountable manner. The Council's governance framework comprises the systems and processes, cultures, and values by which the Council is directed and controlled. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The Chartered Institute of Public Finance and Accountancy (CIPFA) 'Delivering Good Governance in Local Government; Framework (2016)' sets the standard for local authority governance in the UK and the Council is committed to the principles of good corporate governance contained in the Framework.

The Council has developed, adopted, and continued to maintain a Local Code of Corporate Governance which sets out the way the Council meets the principles outlined in the Framework. [The Code can be found on the LCC internet.](#)

3. Leicestershire's Vision and Outcomes

The County Council's Annual Delivery Report and Performance Compendium 2022 is part of the Council's policy framework and, as such, required the approval of the full County Council at its meeting on 7 December 2022. The documents provide performance data which will help the Council and its partners to ensure services continue to meet standards, provide value for money and that outcomes are being achieved for local people. It is best practice in performance management, and part of the Council's Internal Governance Framework, to undertake a review of overall progress at the end of the year and to benchmark performance against comparable authorities. It is also good practice to produce an annual performance report and ensure that it is scrutinised, transparent, and made publicly available.

The Annual Delivery Report described delivery, progress with implementing agreed plans and strategies, and achievements over the previous 12 months. It largely focused on performance against County Council priorities for community outcomes as set out in its Strategic Plan 2022-26 and other main service strategies. The Report also included information on the financial sustainability and the emergent implications for service demand and

outcomes. [The Performance Compendium](#) outlined the inequity in national funding and the Council's Fair Funding proposals, transformation requirements and national and local service pressures, as well as detailed comparative performance metrics.

The Strategic Plan (2022-26), approved by the County Council on 18 May 2022, provides an important strategic planning framework for the Council which aims to ensure that all service plans and strategies contribute to delivery of the Council's vision for Leicestershire. It has the following five priority outcome themes: -

Our Vision: An inclusive county in which active communities, great connections and greener living enables everyone to prosper, be happy and healthy.				
Strong Economy, Transport & Infrastructure	Improving Opportunities	Keeping People Safe & Well	Great Communities	Clean, Green Future
Leicestershire has a productive, inclusive, and sustainable economy and infrastructure which meets the demands of a growing population and economy.	Every child gets the best start for life with access to a good quality education and everyone has the opportunities they need to fulfil their potential	The people of Leicestershire are safe and protected from harm and have the opportunities and support they need to take control of their health and well being	Leicestershire has thriving, inclusive communities in which people support each other and participate in service design and delivery	The environment is protected and enhanced, and we tackle climate change, biodiversity loss and unsustainable resource usage

4. What the Annual Governance Statement Tells You

The AGS reports on the extent to which the Council has met the requirements of the Local Code of Corporate Governance and the controls it has in place to manage¹ risks of failure in delivering its outcomes. The main aim of the AGS is to provide the reader with confidence that the Council has an effective system of internal control that manages risks to a reasonable level.

The 2022/23 AGS has been constructed by undertaking: -

- A review of the effectiveness of the system of internal control
- Reviewing other forms of assurance
- Action taken on governance issues reported in the 2021/22 AGS
- Significant governance issues arising during 2022/23
- Future challenges

5. Review of Effectiveness of the System of Internal Control

To ensure the 2022/23 AGS presents an accurate picture of governance arrangements for the whole Council, each Director was required to complete a 'self-assessment', which provided details of the measures in place within their department to ensure conformance (or otherwise) with the seven core principles of the Local Code of Corporate Governance.

A senior officers group meets to review the compilation of the AGS. The group comprises

- Director of Law & Governance (the Council's Statutory Monitoring Officer)
- Director of Corporate Resources (the Council's Statutory Chief Financial Officer)
- Head of Democratic Services
- Assistant Chief Executive

¹ It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

- Assistant Director – Assistant Director Finance, Strategic Property & Commissioning
- Assistant Director – Corporate Services
- Head of Internal Audit & Assurance Service

The group has determined that progressing areas identified for development, should be the responsibility of designated Directors and Heads of Service during 2022/23. A review of progressing the implementation of previous years planned developments will be undertaken. Any previous year's developments that were not carried forward into 2022/23 or reported through the Corporate Risk Register process will continue to be monitored.

6. Other Forms of Assurance

The Framework provides examples of policies, systems, and processes that an authority should have in place. Using this guidance, the Council can provide assurance that it has effective governance arrangements. The Council has an approved Local Code of Corporate Governance, and this provides examples of good governance in practice.

The Control Environment of Leicestershire County Council

The Council's Constitution includes Finance and Contract Procedure Rules, a general Scheme of Delegation to Chief Officers. These translate into key operational internal controls such as: control of access to systems, offices, and assets; segregation of duties; reconciliation of records and accounts; decisions and transactions authorised by nominated officers; and production of suitable financial and operational management information. These controls demonstrate governance structures in place throughout the Council.

Internal Audit Service

The Council's Head of Internal Audit & Assurance Service (HoIAS) ensures that internal audit arrangements conform to the requirements of the Public Sector Internal Audit Standards (the PSIAS) revised in 2017. The PSIAS require an external quality assessment every 5 years and the next is planned for the Spring of 2024. The HoIAS also conforms to the governance requirements and core responsibilities of the CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations (2019).

The HoIAS works with the Corporate Management Team to give advice and promote good governance throughout the organisation. The HoIAS leads and directs the Internal Audit Service (IAS) so that it makes a full contribution to and meets the needs of the Authority and external stakeholders, escalating any concerns and giving assurance on the Council's control environment.

There is an Internal Audit Charter mandating the purpose, authority, and responsibility of the internal audit activity. The Charter allows the HoIAS to also be responsible for the administration and development of, and reporting on, the Council's risk management framework. Whilst this does present a potential impairment to independence and objectivity, the HoIAS arranges for any reviews to be overseen by someone outside of the internal audit activity. An independent risk management maturity health check was undertaken during the autumn of 2018 and good progress continues to be made against the recommendations. The next review is planned in the autumn of 2024.

To meet a PSIAS requirement to form an opinion on the overall adequacy and effectiveness of the Council's control environment i.e. its framework of governance, risk management and control, the HoIAS arranges a risk-based plan of audits on a six-monthly basis.

