

Draft Annual Governance Statement (AGS) 2024-25

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 (the Regulations) 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 (the Framework), fulfils the statutory requirement of the 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.

The AGS 2024-25 will be published with the Statement of Accounts 2024-25.

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 Framework 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 seven principles (A-G) are listed in the Annex. Each principle scored 'Good' meaning 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.

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 2024 is part of the Council's policy framework and, as such, required the approval of the full County Council at its meeting on 4 December 2024. 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 was refreshed for 2024-26 with revised long-term vision and priorities for the next two years, 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.

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 2024-25 AGS has been constructed by undertaking: -

- A review of the effectiveness of the Council's system of internal control
- Reviewing other forms of assurance
- Action taken on significant governance issues reported in the 2023-24 AGS
- A consideration of any significant governance issues arising during 2024-25
- Future challenges
- Action to Develop Areas Further

5. Review of Effectiveness of the System of Internal Control

To ensure the 2024-25 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. Responses were accumulated to provide a high level overview found in the Annex.

A senior officers group met on 5 June 2025 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
- Assistant Director – Finance & Commissioning
- Assistant Director – Corporate Services
- Head of Internal Audit & Assurance Service

The group has previously determined that progressing areas identified for development, should be the responsibility of designated Directors and Heads of Service during 2025-26. 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 2024-25 or reported through the Corporate Risk Register process will continue to be monitored.

6. 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, and 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) ensured that internal audit arrangements conformed to the requirements of the Public Sector Internal Audit Standards (the PSIAS) revised in 2017¹. The PSIAS require an external quality assessment (EQA) every 5 years. An EQA was undertaken in early Spring 2024 and the Assessor concluded that, *'The Leicestershire County Council internal audit service is delivering to a standard that generally conforms (the top rating) with the Public Sector Internal Audit Standards'*. Progress on implementing improvement actions was reported to the Corporate Governance Committee 6 December 2024.. The HoIAS also conformed 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)².

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 (last revised January 2024) 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 risk management reviews to be overseen by someone outside of the internal audit activity. An independent risk management maturity health check was last undertaken during the autumn of 2018. The next review is planned in the autumn of 2025.

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.

Internal Audit 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 external assurance provided), facilitate the HoIAS in forming the annual internal audit opinion on the overall adequacy and effectiveness of the Council's control environment.

¹ From 1 April 2025, the PSIAS were replaced by the Global Internal Audit Standards (GIAS) in the UK Public Sector. There is still a requirement to have an EQA every 5 years.

² From 1 April 2025, 'organisational responsibilities' listed in the CIPFA Statement, were replaced by a Code of Practice for the Governance of Internal Audit in UK Local Government.

The HoIAS presented his annual report to Corporate Governance Committee on 23 June 2025 and his opinion read: -

Rationale - The HoIAS considers there was sufficient input by LCCIAS across the control environment to be able to give a full opinion. Assurance continued to be supplemented by good relationships with senior management, transparency over reporting significant governance issues in the draft Annual Governance Statement and providing detailed updates to risk positions in the Corporate Risk Register. Currently, six audits either contain high importance (HI) recommendations or a partial assurance rating and were reported in summary to Committee during the year. Because some audits haven't been fully closed there could yet be a few more, lower graded ratings but this will not affect the overall opinion. There was also an increase in the number of reactive investigations which LCCIAS either supported/advised on or led. Whilst these could indicate a weakening control environment, management has continued to accept and respond positively and strongly to LCCIAS recommendations. Nottingham City Internal Audit completed three of its four planned audits of EMSS main financial systems and gave an overall positive opinion.

Opinion - Reasonable assurance is given that the Council's control environment has remained overall adequate and effective during 2024-25.

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 2025. An independent review of the framework is to be scheduled with the Council's new insurers.

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 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 summarised the work undertaken during 2024-25 will be presented to the County Council in July 2025.

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. Terms of reference for the Committee were revised in December 2024 and have been categorised to more clearly set out the varied roles and functions of the Committee.

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 2023 there have been four complaints received by the Monitoring Officer under the Members' Code of Conduct. These complaints were resolved as set out below:

- 1 complaint withdrawn / not progressed by complainant;
- 3 complaints resolved informally;

During 2024-25 the Committee has provided assurance that: an adequate risk management framework is in place; the Council's performance is properly monitored; internal and external audit is effective and that there is proper oversight of the financial reporting processes.

An annual report which summarises the key business considered by the Committee during 2024-25 will be presented at the meeting in June 2025 and will be presented to County Council in July 2025.

