



AUDIT AND GOVERNANCE COMMITTEE



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| Report subject | Annual Governance Statement 2024/25 and Annual Review of Local Code of Governance |
| Meeting date | 24 July 2025 |
| Status | Public Report |
| Executive summary | <p>The Accounts and Audit Regulations 2015* require councils to produce an Annual Governance Statement (AGS) to accompany its Statement of Accounts.</p> <p>The AGS concludes that BCP Council “has effective and fit-for-purpose governance arrangements in place in accordance with the governance framework”.</p> <p>After considering all the sources of assurance (for governance arrangements), BCP Council Corporate Management Board identified that the following significant governance issues existed:</p> <ul style="list-style-type: none"> • Dedicated School Grant • Department for Education Statutory Direction for special educational needs and disability (SEND) services • Mandatory Training <p>An action plan to address these significant governance issues has been produced and is being implemented. An update against the action plan will be brought to Audit and Governance Committee in January 2026.</p> <p><small>*and as amended by the Accounts and Audit (Amendment) Regulations 2024</small></p> <p>Only minor amendments to the Local Code of Governance have been necessary to keep pace with the Council's changing governance arrangements.</p> |
| Recommendations | <p>It is RECOMMENDED that:</p> <p>a. The ‘pre-audited’ Annual Governance Statement 2024/25 is approved (subject to any comments received in connection with the public inspection of accounts)</p> <p>b. The annual update of Local Code of Governance is approved.</p> |
| Reason for recommendations | <p>The Accounts and Audit Regulations 2015* require authorities to conduct a review at least once a year of the effectiveness of its governance arrangements and, following the review, approve an AGS which must accompany and be published with the Council's</p> |

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| | Statement of Accounts. |
| Portfolio Holder(s): | Cllr Mike Cox, Portfolio Holder for Finance |
| Corporate Director | Graham Farrant, Chief Executive |
| Report Authors | <p>Nigel Stannard Head of Audit & Management Assurance  nigel.stannard@bcpcouncil.gov.uk</p> <p>Ruth Hodges  ruth.hodges@bcpcouncil.gov.uk Audit Manager (Deputy Chief Internal Auditor)</p> |
| Wards | Not applicable |
| Classification | For Decision |

Background

1. The Accounts and Audit Regulations 2015* require the Council to produce an Annual Governance Statement (AGS) following review of its governance framework. This review is carried out in accordance with the CIPFA/SOLACE 'Delivering Good Governance in Local Government' framework and guidance.
2. The governance framework comprises the systems, processes, culture and values by which the Council is directed and controlled, and by which it is accountable to, engages with and leads the community.
3. BCP Council's Local Code of Governance describes the Council's governance framework using the seven principles of governance identified by best practice, shown in diagram 1 below.
4. The AGS comments on the effectiveness of these arrangements and identifies any significant issues (weaknesses) for the Council to address.
5. The draft AGS has been published as part of the Statement of Accounts statutory public inspection period from 30 June to 8 August 2025, during which time the public has the right to inspect, make an objection to, or ask the external auditor questions about any part of the accounts, including the AGS. If comments pertaining to the AGS are received these will be considered by CMB and presented to the Audit & Governance Committee ahead of the final statement of accounts being audited and published.
6. Once approved by A&G Committee the AGS will then become the 'pre-audited version' that is submitted within the Statement of Accounts to the External Auditors. At this stage it is also required to be signed by the Chief Executive and Leader of the Council, who must be satisfied that the document is supported by reliable evidence.
7. The final audited AGS is published within the Council's Statement of Accounts.
8. The Audit & Governance Committee is required to review the AGS and monitor the Council's response to the issues identified in the action plan.

Diagram 1, taken from the 'International Framework: Good Governance in the Public Sector'.



Process for Compiling the AGS

9. The AGS is compiled from a wide range of evidence sources across the Council, including in-year elements and a year-end assessment which includes:
 - Completion of Management Assurance Statements by service directors;
 - Internal documentation and reports;
 - Consideration of governance of BCP companies and trusts;
 - Chief Internal Auditor's Annual Report (reported separately to this Committee);
 - Findings from internal and external reports (e.g. external audit, OFSTED);
 - Follow up of the previous year's AGS Action Plan; and
 - Consideration of any matters arising from the public inspection period.
10. A range of potential issues were identified during the evidence gathering process and was considered by BCP's Corporate Management Board (CMB). CMB recognise whether an issue constitutes a significant governance issue is one of

judgement rather than fact, however the criteria below provide a framework for those judgements:

- has/may seriously prejudice or prevent achievement of a principal Council objective or priority;
- has/may result in a need to seek additional funding to allow it to be resolved, or has/may result in a significant diversion of resources from another service area;
- has/may led to a material impact on the accounts;
- has/may attract significant public interest or has/may seriously damage the reputation of the Council;
- has/may be publicly reported by a third party (e.g. Grant Thornton, Ofsted) as a significant governance issue; or
- has/may result in formal action being taken by the Chief Financial Officer and/or the Monitoring Officer.

