

Corporate Governance Committee
Annual Report

2025 - 2026

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Foreword

By Mr S. Bray CC
Chairman of the Corporate Governance Committee

Following my first year as Chairman, I am pleased to present the Annual Report of the Council's Corporate Governance Committee (the Committee) covering the five meetings in the period June 2025 to March 2026. Its purpose is to highlight the role and work of the Committee and to set out what it has focused on during the year, to ensure the Council has adequate and effective governance, risk management and internal control frameworks in place.

The Committee's role is to increase public confidence about how well the Council is run – providing independent assurance and challenge to the Cabinet over governance, risk management and control processes.

The report draws attention to some of the governance issues the Committee has considered and challenged and highlights key themes that all Members of the Council should be sighted on. Over the past twelve months the Committee has sought assurances on several issues and requested additional information and further reports from officers on specific matters where it felt this was necessary. This report provides a summary of those activities.

This year has seen a significant number of newly elected members and a change in administration for the County Council. Despite this, the scope of the work undertaken by the Committee has continued to be varied and the addition of Independent Members being appointed since 2023 has contributed to the level of discussion. I would like to thank members of the Committee for their input over the year – it has been a steep learning curve for us all, but I feel we have considered and challenged governance issues well. My thanks also go to officers who have been a great support and have aided the work of the Committee immensely.

It has been a privilege to chair the Committee this year, and I would like to add my thanks to the Vice Chairman, Mr Jewel Miah CC, for his support.



Mr S. Bray CC
Chairman of the Corporate Governance Committee

Introduction

What and who is responsible for good governance?

The Chartered Institute of Public Finance and Accountancy (CIPFA) describes the overall aim of good governance as:

“To align the authority’s processes and structures with the attainment of sustainable outcomes. In practice, this means ensuring that:

- resources are directed in accordance with agreed policy and according to priorities;
- there is sound and inclusive decision making;
- there is appropriate stewardship of public assets and resources;
- there is transparency and clear accountability for the use of resources in order to achieve desired outcomes for service users and communities.”

(CIPFA Audit Committees: Practical guidance for local authorities and police 2022 Edition)

Good governance is ultimately the responsibility of the Full Council as the governing body of Leicestershire County Council. It is responsible for ensuring that its business is conducted lawfully and to proper standards.

The Corporate Governance Committee is appointed by Full Council to support the discharge of its functions in relation to good governance. This report sets out how the Committee has discharged its role and demonstrates how it has:

- Fulfilled its responsibilities as delegated to it by Full Council (as set out in its Terms of Reference contained within the Council’s Constitution);
- Complied with national guidance and best practice;
- Contributed to the strengthening of the Council’s risk management, internal control and overall governance arrangements.

This report underpins the Council’s Local Code of Corporate Governance and reinforces the Council’s Annual Governance Statement.

The Corporate Governance Committee

Role and Responsibilities

CIPFA's position statement on audit committees and related guidance (Audit Committees – Practical Guidance for Local Authorities and Police 2022) sets out what audit committee practices and principles a local authority should adopt. It specifically sets out the purpose, model, core functions and membership of what a local authority's governance and audit committee should look like. The Council's Corporate Governance Committee is established in accordance with this Statement and Guidance.

The core functions of the Committee are set out in its terms of reference which are contained in the [Council's Constitution \(Part 3\)](#). In summary these are to:

- Promote and maintain high standards within the Authority in relation to the operation of the Council's Local Code of Governance.
- Ensure that an adequate risk management framework and associated control environment is in place, and to monitor the arrangements for the identification, monitoring and management of strategic and operational risks.
- Ensure that the Authority's financial and non-financial performance is properly monitored and to ensure proper oversight of the Council's financial reporting processes.
- Ensure the Council's Treasury Management arrangements are appropriate and regularly monitored.
- Monitor the adequacy and effectiveness of the Council's Internal Audit Service and the external audit of the Council's services and functions.
- Monitor the effectiveness of the Council's arrangements for combating fraud and corruption.
- Promote and maintain high standards of conduct by members and co-opted members, including advising Full Council on the adoption or revision of its Code of Conduct and monitoring and advising on the operation of its Code in light of best practice and change in the law.