In accordance with CIPFA best practice guidance and following the approval of the County Council in July 2023, two Independent Members are appointed to the Committee. Independent Members are non-elected representatives and as such do not have voting rights but are part of the Committee in an advisory and consultative capacity. Of the 5 committees held in 2024-25 there was only 1 meeting where at least one of the Independent Members didn't attend.

In January 2024, the Committee undertook a self-assessment of good practice against the revised CIPFA Guidance on Audit Committees. The self-assessment provided a high-level review that incorporated the key principles set out in CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2022. The results showed a high degree of performance against the good practice principles and is an indicator that the Committee is soundly based and has in place a knowledgeable membership. These are essential factors in developing an effective audit committee. The results of the self-assessment will be reviewed and along with a self evaluation of knowledge and skills, will be presented to the new committee prior to its meeting on 23 June 2025. The outcomes will be used to support the planning of the Committee's work plan and training plans during 2025-26.

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.

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.

The Code does not specify the frequency or the financial year compliance should be reported. The previous (January 2024) updated self-assessment retrospectively gave assurance on compliance at the end of the financial year 2022-23. However, other authorities report at the start of each financial year based on the latest MTFs and the position at the time. The Council has taken the latter approach for the latest assessment. This allows reporting of the Council's most up to date position and of any improvements, where needed. The Internal Audit Service undertook a high-level review of the 2025-26 self-assessment against the Code (as at 1 May 2025), and a copy of the assessment will be reported to the Corporate Governance Committee in June 2025. Progress against areas for improvement is monitored by the Assistant Director (Finance, Strategic Property & Commissioning)

Local (External) Audit

The Council's local (external) auditors, Grant Thornton LLP, presented the final findings from their planned audit work 2023 -24 to 'those charged with governance' at the Corporate Governance Committee on 6 December 2024.

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 four areas. These were financial sustainability; governance; improving economy, efficiency, and effectiveness and the opinion on the financial statements. Overall, the auditor's report was positive. The external auditor concluded that the Council has a good track record of sound financial management, had strong arrangements in place to manage the financial resilience risks, has a clear and documented governance framework in place that ensures all relevant information is provided and challenged before all major decisions are made. No significant weaknesses were reported. Eight improvement recommendations were made. An action plan tracker has been devised and is being monitored. Some

recommendations have been implemented

Opinion on the Financial Statements

The auditor gave an 'unqualified' opinion on the 2023-24 financial statements for the County Council and its Pension Fund on 24 January 2025 meaning that the external auditor is satisfied that the financial statements present a true and fair view.

Annual Audit Plan for the 2024-25 Accounts

The External Audit Plan and Informing the Audit Risk Assessment was reported to Corporate Governance Committee at its meeting on 31 March 2025.

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 position of a SIRO is a requirement under the Data Security and Protection Toolkit, the Assistant Director People, Property and Transformation holds the position of the SIRO for the Council. The SIRO takes overall ownership of the Council's approach to handling information risk. 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;
- managing any escalated risks that have been raised by information owners, Information Governance Team, Audit etc;
- acting as a champion on information risk and report to CMT 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 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 Bodies Governance 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. At the time of publishing this draft AGS the annual internal audit opinion for 2024-25 has not been written.

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. The incorporation of Eduzone into ESPO Trading Limited is in progress.

The **Investing in Leicestershire Programme (IILP)** 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 provide a 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 IILP Annual Performance Report for 2023-24 was received by the Scrutiny Commission on 6 November 2024 and received by Cabinet on 22 November 2024. The IILP Strategy was received by the Scrutiny Commission and Cabinet alongside the MTFs. In light of the CIPFA Prudential 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. Some investments are made through the Council's Treasury Management strategy to ensure that the holdings are sufficiently diversified and not overly concentrated on property in Leicestershire..

The Council also has a traded service **Leicestershire Traded Services (LTS)**, which sits within the Corporate Resources Department. 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 performance of Leicestershire Traded Services during 2023-24 was received by the Scrutiny Commission on 4 September 2024. As required further private briefings have been provided to the commission to ensure that they fully understand the key issues facing LTS. In 2024-25 the Commission requested a workshop, that took place in November 2024, to more closely consider School Food and Beaumanor Hall. The Commission received an exempt report at the March meeting to provide a further update on LTS.

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 (NCCIA).