Internal Audit and Assurance reports often contain recommendations for improvements. The number, type and importance of recommendations determines how the auditor reaches an opinion on the level of assurance that can be given that controls are both suitably designed and are being consistently applied, and that material risks will likely not arise. The combined assessment of individual audit opinions and other assurances gained throughout the year (e.g. involvement in governance groups, attendance at Committees, evaluations of other assurance providers), facilitate the HoIAS in forming the annual internal audit opinion on the overall adequacy and effectiveness of the Council's control environment. The HoIAS presented his annual report to Corporate Governance Committee on 26 May 2023 and his opinion read: -

Whilst the IAS staff group encountered some long unplanned absences, there was considerably less disruption from Covid-19, the benefit from pulling back from academy provision was noticeable and overall

the resource base was at its strongest for a number of years. The HoIAS considers there was sufficient input across the control environment to be able to give a full opinion. Assurance was supplemented by good relationships with senior management and transparency over reporting significant governance issues in the provisional draft Annual Governance Statement and providing detailed updates to risk positions in the Corporate Risk Register. Three audits returning partial assurance ratings were reported to Committee during the year and there were some minor fraud investigations, but management accepted and responded to recommendations. Overall, reasonable assurance is given that the Council's control environment has remained adequate and effective.

Risk Management

The Corporate Governance Committee has a responsibility to ensure that an effective risk management system is in place. Risk management is about identifying and managing risks effectively, helping to improve performance and aid decision making relating to the development of services and the transformation of the wider organisation. Regular reports and presentations on specific strategic and corporate risks to the Council are provided to the Corporate Governance Committee.

The Council's Risk Management Policy and Strategy (which provide the framework within which risks can be managed) were reviewed, revised, and approved by the County Council in February 2023.

Overview and Scrutiny

The cross-party overview and scrutiny function monitors the County Council's financial performance and performance against targets in the Strategic Plan and other related plans on a regular basis. This work is carried out by the Scrutiny Commission and five Overview and Scrutiny Committees which each has responsibility for scrutiny of a particular service area of the Council.

The key areas of activity undertaken by the Scrutiny Commission and the five service-related Overview and Scrutiny Committees during the year included:-

- Provisional Revenue and Capital Outturn 2021-22
- The budget and regular Medium Term Financial Strategy performance monitoring updates
- Annual Reports for 2021-22 on the Commercial Strategy, Corporate Complaints and Compliments, Corporate Delivery and Performance Compendium, the work and performance of the Leicester and Leicestershire Enterprise Partnership and East Midlands Shared Services.
- Leicestershire County Council Community Safety Strategy 2022-26
- Leicestershire Domestic Abuse Reduction Strategy 2022-25
- Corporate Asset Investment Fund Performance for 2021-22 and the Strategy for 2023 - 27
- Corporate Asset Management Plan 2022-26
- SEND Services, SEND Transport and related Finance Pressures
- School admissions
- Corporate Parenting
- Child Criminal Exploitation
- Learning Disability Employment Performance
- Commissioning and Procurement of Homecare Services and the Procurement of Community Life Choices
- Leicester, Leicestershire and Rutland Carers Strategy 2022-25
- Net Zero
- Tree Management and Water Management performance and challenges
- Healthy Child Programme
- Highways and Transport Cabinet Works Programme
- North and Eastern Melton Mowbray Distributor Road Cost Implications
- Leicestershire Highway Design Guide Refresh
- Primary Health Care pressures post Covid-19
- Urgent and Emergency Care performance
- Cancer Performance

The challenge provided by the overview and scrutiny function has continued to be crucial in shaping Council policy and helping to ensure the delivery of efficient, high-quality services. An annual report which summarises the work undertaken during 2022/23 will be published in summer 2023.

Corporate Governance Committee

The Corporate Governance Committee is responsible for promoting and maintaining high standards of corporate governance within the Council and receives reports and presentations that deal with issues that are paramount to good governance.

With regard to the promotion and maintenance of high standards of conduct by members and co-opted members within the County Council, the decisions and minutes of the Member Conduct Panel which meets as required are available on the internet.

The Monitoring Officer submits an annual report to the Corporate Governance Committee on the operation of the Members' Code of Conduct and arrangements for dealing with complaints.

Since July 2021 there have been eight complaints (relating to six members) received by the Monitoring Officer under the Members' Code of Conduct. These complaints were resolved as set out below:

- 3 complaints (2 in relation to one member from the same complainant) were considered to be outside of the scope of the Code;
- 2 complaints did not meet the threshold for further investigation as set out in the scope of the code of conduct.
- 2 complaints were resolved informally.
- 1 complaint was considered by the Member Conduct Panel and was subject to an independent investigation following which there was no further action in light of a finding that there had been no breach of the Code.

During 2022/23 the Committee has provided assurance that: an adequate risk management framework is in place; the Council's performance is properly monitored; and that there is proper oversight of the financial reporting processes. The table below provides summary information of other key business considered by this Committee during 2022/23 to support the above.

- Quarterly Risk Management Updates and the Risk Management Policy & Strategy
- Indicative External Audit Plan and Audit Risk Assessment 2021/22), External Audit of Statement of Accounts, Pension Fund Accounts and Annual Governance Statement 2021/22; External Audit Plan 2022/23
- Quarterly Treasury Management updates, Changes to Annual Investment Strategy to add to list of Acceptable Investments, Treasury Management Strategy Statement and Annual Investment Strategy 2023/24
- Proposed amendments to the Contract Procedure Rules, and contract exceptions for the period 1 July 2021 to 30 June 2022
- Internal Audit Service progress reports including status of High Importance recommendations; planning for an External Quality Assessment
- East Midlands Shared Service – Internal Audit work undertaken by Nottingham City Council
- Local Code of Corporate Governance
- Governance Arrangements for External Bodies
- Government driven developments in local (external) audit arrangements and update reports
- Revised Members' Planning Code of Good Practice.
- CIPFA Financial Management Code 2021/22
- CIPFA Audit Committee Guidance
- Annual Reports:
 - Treasury Management Annual Report 2021/22
 - Internal Audit Service Annual Report 2021/22 including an opinion on the control environment
 - Annual Report on the Operation of the Members' Code of Conduct 2021/22
 - Clinical Governance Annual Report 2021/22
 - Local Government and Social Care Ombudsman Annual Review 2021/22 and Update on Corporate Complaints and Freedom of Information Requests
 - Resilience and Business Continuity Annual Update
 - Regulation of Investigatory Powers Act 2000 (RIPA) and Investigatory Powers Act 2016 for the period 1 January to 31 December 2022

At its meeting in November 2022, the Committee considered revised membership and terms of reference for the Corporate Governance Committee contained in Part 2 and Part 3 of the Council's Constitution respectively. It specifically supported proposals to appointment up to two Independent Members to the Committee in accordance with CIPFA best practice guidance. This was subsequently supported by the Constitution Committee and approved by the County Council in December 2022. An appointment process began in March with an aim to interview and appoint two Independent Members in May 2023, such appointments being subject to approval by the County Council at its meeting in July 2023.