The Committee also reviews the Council's Local Code of Corporate Governance and its Annual Governance Statement (AGS) making recommendations to Full Council to ensure they remain relevant to the Council's work and practices. It also considers the external audit of the Statement of Accounts (including the AGS) and those relating to the Leicestershire Pension Fund to ensure these have been prepared in accordance with best practice. The Committee also makes recommendations to Full Council on any amendments needed to the Council's Financial and Contract Procedure Rules and approves the Council's procedure for handling member conduct complaints (although from May 2026, this will be undertaken by the Council's Constitution and Ethics Committee).

The Committee reports directly to Full Council and is able to liaise with and refer matters to the Council's Cabinet and other bodies, including relevant overview and scrutiny Committees.

Officers of the County Council also play an important role in ensuring good governance. In accordance with Part 2, Articles 12.03 and 12.04 of the County Council's Constitution, the Monitoring Officer will support the Committee through contributing to the promotion and maintenance of high standards of conduct, and the Chief Financial Officer will

provide professional advice to all County Councillors and will support and advise County Councillors and officers in their respective roles.

Internal audit is an essential component of the Council's corporate governance and assurance framework. The Global Internal Audit Standards UK (public sector), implemented from 1 April 2025, require the Head of Internal Audit Service to prepare at the organisation level an overall conclusion encompassing governance, risk management and control at least annually in support of wider governance reporting, whilst being mindful of any specific sector obligations or processes. To do this, the HoIAS arranges a risk-based plan of audits. Under the Council's Constitution, this Committee is required to monitor the adequacy and effectiveness of the system of internal audit.

Membership



Mr
Stuart
Bray
(Chair)



Mr Jewel
Miah
(Vice
Chair)



Mr Mark
Bools



Mrs
Naomi
Bottomley



Mr Simon
Bradshaw



Mr Graham
Cooke



Mr Kevin
Crook
(member
until
September
2025)



Mrs Linda
Danks



Mrs Kerry
Knight



Mr John
McDonald



Mr Joe
Orson



Mr David
Page (member
until January
2026)



Mr Bill Piper



Mr Joseph Boam
(member since
September 2025)



Mrs Rosita Page
(member since January
2026)

Independence

As a Council appointed Committee, the Corporate Governance Committee is appointed in accordance with the requirement for political proportionality but, in line with CIPFA guidance and best practice, it strives for political neutrality.

In May 2025, the Council confirmed the re-appointment of Mr Gordon Grimes and the appointment of Mr John Pilgrim as two non-voting Independent Members to the Committee for a four year period. The introduction of Independent Members enhances its independence and provides added expertise to support the Committee in the discharge of its functions. Their input has been welcomed.

“The breadth and scope of the Committee remains very wide, covering the whole range of local authority activities. At the start of the year, virtually all of the Committee members were newly appointed, with varying degrees of experience both as Committee members and members of the authority. Members provided challenge to officers and were keen to explore the governance arrangements that were in place. This has helped to develop a good range of knowledge and expertise amongst Committee members, who recognised the important role that they fulfil and sought to ensure that governance practices were robust and effective”.

Mr Grimes and Mr Pilgrim

Training

All Committee Members receive induction training before their first meeting. The Committee also then receives training on specific areas as necessary. Prior to its first meeting in June 2025, the Committee received a general training session on corporate governance issues and the functions of the Committee. The Committee has subsequently received a training session relating to the Statement of Accounts. Further training for members of the Committee will be undertaken during 2026/27, aligned to the Committee’s work programme for the next municipal year.

The Committee is also advised when new guidance/best practice is produced and participates in consultations on developing policy, thus helping to shape the national picture, for example, CIPFA and the Code of Conduct.

The Committee's Activities 2025 - 26

Between June 2025 and the end of March 2026, the Committee has met 5 times and considered **36 reports**.