After some delays, the Interim Head of Internal Audit (HoIA) at NCCIA presented their 2023-24 annual report and opinion on EMSS to the Corporate Governance Committee on 16 September 2024. It concluded that a "moderate" level of assurance can be given regarding the operating effectiveness of the internal control systems reviewed at EMSS, and that no significant issues have come to light through the audit procedures performed.

Resourcing of NCCIA is a major concern with delays in completing the 2023/24 audit and initially reduced capacity to resource the 2024/25 plan. The Chair of Corporate Governance Committee wrote to the Chair of Nottingham City Council Audit Committee raising these concerns and asked them to raise the issues with officers and take any mitigating action required to ensure an adequate Internal Audit service is provided for EMSS that both complies with regulations and provides adequate assurance. The outcome was that NCCIA resources were re-prioritised and three of the four scheduled 2024/25 audits were completed by the middle of February 2025. The fourth was cancelled (with approval from the Head of EMSS) because NCCIA considered that sufficient work had been covered in its external audit and there was a risk of duplication.

For the Head of Internal Audit Opinion – 2024/25, the Interim HoIA at NCC concluded that a "moderate" level of assurance can be given that internal control systems are operating effectively within EMSS and that no significant issues had been discovered.

The situation with the provision of internal audit will continue to be closely monitored.

Additionally, the position with Nottingham City Council issuing a s114 notice and the appointment of Government Commissioners continues to be 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 (the 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.

During the past year the team has been preparing for the triennial valuation of Fund. A number of updates have been provided to the Local Pension Committee and Local Pension Board. The valuation of the Fund as at 31 March 2025 will be completed during 2025 with outcomes and recommendations presented to the Local Pension Committee and new employer contribution rates effective from the 1 April 2026.

The Committee considered and revised its Terms of Reference at its meeting in March 2024.

The Local Government Pension Scheme (LGPS) Regulations require that Leicestershire County Council in its capacity as Administering Authority establishes a Local Pension Board (the 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 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.

The Board considered and revised its Terms of Reference at its meeting in February 2025.

There is a Pension Fund Training Policy which demonstrates to stakeholders the Committee's, the Board's, and Officers' recognition of the importance of knowledge and understanding of pension issues in the effective management of the Fund. Following consideration by the Board this was reviewed and approved by Committee in June 2025.

To identify whether the objectives of the Policy are being met, Fund officers maintain a training log to record training attended by members and officers, as well as requiring members to undertake an annual training needs assessment. Reporting against the policy is presented to the Committee and Board as part of the Fund Annual Report and Accounts and Training Needs Assessment update.

Local Government Pension Scheme (LGPS) - Central Pool

LGPS Central Limited (Central) is authorised and regulated by the Financial Conduct Authority as an asset manager and operator of alternative investment funds that became operational on 1 April 2018.

The Council is joint owner of Central, which manages the pooled assets of eight Midlands-based LGPS, including Leicestershire, with collective assets of approximately £64billion, on behalf of over one million LGPS members and over 3000 participating employers. 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.

A range of collaborative governance vehicles has been established reflecting the administering authorities role as stakeholder from two different perspectives. These are as a co-owner of the company, and as a recipient of investment services. These interests are managed through the Shareholders' Forum and Joint Committee. The Shareholders' Forum oversees the operation and performance of Central, representing the ownership rights and

interests of the shareholding councils, ahead of general meetings. In March 2024 shareholders unanimously approved the Company's strategic business plan and budget alongside other resolutions.

The Joint Committee focuses on investor issues and is made up of member representatives of each of the funds. This 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.

In June 2024, a new Chief Executive Officer was appointed to Central.

In November 2024 central government consulted on 'Fit for the Future' proposals relating to the investments of the LGPS covering asset pooling, UK and local investment and governance.

The Government published the outcome of this consultation on 29 May 2025 with the main items broadly in line with its original proposals. A number of key measures are listed below:

- Deadline for implementation of pooling of all LGPS assets by 31 March 2026, though flexibility is acknowledged for certain LGPS funds who are moving Pooling Companies (The Leicestershire County Council Pension Fund is not moving Pooling Companies).
- Implementation further defined to include transfer of management and oversight of all assets (public and private investments) to their respective pools.
- The Funds will be required to take principal investment advice from their pool, although they can still seek secondary advice.
- Funds remain responsible for setting the Strategic Asset Allocation (SAA) based around nine named asset classes.
- Funds will be required to set local investment targets and include details within their investment strategy statements with collaboration with local authorities, regional mayors and strategic bodies.
- Introduction of an independent Pool governance review every three years
- A Pension Bill will be introduced with secondary legislation to follow.