AGS Conclusion and areas requiring improvement

11. The AGS concludes that BCP Council “**for the year ended 31st March 2025 and to the date of the publication of the Statement of Accounts, it has effective, fit-for-purpose governance arrangements in place in accordance with the governance framework.**”
12. Overall governance arrangements are considered sound. The Council has desire and a duty to improve governance arrangements, accordingly three governance issues are identified, as follows:

| | Significant Governance Issue 2024/25 | |
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| 1 | Dedicated School Grant (DSG) | This remains a significant governance issue from the 2023/24 AGS . Note , this issue is common to a significant number of other upper tier local authorities. |
| 2 | Department for Education (DfE) ‘Statutory Direction’ for special educational needs and disability services (SEND) | This remains a significant governance issue from the 2023/24 AGS . |
| 3 | Mandatory Training | Although improvement has been made, this remains a significant governance issue from the 2023/24 AGS . |

13. Of the five significant governance issues identified in the 2023/24 AGS, three have been included in this year’s AGS as shown in the table above. The remaining 2023/24 issue, **Best Value Notice** and **the Delay in the completion of the previous years’ External Audit**, have been addressed.
14. An action plan to address the four issues has been put in place and high-level progress against these actions will be reported to Audit and Governance Committee in January 2026.

15. There were also a series of other issues identified for possible inclusion in the AGS. Whilst these were undoubtedly issues for the Council, they did not meet the Council's significant governance issue criteria, for example, they may be significant risks to the Council but not directly governance related, they may have been governance weaknesses, but in a relatively narrow scope of the Council's business, or they may have been operational concerns rather than governance issues. Consequently, these issues were not included as significant governance issues on the AGS statement. Some of these are shown below (not an exhaustive list) as follows:
- Association for Public Service Excellence (APSE) Legal Challenge
 - BCP Council Companies Governance
 - BCP Council Local Plan not supported by the Planning Inspectorate
 - Housing Delivery – budget monitoring of acquisitions
16. Please note that the version of the AGS published as part of the Statement of Accounts for public inspection includes Housing Delivery as a significant governance issue. Following further investigation, it was concluded that whilst there were some weaknesses in governance, this does not meet the criteria of a significant governance issue. There was, for example, no overall overspend and decision records were in place for every acquisition.
17. There is currently an investigation into concerns regarding BCP FuturePlaces, the scope of which includes governance processes. As FuturePlaces did not exist in 2024/25 this has not been included as a significant governance issue on this year's AGS. Please note, however, that FuturePlaces was included as a significant governance issue in the 2022/23 AGS and removed for 2023/24 following its closure.
18. This strong focus on governance and improvement reflects the Council's objective to deliver its priorities with openness and transparency and to improve the Council's financial sustainability.

BCP Council – Local Code of Governance

19. The BCP Local Code of Governance is regularly reviewed to keep it as up to date as practicable. Since the inception of BCP Council, regular revisions have been necessary to reflect the evolution of the Council's governance arrangements. Only very minor tweaks were required this year. A revised version is attached at Appendix 2 for approval.

Options Appraisal

20. An options appraisal is not applicable for this report.

Summary of financial implications

20. The AGS is part of the annual Statement of Accounts and is reviewed by Grant Thornton, the External Auditor, to ensure it is consistent with their understanding of the organisation. Consequently, failure to produce an AGS and / or failure to properly disclose any matter known to the organisation would be reported by Grant Thornton.
21. Grant Thornton will reflect on the council's AGS in drawing its value for money conclusion for 2024/25 as part of their annual report to this committee.

Summary of legal implications

22. The Accounts and Audit Regulations 2015* require the Council to produce an AGS. Failure to comply would result in the Council not meeting its statutory requirements.

Summary of human resources implications

23. There are no direct human resources implications from this report.

Summary of sustainability impact

24. There are no direct sustainability impacts from this report.

Summary of public health implications

25. There are no direct public health implications from this report.

Summary of equality implications

26. In respect of the Local Code of Governance, an Equality Impact Assessment Screening Tool has been completed and reviewed. The Council's Equality & Diversity policy, supporting the equality & diversity governance framework and equality impact assessment processes, which are part of the Local Code of Governance, are in place to ensure and promote positive equality outcomes for everyone.

Summary of risk assessment

27. There is a risk that failure to prepare the Annual Governance Statement in line with proper practice would breach the requirements of the Accounts and Audit Regulations 2015.
28. If timely actions are not taken to address the issues in the Action Plan arising from the AGS, then there is a risk that the Council's governance arrangements may not be adequate or consistent with good practice.

Background papers

None

Appendices

Appendix 1 – BCP Council AGS 2024/25

Appendix 2 – Local Code of Governance (June 2025 update)