Leicestershire County Council continues to be committed to allowing residents full insight into its decision-making processes. **All meetings of the Corporate Governance Committee are held in public, allowing people to attend in person to view the debate.** Agendas and minutes are published on the Council's website to ensure maximum transparency. Meetings are also publicly broadcast live, and the recordings can be found on the Council's website where they are available to view in perpetuity. See the Council's [YouTube channel](#).

Financial Management

Following concerns around the financial resilience and management of local authorities, CIPFA developed the Financial Management (FM) Code. This is designed to support good practice in financial management and help local authorities demonstrate financial sustainability. The Code builds upon the underlying principles of leadership, accountability, transparency, professional standards, assurance and sustainability, and address those 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 eliminate financial pressure or risk, but compliance with the Code validates an organisation's ability to identify and manage risk and plan for long term financial sustainability. Demonstrating compliance with the Code is the collective responsibility of elected members, the section 151 officer and their colleagues in the leadership team.

The Committee considered the outcome of the assessment of the Council's compliance with the Code in June 2025 and were pleased to see that the required standards had been met. The assessment identified a few areas that required improvement such as continuing to implement recommendations following the 2024 external assessment of the Internal Audit Service, and the need to consistently undertake post implementation reviews of significant capital projects to demonstrate value for money. However, overall confirmation was provided that there were no underlying problems of which the Council had not been aware. The Internal Audit Service also undertook a high-level review of the assessment and concluded that there were no other issues to report. The latest assessment of compliance with the Code is scheduled to be reported to the Committee in June 2026.

Risk Management

A key role of the Committee is to oversee arrangements for the identification, monitoring and management of strategic and operational risk within the Council. To do this it receives a regular update setting out all the corporate risks which have been identified centrally and across departments. Through robust consideration of these reports the Committee:

- Has monitored the overall risk profile of the Council on a quarterly basis, considered emerging risks and issues and noted those risks which have been added and removed from the Corporate Risk Register and the reasons for this.
- Has had the opportunity to test and challenge the scores applied to each risk and their expected direction of travel.
- Sought assurances around how risks are being managed and mitigated.
- Received the following presentations on current and emerging risks:
 - If there is a failure to restore services or maintain services in a major disruption, then the Council is at risk of not being able to deliver identified critical services
 - If there is an actual or perceived breach of procurement guidelines then there may be a challenge which results in a financial penalty
 - The strategic approach to managing the impact of growth in Leicestershire
 - The use of Artificial Intelligence technologies to include assurances on the accuracy of outputs, training plans and the use of personal data within AI, and the risks associated with this
 - The significant increase in demand for reactive highway maintenance repair work to address the highest ever levels of road defects the Environment and Transport department has seen over a winter season.

The Committee is responsible for advising the Cabinet and Full Council on its Risk Management Policy Statement and Strategy and its Insurance Policy which it reviews each year. These are then submitted as appendices to the Council's Medium Term Financial Strategy for approval. The Committee considered the 2026 Policy Statement and Strategy and the Insurance Policy and recommended these be approved without amendment.

Overall, the Committee has received a high level of assurance that the risks identified reflect the complex environment in which the Council operates. It is acknowledged that some risks will remain high (red) indefinitely, as whilst unlikely, the impact if they occurred would be substantial irrespective of the mitigation put in place. The Committee has been satisfied that risk management processes are well established within departments; departments having demonstrated when challenged the positive actions being taken to address those that affect their service area. This has also been demonstrated in the regular reviewing and changing of the register to include or remove risks on a regular basis. This view was supported by the External Auditors in their Annual Report for 2024/25 which included a section on governance arrangements including those for risk management. The Committee was pleased to hear in January 2026 that the External Auditor's findings in relation to 2024/25 were positive and no gaps in risk management had been identified, the Council having been found to have a robust approach.