Central submitted its plan to central government outlining how it would meet the requirements on the future of the LGPS and received ministerial backing for these plans in late April 2025. Central developed their plan with input from partner funds and extensive engagement with stakeholders.

The Fund will continue to closely engage with Central and partner funds with the implementation of the 'Fit for Future' proposals over 2025-26 and beyond to continue to safeguard the interests of all Fund members.

Pensions internal audit arrangements

An annual update on Internal Audit arrangements is due to be presented to the Council's Local Pension Board in June 2025. This will include a summary of work completed during 2024/2025 and work planned for 2025/2026. The internal audit functions of the eight LGPS owners have formed an Internal Audit Working Group (IAWG). The first four-year programme of audit work has now been completed, and the plan has been refreshed for a further four years which covers 2023/24 to 2027/28. The 2024/25 audits were assigned to Leicestershire County Council (Governance), and colleagues at Shropshire Council (Investments).

Active Together

The Director of Public Health represents the Council and is an advisor to 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 Business & Skills Partnership

Following the dissolution of LLEPs responsibility for business representation, strategic economic planning, and the delivery of government programmes was transferred to upper tier local authorities (UTLAs). The expectation was that UTLAs work together across a functional economic area. Leicester and Leicestershire has long been considered a functional economic area as the boundaries provide a good fit to key economic geographies such as

travel to work areas. The Government has approved the governance arrangements developed by the two UTLAs which recognise that they become the key decision-makers within the new arrangements. These arrangements include a Business Board which will be chaired by a private sector business representative, meet bi-monthly and provide advice to the leaders of the two UTLAs, namely the Leicester City Mayor and the Leader of the County Council, to inform their decisions regarding economic development strategy and investment. The two leaders meet regularly with the Business Board's Chair and attend Business Board meetings. The decision-makers and Business Board will be supported by an executive team hosted by the City Council on behalf of the two UTLAs, and the wider partnership. For most activities transition arrangements were put in place from 1 April 2024 with the former LLEP Team continuing to deliver activities whilst the new governance, business representation and staffing arrangements were established. It was considered appropriate that LLEP Ltd. be retained as a legal entity with a Board comprising City and County senior officers, and for the City Council to formally remain as the Accountable Body. This was a short-term measure to enable existing agreements to which LLEP Ltd is a party to be updated, namely Enterprise Zone business rates agreements. Establishing a new Board required existing LLEP Directors to resign their positions. All directors confirmed their earlier intention to resign on 31 March. The two UTLAs have each appointed a senior officer to the Board.

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 first Leicester, Leicestershire and Rutland (LLR) Integrated Care Strategy was published in draft in April 2023. It was designed to guide care and health organisations, staff, and the voluntary sector to key areas of focus where, collectively, a difference can be made to improve people's health and wellbeing over the coming years.

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. A draft Integrated Care Board 5-Year Joint Forward Plan was presented to the Council's Health & Wellbeing Board on 25 May 2023. The Board agreed that the 5 Year Joint Forward Plan took account of the Leicestershire Health and Wellbeing Strategy

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. As part of a review of the Board's governance arrangements at its meeting on 31 October 2023, Voluntary Action Leicester Shire became a member of the Health and Wellbeing Board to provide some context to issues raised from a voluntary and community sector perspective. 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 2023–25 BCF Policy Framework was published in April 2023.

Progress to date on the annual submission for the 2023/24 financial year was considered by the Health and Wellbeing Board at its meeting on 25 May 2023. The Health and Wellbeing Board authorised the Chief Executive, following consultation with the Chairman of the Health and Wellbeing Board, to finalise the BCF Plan prior to the national deadline for submission of 28 June 2023. (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 2023/24 at its meeting on the 6 June 2023 and supported its contents).

The completed year end BCF 2024-25 template, which demonstrates progress against integration priorities and BCF delivery, reported to the Health and Wellbeing Board at its meeting on 29 May 2025, where the Board was asked to approve it for the NHS England submission deadline of 6 June 2025. 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

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. The County Council (which is the accountable body) participated in a governance assurance review with MHCLG officials. No adverse issues were identified in the response from MHCLG, but two actions were highlighted in respect of any conflicts of interest and the management of commercial information. Some standard recommendations (issued to all freeports) were made about the selection of funded projects and procurement which have been clarified with MHCLG. An action plan has been prepared and reported to the Freeport Board in October 2024. The outcome of the annual security review to the Freeport Security Forum produced a small number of recommendations. The Council's Head of Internal Audit Service will work in conjunction with the Freeport officers to progress actions required.