The Chief Financial Officer (CFO)

The Director of Corporate Resources undertakes the statutory role of the Chief Financial Officer (CFO) for the Council. The CFO conforms to the governance requirements and core responsibilities of two CIPFA Statements on the Role of the Chief Financial Officer; in Local Government (2016) and in the Local Government Pension Scheme (2014). The CFO is a key member of the Corporate Management Team and is able to bring influence to bear on all material business decisions, ensuring that immediate and long-term implications, opportunities, and risks, are fully considered and in alignment with the MTFS and other corporate strategies. The CFO is aware of, and committed to, the five key principles that underpin the role of the CFO and has completed an assurance statement that provides evidence against core activities which strengthen governance and financial management across the Council.

The Financial Management Code

The CIPFA Financial Management Code translates the principles of good financial management into seven Financial Management Standards. These standards address the aspects of an authority's operations and activities that must function effectively if financial management is to be undertaken robustly and financial sustainability is to be achieved.

In January 2023, the Council completed a self-assessment of its compliance with the requirements of the Financial Management Code for 2021-22. The assessment showed that the County Council met the requirements of the Code with some small improvements required. The Internal Audit Service undertook a high-level review of the self-assessment against the Code, and a copy of the assessment was reported to the Corporate Governance Committee in January 2023.

Local (External) Audit

The Council's local (external) auditors, Grant Thornton LLP, presented the findings from their planned audit work to 'those charged with governance' at the Corporate Governance Committee on 16 March 2023.

The Auditor's Annual Report (AAR)

The Auditor's Annual Report (AAR) is a detailed review of the value for money (VfM) arrangements at the Council. The report covered five areas. These were financial sustainability; governance; improving economy, efficiency, and effectiveness, the opinion on the financial statements and pension fund arrangements. Overall, the auditor's report was very positive. The external auditor concluded that the Council has a good track record of sound financial management, had appropriate arrangements in place to manage the financial resilience risks, has a clear and documented governance framework in place and a well-developed performance management framework. No significant weaknesses were reported.

Opinion on the Financial Statements

The auditor gave an 'unqualified' opinion on the 2021/22 financial statements for the County Council and its Pension Fund on 16 March 2023 meaning that the external auditor is satisfied that the financial statements present a true and fair view.

Annual Audit Plan for the 2022/23 Accounts

Informing the Audit Risk Assessment and Audit Plan is scheduled to be reported to Corporate Governance Committee at its meeting on 26 May 2023.

The Monitoring Officer

The Director of Law & Governance undertakes the statutory role of Monitoring Officer (MO) for the Council. The MO has responsibility for:

- ensuring that decisions taken comply with all necessary statutory requirements and are lawful. Where in the opinion of the MO any decision or proposal is likely to be unlawful and lead to maladministration, he/she shall advise the Council and/or Executive accordingly,
- ensuring that decisions taken are in accordance with the Council's budget and its Policy Framework,
- providing advice on the scope of powers and authority to take decisions.

In discharging this role, the MO is supported by the Deputy Monitoring Officer and officers within the Legal and Democratic Services Teams.

Senior Information Risk Owner

The Assistant Director - Corporate Services undertakes the role of Senior Information Risk Owner (SIRO) for the Council. The SIRO takes overall ownership of the Council's approach to handling information risk. Sound governance is in place, with regular update and exception reports to the Corporate Management Team. The responsibilities of a SIRO include:

- owning the Council's policies, procedures, and processes around information risk, ensuring they are implemented consistently across the Council.
- ensuring compliance with all other policies and procedures relating to information and data.
- acting as a champion on information risk and report to Chief Officers on the effectiveness of risk management.
- leading and fostering a culture that values, protects, and uses information for the success of the Council and benefit of our citizens.
- ensuring that information owners understand their roles.
- ensuring that the Council has a plan to monitor and improve information and data governance.
- maintaining expertise in Data Protection and other legislation that impact on Information and Data Governance; and
- owning the Council's information incident management framework

Commercial and Collaborative Arrangements

Commercial

ESPO is constituted as a joint committee (of six local authorities) set up to provide a comprehensive professional purchasing service to public sector bodies. It is overseen by a Management Committee which has overall strategic responsibility for ESPO. At its meeting on 22 March 2023, the Committee approved changes to the Finance and Audit Subcommittee (the Subcommittee) Terms of Reference, and the Risk Management Policy which provided delegated powers over Internal Audit, External Audit, Risk Management, and the Annual Governance Statement. Internal audit is undertaken by the Council's Internal Audit & Assurance Service as part of the servicing agreement. Like the County Council, the HoIAS presents an annual report to the Subcommittee at its meeting in October. The annual report incorporates the annual internal audit opinion, which for 2022-23 was as follows:

No significant governance, risk management or internal control failings have come to the HoIAS' attention therefore substantial assurance is given that ESPO's control environment overall has remained adequate and effective. **ESPO Trading Ltd** ESPO's power to trade is restricted to a limited number of public bodies. The establishment of a trading company allows ESPO (Trading) to trade with other organisations – e.g. Care Homes, Nurseries, Housing Associations, Charities and Voluntary Organisations. The Trading is governed under the Companies Act 2006, its Articles of Association and Shareholder Agreement.

Eduzone is a private limited company that supplies Early Years educational products and Early Years furniture to schools, nurseries, and child minders. ESPO acquired the company following the necessary due diligence in 2018. Eduzone has now been incorporated into ESPO Trading Limited.

The **Investing in Leicestershire Programme** (formerly the Corporate Asset Investment Fund (CAIF) Strategy 2022/2026) guides the Council's investments in assets not directly used for the delivery of its services, but which contribute to the outcomes of the Council's Strategic Plan and financial return. The Strategy requires reporting to various member bodies. Reporting on the financial performance is included in the budget monitoring reports on a quarterly basis. The CAIF Annual Report for 2021/22 was received by the Scrutiny Commission on 7 September 2022. The CAIF Strategy has been revised to be compliant with the updated CIPFA Code from 2023/24. In light of the CIPFA Code, the County Council will continue to ensure that it will only undertake investments where they are directly and primarily related to the functions of the authority and where any financial returns are either related to the financial viability of the project in question or otherwise incidental to the primary purpose. This includes service delivery, housing, and regeneration of areas, which addresses areas of economic or social market failure and should only be made within the Council's area of economic influence. Renewable energy generation is also included as a reduction in carbon emissions is a stated aim of the County Council as part of its Declaration of a Climate emergency in May 2019.

The Council also has a trading arm **Leicestershire Traded Services (LTS)**, which sits within the Corporate Resources Department. Its activities are overseen by an Officer Board. The quarterly financial and performance reports include the performance of the LTS as part of the Corporate Resources Department and these reports are considered by various member bodies. The Annual Report on the Commercial Strategy 2021/22 was received by the Cabinet on 24 June 2022.

Collaborative

East Midlands Shared Service (EMSS)

EMSS is constituted under Joint Committee arrangements to process payroll/HR and accounts payable and accounts receivable transactions for Leicestershire County Council and Nottingham City Council. The internal audit of EMSS is undertaken by Nottingham City Council.