Fraud and Corruption

The Committee oversees changes to the Council's Anti-Fraud and Corruption Strategy, Anti-Bribery Policy, Anti-Money Laundering Policy and the Policy for the Prevention of Facilitation of Tax Evasion. These are reviewed biennially and are programmed for next review in 2026/27.

In line with the CIPFA Code of Practice – Managing the Risk of Fraud and Corruption, the Internal Audit Service periodically reviews the Council's management of fraud risk. The Committee considered the outcome of this assessment and the corresponding risk gradings for each area identified based on the Council's overall level of exposure and national fraud intelligence received. The Committee has also received assurance regarding the controls in place to mitigate the identified risks from occurring. The Committee oversees the Council's biennial Fraud Risk Assessment (FRA). The highest scoring areas of fraud risk facing the Council, arising from the FRA, typically mirror those reported nationally by other councils.

An Annual Counter Fraud Report is presented to the Committee providing details of counter fraud activity within the Council in the previous 12 month period. Through this oversight, the Committee provides good 'tone at the top' in support of the Council's overall zero-tolerance stance on fraud and other financial irregularity.

The Committee has been assured that raising fraud awareness remains a priority, especially regarding common frauds or emerging frauds which are highlighted through several channels including mandatory e-learning and information shared on the Council's intranet through targeted messages. Fraud intelligence tells us that the common fraud risks at present include mandate fraud, senior officer impersonation fraud, QR-code fraud, insider fraud, cybercrime (e.g. malware, e-mail hacking, ransomware), financial grant support schemes, procurement fraud and Adult Social Care fraud (e.g. direct payments misuse or concealment of assets in the financial assessment process).

Annual Governance Statement (AGS)

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). The AGS is an important requirement which enhances public reporting of governance matters. In essence, it is an accountability statement from each local government body to stakeholders on how well it has delivered on governance over the course of the previous year.

To ensure that the AGS reasonably reflects the Committee's knowledge and experience of the Council's governance and control framework, and that the conclusions and future challenges are appropriate, the 'Delivering Good Governance in Local Government Framework' by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE) requires high level input from the Committee into the AGS.

A provisional draft AGS for 2024/25 was considered by the Committee in June 2025; this determined that there were two significant governance issues that required reporting, namely improving the completion rates of new Education Health and Care Plans (EHCPs) and reducing the number of contract exceptions and extensions that are approved. The Committee agreed that the provisional AGS was consistent with its own perspective on internal control within the Authority. Members received a final draft prior to it being published with the draft Statement of Accounts for 2024-25. However, within the County Council's Constitution (updated December 2024), Part 3 – Responsibility for Functions, Section B: Responsibility for "County Council" functions, the Constitution Committee has a function to approve the final Annual Governance Statement. This occurred at its meeting on 24 November 2025, prior to sign off by the Chief Executive and Leader of the Council.

Following the Council's Annual meeting on 13 May 2026, responsibility for the approval of the draft and final Annual Governance Statement will fall within the remit of the Corporate Governance Committee.

Internal Audit

The Committee works closely with the Council's Internal Audit Service, both overseeing its independence and effectiveness, and receiving assurance from the Service as to the adequacy and effectiveness of the Council's internal control environment.

The Committee has received regular reports from the Head of Internal Audit Service (HoIAS) which have provided updates on progress against the 2024/25 and 2025/26 Internal Audit Plans. The HoIAS has attended all Committee meetings to answer the Committee's questions, and this has enabled the Committee to discuss key findings and seek assurances where appropriate, particularly in relation to the implementation of high importance recommendations by departments following a specific audit.

The internal audit function for East Midlands Shared Service (EMSS) is provided by Nottingham City Council Internal Audit (NCCIA). During the period of this report, in September 2025, the Committee received a report from the Interim Team Leader of Nottingham City Internal Audit which presented the Internal Audit annual report and opinion on EMSS audits for the year 2024-25 along with planned internal audit work for 2025-26. For the three areas audited, a moderate opinion had been given which was considered to be a good conclusion. Members raised concern around the overpayment of salaries; assurance was provided that this was not the fault of EMSS and the majority of issues lay with Nottingham City Council. Leicestershire's position was considerably better with overpayments since April 2025 being less than 0.1% of the Council's payroll and late declarations just over 3%.