The Council has acted as the accountable body for EMF since its establishment in 2021 but the Government has now asked for that responsibility to be transferred to the 'East Midlands Combined County Authority' if possible by February 2026. Discussions with the Combined Authority and EMF to enable that are ongoing.

East Midlands Development Company (DevCo)

The County Council was a Board member of the DevCo, a company limited by guarantee from April 2021. Its ambition was to be a locally led urban development corporation or a mayoral development corporation. The County Council was one of five member authorities / owners of the DevCo. For some time the County Council was concerned to ensure that the DevCo's Members' Agreement and Grant Agreement were correctly followed, which it did not believe had been the case. In that connection, exempt reports were made to the Cabinet while

the Council's membership has been paused. The Council was still waiting for a satisfactory response to its concerns which had been fully set out to the DevCo and DLUHC/MHCLG when the DevCo decided in August 2024 to recommend winding itself up/voluntary dissolution from July 2025. The Cabinet resolved in October 2024 to agree to the voluntary dissolution and the legal process involved. The Council's concerns had been reported to our external auditor who agreed that in the circumstances winding up the DevCo was an acceptable outcome.

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 be able to access Bus Service Improvement Plan (BSIP) funding had to establish a partnership and therefore every top tier authority has one.

An Enhanced Partnership Board is the key oversight body of the Enhanced Partnership and BSIP delivery. Membership consists of 2 large, 2 medium and 2 small bus operator representatives (voting), 2 County Council representatives (voting, with decision veto powers), 2 district/borough council representatives (non voting) and an independent chair (non voting).

7. Significant Governance Issues & Action Taken on Those Previously Reported

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 2022-23 final AGS are detailed below:

Issue Area for Improvement (AGS) 2023-24	Lead Officer and Date	Progress during 2024-25
Environment & Transport Department During 2023-24, there were a number of investigations undertaken into working arrangements within the Highway & Transport Branch. Recommendations from the investigations were accepted by management and they have been transferred into a consolidated action plan. The Assisted Transport Improvement Board has been established, chaired by the	Director of Environment & Transportation December 2024 Update January 2025 – the Department reported good progress against	The investigations did not identify any fraud issues and there was evidence of improvements to processes. The Internal Audit Service review of the implementation of actions and the revised governance arrangements (originally scheduled for the end of January 2025) will now be undertaken by the end of June.

Director and the Board's membership contains senior management representatives (E&T, HR, Commercial Services, Transformation, Legal, Internal Audit and Finance). The Board provides the necessary oversight of changes requiring rapid implementation and will align to (but not be responsible for) the management of complex, longer term improvement projects and initiatives. This work will continue be overseen by the Assisted Transport programme Delivery Board.	implementing actions.	
Capital Programme <p>The Council has a number of large, complex capital projects in progress which have significant potential risks, such as financial and procurement risks. Inflationary pressures also continue to have an impact on large capital projects. The Council's risk management approach to major capital schemes will be reviewed to ensure risks are appropriately managed from project inception and that appropriate risk contingencies are maintained.</p>	Director of Corporate Resources October 2024 Update January 2025 - Lessons learned from large capital schemes is being used to inform the way future tenders are completed. There are continual actions underway to monitor and improve the risk.	<p>The Council's risk management approach to major capital schemes has been reviewed to ensure risks are appropriately managed from project inception and that appropriate risk contingencies are maintained. Lessons learned from previous large capital schemes have been undertaken and are being used to inform the way future tenders are completed to minimise and manage future risks. A Capital Programme Improvement Project has established improved governance arrangements and reporting oversight around our large scale capital schemes. This includes monitoring costs against scheduled key milestones and implementation of defined decision points at which future financial implications are assessed. Liabilities are included within contingencies that are routinely tracked and monitored against plan including the implementation of a risk based approach for all major capital programmes.</p> <p>A Procurement Strategy / Contract Award template and process has been introduced to standardise the approach to procurement of major schemes, providing clarity on the key risks and commercials, whilst allowing for appropriate challenge and review at key procurement related gateways.</p>

8. Significant Governance Issues Arising During 2024-25

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 (see Annex), it is important to recognise that there are two significant matters set out in the table below.