At the Joint Committee on 18 March 2024, it was reported that, 'On the basis of audit work undertaken during the 2022-23 financial year, the Head of Internal Audit (HoIA) at Nottingham City Council concludes that a "limited" level of assurance can be given that internal control systems are operating effectively within EMSS and that no significant issues had been discovered. Whilst the direction of travel for the four audits, from 2021/22 to 22/23 has varied, the overall movement over the year is not sufficient to warrant a "moderate" level of assurance. That said, we would fully expect the opinion to improve for 2023/24'.

The position with Nottingham City Council issuing a s114 notice and the appointment of Government Commissioners is being monitored.

Local Pension Fund

Leicestershire County Council is a scheme manager as defined under the Public Service Pensions Act 2013 and any associated legislation). The County Council has delegated the responsibility for decisions relating to the investment of the Fund's assets to the Local Pension Committee. Membership consists of Councillors from the County, City and District Council together with one university representative and non-voting employee representatives.

The Local Pension Committee's principle aim is to consider pensions matters with a view to safeguarding the interests of all Fund members. The Members who sit on the Committee act on behalf of the beneficiaries of the LGPS and in this way have a similar role to trustees in primarily protecting the benefits of the LGPS members, overseeing the direction of investments and monitoring liabilities.

On 3 March 2023, the Local Pension Committee approved a Net Zero Climate Strategy.

The Local Government Pension Scheme (LGPS) Regulations require that Leicestershire County Council in its capacity as Administering Authority establishes a Local Pension Board. The purpose of the Board is to assist the Authority in securing compliance with the Regulations, other legislation relating to the governance and administration of the LGPS, the requirements imposed by the Pension Regulator in relation to the LGPS and to ensure the effective and efficient governance and administration of the LGPS.

The Local Pension Board comprises of employer representatives who are all elected members from the County Council and Leicester City Council and employee representatives. The Administering Authority retains ultimate responsibility for the administration and governance of the Scheme.

Local Government Pension Scheme (LGPS) - Central Pool.

The LGPS Central pooled investment arrangements became operational on 1 April 2018. A range of collaborative governance vehicles has been established.

The Council is joint owner of LGPS Central Limited which manages the pooled assets of eight Midlands-based local government pension schemes, including Leicestershire. LGPS Central Limited is authorised and regulated by the Financial Conduct Authority as an asset manager and operator of alternative investment funds. It has combined assets of approximately £30bn which represents the assets of over 2,000 employing bodies which help to pay for the costs of pensions when they became payable.

The Company aims to use the combined buying power of its Partner Funds to reduce costs, improve investment returns and widen the range of available asset classes for investment for the benefit of local government pensioners, employees, and employers.

Member representatives of each of the funds sit on the LGPS Central Joint Committee which provides oversight of the delivery of the objectives of the pool, the delivery of client service, the delivery against the LGPS central business case and to deal with common investor issues. The joint committee provides assistance, guidance, and recommendations to the individual councils, taking into consideration the conflicting demands and interests of the participants within the pool. The joint committee does not have delegated authority to make binding decisions on behalf of the participating councils.

An annual update on Internal Audit arrangements was provided to the Council's Local Pension Board in April 2023. This included a summary of work completed during 2022/2023 and work planned for 2023/2024. The internal audit functions of the eight LGPS owners have formed an Internal Audit Working Group (IAWG) and agreed a four-year internal audit plan of work from 2019/20 to 2022/23. Audits for the final year of the four-year plan, i.e. 2022/23 audits were assigned to Cheshire West & Chester (Governance) and Derbyshire County Council (Investments). Following completion of these, the four-year cycle will re-start.

In May 2023, the Chief Executive Officer resigned. The Deputy Chief Executive Officer will become Interim CEO while the Board searches for a permanent successor.

Active Together

The Director of Public Health represents the Council and is Chair of the Active Together Board of non-executive directors. There are defined terms of reference which set out the governance arrangements and key tasks of the Board. Underneath the Board is a number of subgroups (drawn from the Board and co-opted others) to provide additional scrutiny of areas of the business.

One of those sub-groups in the 'Business, Oversight and Audit' Committee which oversees business planning, financial and risk reporting, and reports to the Board quarterly. The Assistant Director - Delivery in Public Health is a member of this committee.

Leicester and Leicestershire Enterprise Partnership (LLEP)

The LLEP is a private company limited by guarantee (Company No: 11932434).

LEPs are non-statutory bodies and as such require an Accountable Body to manage funding from Government. Leicester City Council is the Accountable Body to the LLEP.

The Accountable Body, through its Section 151 Officer, is responsible for ensuring that statutory requirements are met in resource allocation decisions and that the public interest is protected. It provides financial and legal support and takes the ultimate legal and financial responsibility for the LLEP's activities.

Mr P Bedford CC represents Leicestershire County Council on the LLEP Board of Directors.

In October 2023, the LLEP held its AGM and produced its Annual Report 2022/2023. In September 2021 it reviewed its Local Assurance Framework to ensure compliance with a refreshed National Assurance Framework.

The Chief Executive left in March 2022 and the role was held vacant pending greater clarity on the future role of the LLEP. The new CEO was appointed in March 2023 and took up post in May 2023.

At the end of March 2022, the Government issued guidance on integrating Local Enterprise Partnerships into local democratic institutions which it had introduced in its Levelling Up White Paper and has subsequently consulted stakeholders on ending Government funding to LEPs from the end of March 2024. The decision to end funding was confirmed by the Government in August 2023 and a Transition Board, set up by the LLEP and including a Council officer, is overseeing the transfer of LLEP functions and funds on 1/4/24 to the two upper tier local authorities (Leicester City Council and the County Council) who are considering future governance and business voice arrangements together with delivery priorities. It has been agreed that Leicester City Council will continue as the accountable body. Discussions are also underway to include at a later date Rutland Council in the new arrangements.

The Chair of the Board of Directors stepped down in April 2022 and has been replaced by two Co-Chairs who were previously vice-chairs.

The 2021/22 Annual Performance Review was assessed by the Department for Levelling Up, Housing and Communities (DLUHC). The DLUHC assessment found that the Government's expectation for governance and Strategic Impact had been met. However, concerns were identified in Delivery, essentially around delays to schemes allocated funding from the Getting Building Fund. These schemes continue to be delivered in 2022/23.

Integrated Care Systems (ICS) & Integrated Care Partnership (ICP)

ICs are partnerships that bring together NHS organisations, and upper tier local authorities across NHS footprint of Leicester, Leicestershire, and Rutland (LLR).

The ICP is a statutory committee jointly formed between the Integrated Care Board (ICB) and all upper-tier local authorities that fall within the ICS area. LCC membership includes the Lead member for Health and Wellbeing, the Director of Public Health, the Director of Adult Social Services and the Director of Children and Family Services.