In 2023, the Committee supported proposals to undertake an external assessment of the Council's Internal Audit Service, which is required to be undertaken every 5 years in line with Public Sector Internal Audit Standards. An independent external quality assessment review of the Council's Internal Audit Service was undertaken and the outcome (top rating but with some suggested improvements) was reported in May 2024. Members welcomed the positive feedback received.

The Committee also considered changes to internal audit standards, as the Global Internal Audit Standards UK (public sector) along with an Application Note and the Code of Practice for the Governance of Internal Audit in UK local government were all introduced during the year. A revised Internal Audit Charter and a new Internal Audit Strategy were reported. The Strategy has been developed to cover the period January 2026 to 31 March 2028; this period was deliberate because of the unknown outcomes of the pending local government reorganisation.

The Committee had previously been informed of two major audits being completed around Adults and Children's direct payments systems. However, implementation of the recommendations arising from the audits had been delayed due to resources having to be diverted towards a national issue with a prepaid card provider. It was pleasing to note that this issue had now largely been resolved and good progress was being made with the recommendations.

In June 2025, the Committee received the HoIAS's Annual Report for 2024/25 which set out his opinion on the overall adequacy and effectiveness of the Council's control environment. This year, the HoIAS's opinion was that "**reasonable assurance had been given that the Council's control environment has remained adequate and effective.**" The Committee was pleased to hear that assurance had been supplemented by good relationships with the Corporate Management Team and senior management across departments and transparency in their reporting of significant governance issues as detailed in the Annual Governance Statement, as well as by providing detailed updates to risk positions in the Corporate Risk Register.

External Audit

The Committee plays a significant role in overseeing the Council's and Pension Fund's relationship with its external auditors (Grant Thornton LLP) and takes an active role in reviewing the External Audit Plan, progress reports and the Annual Audit Findings report in relation to the County Council and Pension Funds financial statements (Statement of Accounts), and the Auditor's Annual Report setting out the findings of the Value for Money review.

External Auditors are required to be satisfied about the Council's arrangements to secure value for money and as part of their work, consider:

- Financial Sustainability – How the Council plans and manages its resources to ensure it can continue to deliver its services.
- Governance – How the Council ensures that it makes informed decisions and properly manages its risks.
- Improving economy, efficiency and effectiveness – How the Council uses information about its costs and performance to improve how it manages and delivers its services.

During the year the Committee has received regular reports and verbal updates from its External Auditor's setting out progress against the 2024/25 external audit plan.

Representatives from Grant Thornton attended the Committee meeting in November 2025 to present their Annual Report on the Council for 2024/25. Overall, the report was positive and concluded that the Council has appropriate financial management, appropriate governance arrangements in place and appropriate performance measurement, partnership working and procurement arrangements. However, it recognised that, like many other local authorities, Leicestershire faced significant financial challenges due to the insufficient grant for SEND provision. One significant weakness relating to this, and two improvement recommendations, had been made in the report.

At the meeting on 23 January 2026, the External Auditor reported that the audit of the 2024/25 Statement of Accounts had now been completed. The Statement of Accounts were signed off on 29 January 2026 with an unmodified opinion.

Treasury Management

It is the responsibility of this Committee to ensure that the Council's Treasury Management arrangements are appropriate and regularly monitored. The Committee therefore considered and recommended for approval to Full Council the Annual Treasury Management Strategy Statement for 2026/27 which forms part of the Council's Medium Term Financial Strategy. It has also received quarterly progress reports which advise of significant events both locally and nationally which affect the Council's treasury management activities. The Committee also seeks assurances that those with responsibility for treasury management operate within the approved policies when executing transactions.