Significant Governance Issue 2024-25	Lead Officer and Date
Identified in the Auditor's Annual Report (AAR) 2023-24 as an Area for Improvement under improving economy, efficiency and effectiveness – Completion of new Education, Health, and Care Plans (EHCPs) during 22/23 down to 3.8% although noted that improved processes in place and starting to show an increase.	Director of Children & Family Services

The number of requests for EHCPs has continued to rise over the last 5 years with a 14.9% increase in the total number of active EHCPs in 2024. As a result of this the timeliness of EHCP had fallen well short of the 20 week expected timescale for completion. Over the last year a recovery plan has been put in place to bring timeliness back in line with the 20 week timeframe. As a result of this recovery plan, timeliness of issuing EHCP has begun to improve and at the end of April 2025 it was sitting at 9% within the 20 week timeframe and average duration of plan completion is 41.3 weeks (down from 60 weeks in December 2024). Over the next 6 months timeliness, as a result of the recovery plan, timeliness is expected to move to being compliant with the statutory deadline.

Identified in the Auditor's Annual Report (AAR) 2023-24 as an Area for Improvement under improving economy, efficiency and effectiveness - Work needs to continue to reduce the number of contract exceptions and extensions that are approved

The Council established a Corporate Procurement Board in January 2024 which must approve all exceptions. Contract extensions also need to be approved by Corporate Procurement Board in specific circumstances. The Council has also improved its use of procurement pipelines so that closer attention is given to contracts that may be nearing their end date or value. These actions, in conjunction with regular training, communication and the procurement toolkit have reduced the number of exceptions that have been required over the last 12 months from 116 in 2023-24 to 104 in 2024-25.

Assistant Director (Finance, Strategic Property and Commissioning), Corporate Resources Department

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 2024-25, 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 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 31 March 2025.

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

Transitioning to a new County Council administration

The outcome of the County Council elections which took place on 1 May 2025 was that the Reform UK party emerged as the largest party on the council although it fell 3 seats short of an overall majority and as such a minority administration position emerged. Whilst this isn't a new feature of local government, following a long period of comparative stability at Leicestershire almost one third of experienced members did not seek reelection and of the fifty five total members almost two thirds are new. Therefore, it is inevitable that new officer/member relationships will need to be built and significant new member induction across all parties undertaken to enable a constructive transition to a council that continues to operate effectively.

Local Government Reorganisation

In February 2025, the Minister of State for Local Government and English Devolution set out the formal invitation to the County Council (and all local authorities in two-tier areas and neighbouring unitary authorities) to develop a proposal for local government reorganisation which required interim plans to be submitted to the Government by 21 March 2025. The Council submitted its interim plan for reorganisation and other proposals were sent to the government by Leicester City Council and Leicestershire's district councils in conjunction with Rutland County Council. The government has provided initial feedback on the interim plans so that final proposals can be worked on and submitted by the end of November 2025. In response to media queries, the Council stated that it noted

the request for a single final submission, which can contain different options, and that will require discussion at a political level across Leicester, Leicestershire and Rutland. The Council agreed it will be helpful if all proposals are supported by the same evidence base and analysis so that the Government is able to clearly identify the right solution for Leicestershire. Regardless of the government's approach to the proposals submitted and its preferred way forward, there will follow a period of intensive work and demand on internal resources and short-term uncertainty and instability which will require mitigation.

Financial Sustainability

The Council's financial position is extremely challenging, with a budget gap in excess of £90m forecast in the Medium Term Financial Strategy by 2028/29 as well as a High Needs Deficit in excess of £60m at the end of 24/25. This is a challenge shared by the local government sector, with continued inflationary pressures, rising demand and funding uncertainty creating a complex and difficult financial landscape, made worse by the continuation of one-off financial settlements from government. The Spending Review and Funding Reform, both due during 2025 are compounding this uncertainty. The Council has a prudent level of reserves that provide some level of assurance over financial sustainability, and a corporate Strategic Change Programme which identifies and manages the delivery of a wide-ranging savings programme. However, the Council must ensure that this programme is adequately resourced and is currently undertaking a fundamental review and prioritisation exercise to ensure that the savings initiatives that have the largest savings potential have sufficient resources.

Covid-19 Public Inquiry

Information has been provided to the Inquiry at the request of the Chair (through the LGA) in relation to the Module 1 (Preparedness and Resilience). The Report from the first module was published in July 2024 but did not reference the council's response. Information has also been provided following a formal direction for evidence in Module 5 (Procurement) concerning the procurement and purchasing of PPE and Module 8 (the impact of the Covid-19 pandemic on children and young people). There has been engagement with the Inquiry team in relation to Module 7 (Test trace and isolation rules) but to date no request for information has been received.