The ICP is responsible for producing an integrated care strategy on how to meet the health and wellbeing needs of the population in the ICS area.

The ICB is also a statutory body and is a successor to the 3 Clinical Commissioning Groups (CCGs). The Director of Public Health represents LCC on the ICB, though in an ex officio capacity not as a representative of the Council as a decision-making body, in accordance with NHS requirements.

In June 2023, the Government published a response to the House of Commons Health and Social Care Committee's report on 'ICs: autonomy and accountability'. As a result it is likely that the boundaries of the LLR ICS may change in a 'strategic alliance' with a neighbouring area.

Leicestershire Health and Wellbeing Board

Health and Wellbeing Board acts as a forum in which key leaders from the local health and care system work together to improve the health and wellbeing of the local population and plan how to tackle inequalities in health. This is best achieved by a range of organisations working together and as a result, the Leicestershire Health and Wellbeing Board brings together key organisations: the ICB, District Representatives, NHS England, University Hospitals of Leicester NHS Trust, Leicestershire Partnership NHS Trust, Leicestershire Police, Office of the Police and Crime Commissioner and Healthwatch to ensure patients and service users voices are heard. The Health and Wellbeing Board is chaired by the Council's cabinet lead for Health and the other Council representatives are:

- Lead Members for Adult Social Care & Children & Young People
- The Chief Executive
- The Directors of Public Health, Adults & Communities and Children & Family Services

The Health and Wellbeing Board leads and directs work to improve the health and wellbeing of the population of Leicestershire through the development of improved and integrated health and social care services by:-

- Identifying needs and priorities across Leicestershire (the Place), and publishing and refreshing the Leicestershire Joint Strategic Needs Assessment (JSNA) and Pharmaceutical Needs Assessment so that future commissioning/policy decisions and priorities are based on evidence.
- Preparing and publishing a Joint Health and Wellbeing Strategy and Plan on behalf of the County Council and its partner clinical commissioning group(s) so that work is done across the Place to meet the needs identified in the JSNA in a co-ordinated, planned, and measurable way
- In conjunction with all partners, communicating and engaging with local people in how they can achieve the best possible quality of life and be supported to exercise choice and control over their personal health and wellbeing
- Approving the Better Care Fund (BCF) Plan including a pooled budget used to transform local services, so people are provided with better integrated care and support together with proposals for its implementation
- Having oversight of the use of relevant public sector resources to identify opportunities for the further integration of health and social care services within the Place.

The BCF is reported quarterly regionally and nationally via NHS England (NHSE) and the Local Government Association (LGA) via a nationally prescribed template which is approved quarterly by the Board, a process supported operationally by the Integration Executive. The annual BCF plan is also submitted via NHSE/LGA regionally and nationally and is subject to a prescribed national assurance process against a number of national conditions, metrics, and financial rules.

The 2022/23 BCF Policy Framework was published in July 2022 and updated in November 2022.

The annual submission for the 2022/23 financial year was approved by the Health and Wellbeing Board at its meeting on 1 December 2022, subsequent to its submission to NHS England which was done using the Chief Executive's delegated powers in order to meet the deadline submission date of 26 September 2022 (The Integration Executive, a subgroup of the Health and Wellbeing Board with responsibility for the day to day delivery of the BCF, considered the draft BCF Plan 2022/23 at its meeting on the 6 September 2022 and supported its contents). The completed year end BCF 2021-22 template, which demonstrates progress against integration priorities and BCF delivery, was approved for submission to NHS England by the Health and Wellbeing Board at its meeting on 26 May 2022. The work of the Health and Wellbeing Board is reported in an annual report and is also reported in the annual reports of Clinical Commissioning Groups (CCGs).

East Midlands Freeport

Freeports are a flagship Government programme that will play an important part in the UK's post-COVID economic recovery and contribute to realising the levelling up agenda, bringing jobs, investment, and prosperity to some of the most deprived communities, with targeted and effective support. The East Midlands Freeport (EMF) is the UK's only inland Freeport and features three main 'tax sites' straddling three East Midlands counties. The EMF brings together a mix of industries, businesses, and other collaborating partners, combining public and private sector expertise.

Work to develop a Business Case began in 2021 and tax site designation was awarded by HM Treasury in March 2022. The Full Business Case was submitted to Government in mid-April 2022 and full designation has been approved. The Cabinet approved the County Council becoming a member of the newly incorporated Freeport Company, with the Leader as a nominated member to serve on the Board (now Mr Breckon), and to continue the role of lead authority and accountable body for the Freeport. In June 2022, a non-executive Chair of Board was appointed. A Chief Executive started in post in March 2023 and has put together a small team to implement delivery of the Business Plan objectives of the Freeport (EMF), working with the Chair and Board and co-ordinating with stakeholders, business partners and Government Departments to ensure the EMF fulfils its ambitions and obligations.

East Midlands Development Company (DevCo)

The County Council is a Board member of the DevCo, a company limited by guarantee from April 2021. Its ambition is to be a locally led urban development corporation or a mayoral development corporation, for which there is provision in the Levelling Up and Regeneration Act. The County Council is one of five member authorities / owners of the DevCo. Separately, the County Council is concerned to ensure that the DevCo's Members' Agreement and Grant Agreement are correctly followed, which it does not believe has been the case. In that connection, exempt reports have been made to the Cabinet (May and September 2022 and June 2023) while the Council's membership has been paused. The Council is still waiting for a satisfactory response

to its concerns which have been fully set out to the DevCo. The Council's concerns have been noted by our external auditor. The DevCo does not have an accountable body. The DevCo Board is now considering options as to its future, including disbandment or hibernation until the outcome of the 'East Midlands' mayoral election in May 2024 is known.

Environmental & Waste Collaborations

The County Council through the Environment and Transport Department is partner in a number of environment and waste collaborations and acts as Key Partner in

- Charnwood Forest Regional Park Board - a partnership of local authorities, agencies, user groups and land management organisations, working to manage and promote the unique cultural and heritage features of the area;
- Charnwood Forest Landscape Partnership Scheme Steering Group - an officer led group that oversees the delivery of the National Lottery Heritage Fund funded Landscape Partnership Scheme;
- Air Quality and Health Partnership - Led by Public Health and involving all districts. Responsible for overseeing delivery of the Action Plan to address air quality issues across the county;
- Local Nature Recovery Strategy Steering Group - an officer led group with Leicestershire County Council acting as the 'responsible authority for the development of a Local Nature Recovery Strategy for Leicestershire, Leicester and Rutland as part of a new statutory duty set out in the Environment Act 2021

Enhanced Bus Partnership

This is a partnership between the County Council and the bus operators and is enabled by the 2017 Bus Services Act and Transport Act 2000, so has a legal status, but is not mandatory. Local authorities which wanted to bid for funding had to establish a partnership and therefore every top tier authority has one (unless they have bus franchising).