The Committee is pleased to report that throughout the year it has operated within the treasury and prudential indicators set out in the Council's Strategy during 2025/26, except for the actual financing costs as a percentage of net revenue stream – which was due to the Council taking favourable options to repay external debt early, premiums payable but overall reducing future interest costs. During 2025/26, there were no loans to counterparties that breached the authorised lending list. In June 2025, the Committee considered the annual report for 2024/25 which set out the performance achieved in the year and noted that the investment loan portfolio had varied between £408m and £501m, but had outperformed both the average base rate and the average SONIA in four of the last five years.

Internal Controls

The Committee has responsibility for monitoring the effectiveness of the Council's internal control systems and receives annual assurance reports in relation to a wide range of Council operations. This year the Committee has:

- Received assurance regarding the use by the Council of the **Regulation of Investigatory Powers Act 2016**. The Committee sought and received assurance that there had been no significant legal challenges to the Council's exercise of these powers through the Magistrates Court and that robust internal systems were in place before legal approval was obtained.
- Heard about the Council's **Resilience and Business Continuity** activities during the year. The Committee received assurance that, following a cyber attack on the City Council, steps had been taken to ensure everything was in place to assist with disaster recovery and a range of preventative measures had been implemented, including providing advice to staff, mandatory annual training and a number of infrastructure controls. The Committee was also informed that regular business continuity testing within teams would be mandatory.
- Received a summary of the two referrals raised under the Council's **Whistleblowing Policy** during 2024/25 and the Council's response to the issues. A number of updates to the current policy were also presented to the Committee.
- Considered and endorsed forthcoming changes to the **Contract Procedure Rules**. Once approved by the County Council on 18 February 2026, these changes would come into effect immediately.
- Considered and approved the revised **Risk Management Policy Statement and Strategy and Insurance Policy** and noted the work planned and undertaken by the **Property and Occupants Risk Management Group**.
- Received the **Local Government and Social Care Ombudsman annual review** letter for the Authority for 2024/25 which provided valuable insight into the Council's approach to complaints and considered changes to the Council's processes. There has been an increase in the number of complaints and enquiries received by the LGSCO. Of the 122 cases throughout the year, 36 were referred back for local resolution and 40 were deemed appropriate to be investigated. 33 cases were upheld, which is an increase on the previous year. No public reports against the Council were produced. It is not surprising that the largest number of complaints received related to SEN Assessments and SEN and School Transport and the Committee therefore highlighted the report to the relevant Overview and Scrutiny Committees. It was pleasing to note that the Council's 'Satisfactory Remedy Rate' improved significantly in 2024/25.
- Considered the **Annual Report on the Operation of the Members Code of Conduct**. During the period 1 October 2024 – 1 October 2025, the

Monitoring Officer had received 34 complaints under the Members' Code of Conduct, with the focus of complaints being around engagement with members of the public and social media comments. The Committee noted that social media training was part of the induction process for members, but consideration would be given to undertaking this annually.

- The Ministry of Housing, Communities and Local Government had undertaken a **consultation on strengthening standards**. Whilst it was unclear when any reforms would be introduced, further updates would be presented to the Committee when appropriate.
- Considered and approved a **revised Modern Slavery and Human Trafficking Statement**. This would undergo an annual review to ensure its continued relevance and any significant changes would be presented to the Committee.
- Considered and agreed a **policy for Disclosure and Barring Service (DBS) Checks for elected members**. This reflected a slight revision to the existing policy and had been supported by all Group Leaders.

Looking Ahead for 2026/27

For the coming year the Committee will continue to receive regular updates and annual assurance reports. It will continue to provide the usual level of robust challenge to corporate governance and audit practices and procedures to ensure the Council's arrangements are up to date and fit for purpose and that these are communicated and properly complied with. It will also continue to liaise with the Council's external auditors on areas for improvement.

Rising demand for Council services at a time of reduced resources continue to give rise to significant challenges. The Committee will therefore be vigilant in monitoring the risks arising from these challenges and the mitigations put in place to address them.

The Committee will continue to monitor emerging risks, in particular local government reorganisation.