Assistance with migrants and asylum seekers

Challenges remain with the asylum system. The funding model is yet to be reformed so upper tier authorities do not get their full costs recovered. The Full Dispersal Model is now in operation with an uplift in the number of asylum seekers each local authority is expected to find accommodation for. Meeting the existing and now stretch targets remains a challenge due to limited private rental stock availability and ongoing homeless and temporary accommodation pressure. Regional multi-agency meetings involving government departments, councils, and Home Office accommodation contractors have been established to explore options and mitigate issues arising from dispersal. Governance arrangements continue to be coordinated by East Midlands Councils who act as the Strategic Migration Partnership for all asylum, migration, and resettlement issues.

Recruitment and retention

Whilst there have been improvements reflected in the Corporate Risk Register throughout the year there are still pockets where it's important not to lose traction.

CONTEST Strategy

The Council will continue to plan to meet its 'Prevent' and 'Protect' (Martyn's Law) duties under 'CONTEST' (the Government's Counter-terrorism strategy). The Terrorism (Protection of Premises) Act 2025, also known as Martyn's Law, received Royal Assent on Thursday 3 April 2025. Guidance will be published in due course which will assist in understanding the requirements set out in the legislation.

Artificial Intelligence and cyber security

Artificial Intelligence (AI) has the potential to transform various aspects of public sector, such as healthcare, education, security, and transportation, by enhancing efficiency, quality, accessibility, and innovation. However, AI also poses significant risks and challenges, such as ethical, legal, social, and economic implications, that need to be carefully addressed and regulated. Central Government has recognised the potential risks and opportunities surrounding AI. The National AI Strategy outlines the government's commitment to supporting the development and adoption of AI technologies across various sectors, including the public sector. Central

government also provides a number of tools, such as the Generative AI Framework to inform and support local government implementations of AI. The NCSC (National Cyber Security Centre) provides guidance to help ensure any systems implemented are secure. The Council will continue its research and development of AI and fully debate and understand the risks and challenges.

The impact of a cyber/ransomware attack or IT system breach could be significant and will have varied effects on the organisation and its ability to provide critical/statutory services. To minimise the impact of such incidents, investment will need to continue to be made in the implementation of enterprise standard security systems, to further enhance our security posture and continue the journey to adopt greater defence in depth. Coupled with these technical defences, the Council will need to ensure it has robust business continuity and supporting disaster recovery plans, that are in place and regularly tested. Cyber security risk is included in the Corporate Risk Register with regular updates provided to members.

Procurement Regulations 2024

After much delay, large scale procurement reform was introduced on 24 February 2025. The Procurement Act replaced the Public Contract Regulations 2015. Implementation of the Act will significantly revise historical procurement rules.

All staff that are budget holders, or are involved in procuring goods or services, need to be aware of the regulations. The Commissioning Support Unit and Legal Services have created a set of rules, guidelines etc., amending the Contract procedure rules to reflect the new legislation. Guidance is available to cover the transition to the new regulations, and a comprehensive programme of learning and development to support the implementation of the changes. Further changes will be required as more intelligence is gained on the application of the Act.

Expected Service and National Reforms

Adult Social Care

- An adult social care sector pay agreement which would see pay increasing above national minimum wage levels
- Baroness Casey independent commission into adult social care commencing in 2025. This will be a two stage review with stage one reporting in 2026 and stage two reporting in 2028. The first phase will consider current and medium term reform and recommendations within the current financial spending envelope. Phase two will consider longer term recommendations on the future of Adult Social Care delivery and funding models
- The Casey Commission will inform the development of a national care service framework with new standards and responsibilities for councils
- Mental Health Bill which has additional duties and responsibilities for local authorities

Children & Family Services

- SEND - Details of the government's intended approach to SEND reform will be set out in a Schools White Paper in the autumn. The upcoming local government funding reform consultation will set out further details on supporting local authorities with regard to SEND as the government transitions to a reformed system.
- The Children's Wellbeing and Schools Bill – aims to break the link between young people's background and their future success. It will put in place a package of support to drive high and rising standards throughout the education and care systems so that every child can achieve and thrive.