7. Action Taken on Governance Issues Reported in the 2021/22 AGS

The Council has defined a 'significant governance issue' as one that is intended to reflect something that has happened in the year, or which is currently being experienced and meeting any of the following criteria:

- A. The issue has seriously prejudiced or prevented achievement of a principal objective of the authority;
- B. The issue has resulted in a need to seek additional funding to allow it to be resolved or has resulted in significant diversion of resources from another aspect of the business;
- C. The issue has led to a material impact on the accounts;
- D. Corporate Governance Committee has advised that the issue should be considered as a 'significant' issue for reporting in the AGS;
- E. The Head of Internal Audit Service has reported on the issue as significant, for reporting in the Annual Governance Statement, in the annual opinion on the internal control environment;
- F. The issue, or its impact, has attracted significant public interest or has seriously damaged the reputation of the organisation;
- G. The issue has resulted in formal action being taken by the Chief Financial Officer and/or Monitoring Officer;
- H. The issue has resulted in a Legal breach;
- I. The issue prompts intervention from a regulator.

Progress that has been made in dealing with the governance issues that were identified in the 2021/22 final AGS are detailed below:

Issue /Area for Improvement (AGS) 2021/22	Lead Officer and Date	Progress during 2022/23
<p>SEN Budget Deficit</p> <p>The High Needs Block of the Dedicated Schools Grant remains under significant pressure with an in-year deficit of £10.9m for 2022/23 and a cumulative deficit of £39.7m which is forecast to increase significantly in future years. Increase in demand is also resulting in higher expenditure on the SEND home to school transport budget. The Authority is also experiencing an increasing number of appeals and complaints demand for Leicestershire is participating in the Department for Education's Delivering Better Value in SEND programme. The Authority has entered into a Strategic Partner contract with Newton Europe to deliver the Transforming SEND and Inclusion in Leicestershire (TSIL) programme to create a sustainable SEND system and will align with the DBV programme providing expertise on SEND issues.</p>	<p>Director of Children & Family Services</p> <p>Reviewed April 2023</p>	<ul style="list-style-type: none"> • 2022/23 in year deficit reduced to £6.7m with a cumulative deficit of £35.5m. • The Department for Education, through the Delivering Better Value in SEND programme has provided funding of £1m to assist in delivering sustainable change in SEN provision. • The Authority continues to work with Newton Europe in delivering the TSIL programme. • Updates on the issue are received by the Corporate Governance Committee within the Risk Management Update reports.
<p>Firs Farm – environmental damage and rectification</p> <p>A farm estate owned and let by the Council where large amounts of potentially hazardous waste had been allegedly left by a former tenant.</p>	<p>Director of Corporate Resources</p> <p>Review April 2023</p>	<ul style="list-style-type: none"> • Following the evaluation of tenders, a contract was awarded to a leading remediation specialist company at a cost of just over £2.1m plus a £50k contingency to deal with the slurry pit on site. It is hoped that this latter amount will not be needed after

Issue /Area for Improvement (AGS) 2021/22	Lead Officer and Date	Progress during 2022/23
<p>A remediation strategy for the farm has been agreed with the Environment Agency. The Council has tendered for the removal and proper disposal of the waste on the farm and reinstatement of the farmland which could incur costs of over £2.4m. The Council's insurance does not cover the type of environmental or illegal waste disposal undertaken on the farm.</p>		<p>testing is carried out. The evaluation panel was satisfied the tender meets the Council's requirements. The Environment Agency has been consulted throughout the process.</p> <ul style="list-style-type: none"> Update: January 2024. Contracted works on site are largely complete, with only a small volume of waste awaiting Environment Agency problematic waste approval. The clearance and remediation contract has come in on budget. The Environment Agency criminal investigation continues. Awaiting clarification from the Animal and Plant Health Agency (APHA) on slurry pit waste. The farmland is currently being marketed for rental for an initial two year tenancy.
<p>Early Years Budget Deficit</p> <p>A £4.2m deficit on the Early Years' budget was identified at the end of the 2021/22 financial year due in part to errors in the completion of the Council's annual Early Years census) since 2020 leading to reduced grant payment to the Council.</p> <p>Representations with the DfE to have the census corrected have proven unsuccessful, and alternative plans are being put into place to recover the deficit. Internal Audit work identified a number of lessons learned and recommendations for process improvement will be shared with management for consideration and implementation.</p>	<p>Director of Children & Family Services</p> <p>Reviewed April 2023</p>	<ul style="list-style-type: none"> The 2023/24 uplift for providers has been set so that the deficit will be gradually reduced over 4 years All providers who had an initial payment for the Spring term 2023 returned their January Census data which was verified across services Before the January data was submitted all data was cross referenced to check for anomalies and errors An Early Years Steering Group has been implemented, with appropriate representation from CFS/Corporate Finance and TU to look at an 'as is' and 'to be' process with the intention to further strengthen the process
<p>Local Government & Social Care Ombudsman (LGSCO) report – Social Care Assessments</p> <p>In September 2022, the Local Government and Social Care Ombudsman (LGSCO) issued a report following its investigation into a complaint that the Council had failed to properly undertake a social care assessment and provide support for eligible care needs.</p>	<p>Director of Adults & Communities</p> <p>March 2023</p>	<ul style="list-style-type: none"> All recommendations completed and reported to LGSCO in February 2023. Notification received from LGSCO that they were satisfied with response.

8. Significant Governance Issues Arising During 2022/23

This Annual Governance Statement (AGS) identifies that the Council has effective arrangements in place, but that its officers recognise the need to continuously review, adapt and develop governance arrangements to meet the changing needs of the organisation. Whilst the Council has identified areas to be developed (Annex), it is important to recognise that there are two significant matters set out in the table below.

Significant Governance Issue 2022/23	Lead Officer and Date
<p>School Admissions</p> <p>LCC has a duty to provide details of school places allocated on “National Offer Day” (March 1st for primary to secondary transfers). This year was the first time this process was undertaken with the new Synergy system, which holds and processes the applications in conjunction with a parent portal. There were some difficulties in establishing a new process with this system. Parents were told, as in previous years, that offer information would be available from midnight. As a result of some technical configuration issues the information was not available on the portal. In addition to this, for a short period the portal was also unavailable. On the morning of 1st March, parents were sent a letter with the details of school place offer. Apart from a very small number of parents, where information had not been exchanged with a neighbouring authority all parents received their offers on March 1st, however the standard of communication did not meet expectations.</p> <p>The next phase transfer round (first time primary applications) ran smoothly. A longer-term clear process map with monitoring and checkpoints was executed and additional specialist IT support was employed.</p>	<p>Director of Children & Family Services</p> <p>Issue Closed</p>
<p>SEND OfSTED re-visit</p> <p>Ofsted and CQC undertook the Leicestershire Local Area SEND Inspection in February 2020 and found a number of strengths and areas for improvement, with two areas identified within a Written Statement of Action. These two areas related to the lack of an overall SEND Commissioning Strategy across the partnership and the need to improve the Quality of EHC Plans.</p> <p>The SEND reinspection took place from 14 to 16 November 2022 and focused only on the two areas identified for the Written Statement of Action. The report, dated 13 December 2022, found that sufficient progress had been made with regards to Joint Commissioning Strategy for SEND but that further progress is needed regarding the Quality of EHC Plans. The inspection team (again made up of Ofsted and CQC) did find that improvements had been made in newer plans but were concerned that too many plans remained in the pre-2020 format and also that timeliness for the completion of plans had slipped, affecting parental confidence in the system.</p> <p>Following the outcome of the revisit the Local Area (Local Authority and the Integrated Care Board (ICB) produced an Accelerated Progress Plan (APP) to set out how improvements in quality of education health and care plans would be made. The APP focusses upon three areas identified as critical in improving the quality of EHC Plans; processes around initial EHC Needs Assessment, processes around Annual Reviews and our Quality Assurance/Audit Framework.</p> <p>Progress on the APP is monitored by senior health and LA managers on a weekly basis, with a formal meeting with the, SEND Hub, Health and DfE on a bi-monthly basis. Formal monitoring has taken place by the DfE at 6 monthly periods.</p> <p>Progress against the actions in the plan has been good, with a clear focus on improving the quality of education health and care plans. Timeliness of completing EHCP remains a significant challenge and remains below the target of 20 weeks. Work continues to take place in the Department to improve timeliness with a</p>	<p>Director of Children & Family Services</p> <p>January 2024</p>

particular focus on increasing Educational Psychologist availability to complete the advice part of the EHCP assessment.

The APP is overseen by the SEND and Inclusion Board which is a multi-agency partnership that reports to the Health and Wellbeing Board.

The Council has identified areas to be developed which are reported in the Annex to the AGS.

The Code of Practice on Local Authority Accounting in the UK 2022/23, requires that significant events or developments relating to the governance system that occurred between the Balance Sheet date, (31 March), and the date on which the Statement of Accounts will be signed by the responsible financial officer, are reported. The draft AGS was updated in line with the Code of Practice.

9. Future Challenges

Significant challenges faced by the Council such as the continuing economic and health and wellbeing impacts of covid-19, continuing funding shortfalls, driving further Health and Social Care integration, social care reform etc are detailed within the Corporate Risk Register, which is regularly reviewed by the Corporate Management Team and presented to the Corporate Governance Committee (the Committee). Managing these risks adequately will be an integral part of both strategic and operational planning; and the day to day running, monitoring, and maintaining the Council. The most recent update of the Corporate Risk Register was received by the Committee at its meeting on 27 January 2023.

Additional challenges continue to emerge, and key areas in particular are:

Financial Sustainability

There is a continued need for additional Local Government funding, that the spending review in 2022 did not adequately address. Service demand pressures continue to be felt in social care and SEND, which are only partially met by Council Tax increases and are driving the requirement for savings. The level of growth has taken a step higher following the coronavirus pandemic and the Council is dependent upon continued additional Health funding to manage.

National reforms are being developed for SEN and social care; the information provided to date is raising concerns that there is a real risk of a material negative financial impact.

All services are facing unprecedented inflationary pressure reflecting the wider economy. The council's finances are particularly sensitive to increases in the National Living Wage, which is expected to be driven significantly higher by greater wage growth in the wider economy. The impact on the County Council's budget will be profound. The budget gap in 2023/24 is expected to grow from a manageable £8m at the time the MTFS was approved in February to c£12m based on current inflation projections, despite assuming the maximum council Tax increase. Over the life of the MTFS the gap could increase to over £80m unless mitigation actions are taken. These estimates will become quickly out of date if the trend of worsening economic news does not stop.

Unless there is a significant change in Government's stance on funding it is highly likely that reserves will be required to balance the budget in both 2023/24 and 2024/25, this is clearly not a sustainable position. The County Council will need to identify mitigations that allow 2025/26 to be balanced without the use of reserves. This includes a reinforcement of existing financial control measures and the introduction of new ones to ensure a tight focus on eliminating non-essential spend.

Covid-19 Public Inquiry

In May 2021, the Prime Minister announced that a public inquiry into the Covid-19 pandemic would be established. In March 2022, the appointed Chair of the Inquiry (Baroness Hallett) began a public consultation on the draft terms of reference. This lasted until April and in May she wrote to the Prime Minister to explain that she had amended the Terms of Reference to reflect the consultation responses. It is not clear how or which local authorities will be selected to contribute to the Inquiry or whether the County Council may wish to volunteer material, but if there is to be involvement then the impact could be significant. In preparation officers have begun an exercise to identify documents, records and decisions and implement a process to ensure that any related information is preserved and readily available.

Assistance with migrants and asylum seekers, and the Homes for Ukraine Scheme..

With effect from 1st April 2023 the Home Office implemented a full asylum dispersal model. Under the policy all local authority areas will be expected to accommodate asylum seekers irrespective of whether they have the local services, capacity, or capability to manage dispersal. The Government's accommodation providers will be seeking to procure housing across the country on a pre-approved postcode basis. Any postcode that is determined to be suitable for asylum accommodation will then be pre-approved and the grounds upon which local authorities can object to the housing severely limited. This policy has been adopted to reduce the use and costs of hotel accommodation and, to ensure that there is not over reliance on existing local authority dispersal areas. Funding will be made available to local district councils housing asylum seekers in their areas. No specific funding is being made available to upper tier authorities.

As a result of the new full dispersal policy the number of asylum seekers arriving in the County has increased over time which has created additional unfunded demand for school places, specialist mental health services, and social care support (adults, children, and SEND).

In addition to dispersed accommodation the Home Office has stood up Contingency Hotel accommodation in the County in response to small boat crossings. There are currently four hotels housing asylum seekers, single males or families, across the County. The use of these hotels has created additional demands on public services including social care, schools, and school transport. The Council receives no funding for the bedspaces at these hotels.

Under the Illegal Migration Act the Home Secretary is under a duty to set a cap on the number of entrants to the UK arriving via safe and legal routes for humanitarian purposes and for this cap to be defined following consultation with local government. Consequently, the Home Office undertook a consultation exercise to inform the level at which the cap on safe and legal routes is set. The purpose of the cap will ensure the UK is able to welcome, accommodate, integrate, and support those arriving via these routes in an orderly and appropriate way. This will ensure that the UK does not take more refugees than public services and communities can cope with. In response to the consultation exercise the County Council has formally informed the Home Office that it is not able to accept any additional asylum seekers or refugees until further notice. This is due to several factors including the lack of detail in the consultation exercise, the impact of current schemes, the lack of direct funding for upper tier services, and the capacity and capability of already stretched services to support further families and individuals.