Employment Rights Bill - proposes to make wide-ranging changes to employment rights through 28 individual employment reforms. Including:

- the removal of the two-year qualifying period for unfair dismissal protection;
- ending "exploitative" zero hours contracts;
- amending the current thresholds for collective redundancy consultation;
- amending the flexible working regime;
- amending statutory sick pay eligibility requirements;
- amending the employer's duty to prevent sexual harassment and third party harassment in the workplace;
- extending the time limits for bringing Employment Tribunal claims from three months to six months;

Waste Reforms

- Significant waste reforms being implemented by Government over the coming years including Collections and Packaging Reforms and Emissions Trading Scheme to cover energy from waste will have additional duties, responsibilities and costs for local authorities

Integrated Care Board (ICB)

- The requirement for Integrated Care Boards (ICB) to reduce their running costs nationally by approximately 50%, spending no more than £18.76 per head of the ICB's population, are likely to have an impact on adults and children's social care and public health. It is anticipated that the Leicester, Leicestershire and Rutland (LLR) ICB will 'cluster' with another ICB. This may lead to staff redundancies and/or the remaining staff in the ICB being responsible for a broader geographic area, potentially leading to less of a focus on the Leicestershire 'place' and a reduction in local partnership working.

Additionally, the new model ICB blueprint calls for the focus of ICBs to be strategic commissioning with certain functions of the ICB, in its current form, set to transfer to provider organisations or partners over time. These include safeguarding, infection and prevention and control (IPC) and communications. It is unknown what the future arrangements of these functions will be but may have implications for the Council.

10. Certification

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.

.....
John Sinnott
Chief Executive

.....
Dan Harrison
Leader of the Council

AREAS FOR FURTHER DEVELOPMENT IN 2025-26




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	Good 	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.	Many elements of good practice to a high standard and high quality. Substantial assurance can be given that coverage of the sub-principle is operating satisfactorily and extends to most/all services areas within the department
2	Some development areas for improvement 	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.	Some elements of good practice to a high standard and high quality. Moderate assurance can be given that coverage of the sub-principle is working adequately in certain service areas, with omissions in others. Proposal/Plans are in place to address perceived shortfalls
3	Key development and many areas for improvement 	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.	Few elements of good practice to a high standard and high quality. Coverage of this expectation is omitted amongst most areas. Proposal/Plans to address perceived shortfalls are in early stages of development

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 2025-26 (Ongoing and New)
Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law		<ul style="list-style-type: none">
Principle B: Ensuring openness and comprehensive stakeholder engagement		<ul style="list-style-type: none"> Keep relations with District Councils under review to ensure that any potential tensions over local government reorganisation don't impact on progress. Embed new Public Advisory Group (PAG) and Citizens Assembly as part of enhanced Health Determinants Research Collaboration (HDRC) community research arrangements.
Principle C. Defining outcomes in terms of sustainable economic, social, and environmental benefit		<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. Produce new Strategic Plan to run for the life of the new Council from 2025 onwards.
Principle D. Determining the interventions necessary to optimise the achievement of the intended outcomes		<ul style="list-style-type: none"> Continue to push for fairer funding sought to ensure longer term service sustainability. Guidance to be reissued to Partnership Leads to re-enforce the need to pick up key partnership risks in partnership structures and where relevant into DMT risk registers Look to further enhance reporting on the social value achieved through procurement/contracts
Principle E. Developing the entity's capacity including the capability of its leadership and the individuals within it		<ul style="list-style-type: none"> Ensure all new members, since the election, receive appropriate and timely induction. Obtain and evaluate all Members (including Independent Members) of Corporate Governance Committee's self-assessment of their knowledge and skills of an audit committee, to devise a training plan for the Committee. Discussions continuing on Local Government Reorganisation ahead of a pathway to a possible devolution deal. Continued work to ensure an effective Integrated Care Partnership that supports social care and public health priorities. Further improve training through enhanced functionality from the thrive learning portal.

<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 of performance reports planned to ensure more consistency and best practice in data visualisation. • Corporate Data Strategy project under way to improve roles and arrangements that support the data pipeline and data architecture. • Arrange for an overdue Risk Management independent review. • Arrange for training and CRMG meetings. • Ensure audit of Assurance Framework is completed early 2025-26. • Corporate Data Strategy project still under way to improve roles and arrangements that support the data pipeline and data architecture. • Continued focus required on data quality as systems and processes change e.g. key systems change in children and families services
<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. • Importance of managing risks in partnership settings in accordance with the Council's Risk Management Policy to be reinforced to relevant managers. • Implement actions from the Internal Audit Service EQA • Implement the requirements of the Global Internal Audit Standards in the UK Public Sector and the Code of Practice on the Governance of Internal Audit in Local Government.