The Council continues to work with partners to administer the Homes for Ukraine scheme which was set up by the Government in response to the humanitarian crisis in Ukraine. In addition to administering the scheme the Council and partners are subject to resource pressures as sponsor/ guest arrangements breakdown and there is a subsequent need to either rematch to new sponsors or find alternative accommodation. The scheme also presents challenges in terms of the allocation of school places.

Recruitment and retention

The current workforce shortage is becoming acute in a number of areas, and with the ongoing impact of the cost-of-living crisis, is likely to get worse. Staffing costs are likely to rise, through having to put market premia / retention payments in place to counter what is happening in the wider market, and we are only at the early stages of this year's national pay negotiations, whilst costs continue to rise sharply. Should the Council be unable to recruit and/or retain staff in key areas, it faces the real risk of being unable to deliver some of its services in the future. As well as short-term solutions, as an employer, the Council has to develop long term initiatives and also to market itself as an employer to best effect.

CONTEST Strategy

The Council is beginning to plan to meet its 'Prevent' and 'Protect' (Martyn's Law) duties under 'CONTEST' (the Government's Counter-terrorism strategy).

10. Certification

The Council has been hugely impacted by the coronavirus pandemic. Nevertheless, despite the challenges, the Council has maintained consistent essential services for residents, whilst adapting to provide alternative virtual services wherever possible. The Council's strong collaborative approach has been effective at achieving a unified response, working with key partners in the NHS, police and voluntary and community sectors.

The Council's Strategic Plan 2022-26 and Medium-Term Financial Strategy will continue to be reviewed and updated to assess the medium-term impacts of the pandemic on the Council's financial position.

The Council is satisfied that appropriate governance arrangements are in place and continue to be regarded as fit for purpose.

We propose over the coming year to take steps to address any matters to further enhance our governance arrangements in these challenging times. We are satisfied that these steps will address the need for any developments that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Furthermore, having considered all the principles of the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption, we are satisfied that the Council has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.

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John Sinnott
Chief Executive

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Nicholas Rushton
Leader of the Council

AREAS FOR FURTHER DEVELOPMENT IN 2023-24

The Corporate and Departmental AGS self-assessments contained a set of conformance statements under each core principle and related sub-principles as outlined in the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016). Each conformance statement required a corresponding score of 1, 2 or 3 to be recorded, based on the criteria below:

Score	Definition	Description	Evidence (all inclusive)
1	<p>Good</p> 	<p>Conformance against most of the areas of the benchmark is good, although there may be minor developments required but with a limited impact on the ability to achieve departmental and Council objectives. Strategic, reputational and/or financial risks are minor, and performance is generally on track.</p>	<p>Many elements of good practice to a high standard and high quality.</p> <p>Substantial assurance can be given that coverage of the sub-principle is operating satisfactorily and extends to most/all services areas within the department</p>
2	<p>Some development areas for improvement</p> 	<p>There are some developments required against areas of the benchmark and the department may not deliver some of its own and the Council objectives unless these are addressed. The management of strategic, reputational and/or financial risks is inconsistent, and performance is variable across the department.</p>	<p>Some elements of good practice to a high standard and high quality.</p> <p>Moderate assurance can be given that coverage of the sub-principle is working adequately in certain service areas, with omissions in others.</p> <p>Proposal/Plans are in place to address perceived shortfalls</p>
3	<p>Key development and many areas for improvement</p> 	<p>Conformance against many/all areas of the benchmark is poor and therefore delivery of departmental and Council objectives is under threat. There are many strategic, reputational and/or financial risks and performance is off track.</p>	<p>Few elements of good practice to a high standard and high quality.</p> <p>Coverage of this expectation is omitted amongst most areas.</p> <p>Proposal/Plans to address perceived shortfalls are in early stages of development</p>

Examples of key actions is summarised in the table below.

Note: some actions are not included in the table as they are already reported through the Corporate Risk Register (CRR).

Annual Review of the Effectiveness of the Council's Governance Framework against the CIPFA/SOLACE
Delivering Good Governance in Local Government: Framework (2016)

Core Principles of the Framework	Overall Assessment	Action to Develop Areas Further in 2023/24 (Ongoing and New)
<p>Principle A:</p> <p>Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</p>		<ul style="list-style-type: none"> It is planned to relaunch the Leadership Management Framework, in the early part of 2023 which has a key focus on importance of the Council's Values in leadership and management and the expectation placed on employees to adopt these in their way of working. In addition, these are also integral in all team building and customer service learning and development programmes. A revised Manager's Induction Programme as part of the revised Corporate Induction Programme will be launched in the early part of 2023 which includes information on the Council's Values. Full implementation of the Anti-Fraud & Corruption Strategy Action Plan over the course of the two-year period 2022-2024
<p>Principle B:</p> <p>Ensuring openness and comprehensive stakeholder engagement</p>		
<p>Principle C.</p> <p>Defining outcomes in terms of sustainable economic, social, and environmental benefit</p>		<ul style="list-style-type: none"> Continuing to develop the approach to multi-year monitoring of large and complex capital schemes to ensure medium term implications brought out, including risks and mitigations.
<p>Principle D.</p> <p>Determining the interventions necessary to optimise the achievement of the intended outcomes</p>		<ul style="list-style-type: none"> Develop arrangements further in the light of enhanced data requirements as a result of Office for Local Government establishment. Continue to push for fairer funding sought to ensure longer term service sustainability Refreshed approach, guidance, support, policy, and procedure for Social Value will be presented to Corporate Governance in May 2023 for signoff, the new approach seeks to achieve improved outcomes and improved reporting.
<p>Principle E.</p> <p>Developing the entity's capacity including the capability of its leadership and the individuals within it</p>		<ul style="list-style-type: none"> Appoint and develop the role of Independent Members of the Corporate Governance Committee
<p>Principle F.</p> <p>Managing risks and performance through robust internal control and strong public financial management</p>		<ul style="list-style-type: none"> Review and develop a fuller set of performance metrics and monitoring in light of requirements and data emerging from the establishment of the new Office for Local Government. Increased use of benchmarking information. Data Strategy and review being progressed to further enhance the Council's data management arrangements.

<p>Principle G.</p> <p>Implementing good practices in transparency reporting and audit to deliver effective accountability</p>		<ul style="list-style-type: none">• Continuous development of procurement pipelines by departments.• Transparency requirements will be reviewed in 2023 for alignment with new legislation (Transforming Public Procurement)• Develop the Corporate Governance Committee reporting annually to full Council• Arrange for independent reviews of the internal audit and risk management functions• Implement Risk of Governance Failings - Action Plan
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