

BCP Council

Annual Governance Statement

2024/25

Draft – updated for Audit & Governance Committee

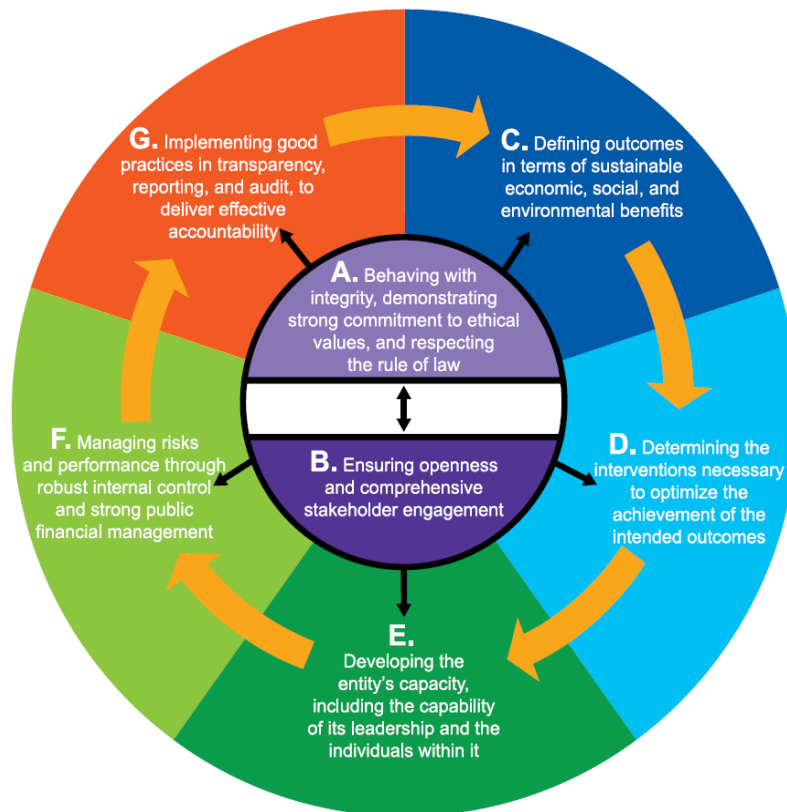
July 2025 - *Note this is an updated version of public inspection*

Scope of Responsibility

- 1 BCP Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and accounted for and used economically, efficiently and effectively.
- 2 In discharging this overall responsibility, BCP Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and arranging for the management of risk.
- 3 To this end, BCP Council has adopted a Local Code of Governance which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of this Code is available on the [Council's website](#).
- 4 The Annual Governance Statement (AGS) explains how BCP Council complied with the Code and met the requirements of the Accounts and Audit Regulations 2015 (as amended) in relation to its preparation, approval and publication.

The Purpose of the Governance Framework

- 5 The governance framework comprises of the systems and processes, culture and values by which the authority is directed and controlled, and by which it accounts to, engages with and lead its communities. It includes arrangements to monitor the achievement of its strategic objectives and to consider whether those objectives led to the delivery of appropriate services and value for money.
- 6 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It does not eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives; to evaluate the likelihood and potential impact of those risks being realised; and to manage them efficiently, effectively and economically.
- 7 The key elements of the Council's governance framework are identified in the [Local Code of Governance](#) which is consistent with the seven best practice principles of the *International Framework: Good Governance in the Public Sector* (CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*) as shown in the diagram below.



- 8 BCP Council's governance framework was in place for the year ended 31 March 2025 and up to the date of the approval of the Statement of Accounts.

Review of Effectiveness of the Governance Framework

- 9 BCP Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including how it meets the principles above and the effectiveness of the system of internal control. This includes how its vision, priorities and ambitions, as articulated in the corporate strategy "A shared vision for Bournemouth, Christchurch and Poole", are delivered, effectiveness of decision making, and governance of partnerships and group entities.
- 10 The AGS is the method by which we record the outcome of this review. The AGS also includes the Council's group entities as identified in its Statement of Accounts.
- 11 As part of the review, the Council considers both in-year, continuous elements and year-end review processes.
- 12 Many of the elements identified in the Local Code of Governance provided on-going review of the effectiveness of the governance framework during the 2024/25 financial year including:
- Democratic processes, such as Full Council, Cabinet, Overview and Scrutiny functions, which operated in line with the Council's Constitution.

- The Audit and Governance Committee, which provided independent assurance to the Council on the effectiveness of governance arrangements, risk management and the internal control environment.
- Established arrangements for senior officers to meet as part of Corporate Management Board, Corporate Strategy Delivery Board and Directors Strategy Group.
- Statutory Officers Group, comprising of the Chief Executive, Monitoring Officer and Chief Financial Officer, which met regularly throughout the year. The Head of Audit & Management Assurance also attended these meetings.
- The role of the Chief Financial Officer (CFO) in terms of non-statutory codified professional practice, legislative and statutory responsibilities, and corporate governance requirements is set out in the Council's Constitution. The Council's financial management arrangements conformed to the governance requirements of the CIPFA Statement of the Role of the Chief Financial Officer in Local Government (2016). The Director of Finance is designated as the Council's CFO.
- Substantial compliance with the Financial Management Code with actions in place to address the remaining issues.
- The Council's assurance arrangements also conformed to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2019). The Head of Audit & Management Assurance was designated as the Council's Head of Internal Audit.
- The Director of Law & Governance has been designated as the Monitoring Officer, whose functions include a duty to keep under review the operation of the Constitution to ensure it is lawful, up to date and fit for purpose.
- Review of and changes to the Constitution following the work of the Constitution Review Working Group and Monitoring Officer.
- The Council reached a good level of performance against the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption. This means the organisation has put in place effective arrangements across many aspects of the counter-fraud code and undertook positive action to manage its risks.
- Internal Audit, who provided an independent appraisal function and assurance on the adequacy of internal controls and of risks to the Council's functions and systems.
- External Audit, to whom the Council provides support, information and responses as required, and ensures findings and recommendations are appropriately considered.
- Regular scrutiny of financial monitoring reports by Councillors and Officers.
- External reviews and inspections, the results of which are reported and acted upon as appropriate. These included, for example:
 - Ofsted Inspection of Children's Services;
 - Local Plan examination hearings; and
 - Lifting of Best Value Notice.

13 A year-end assessment of the effectiveness of the governance arrangements was undertaken, using sources of evidence including:

- Completion of Management Assurance Statements by all Service Directors;
- Internal documentation and reports;
- Chief Internal Auditor's Annual Report;
- Findings from internal and external reports; and
- Follow up of the 2023/24 AGS action plan.

Evaluation, Conclusion and Significant Governance Issues

- 14 Following review and evaluation of governance arrangements, BCP Council considers that, **for the year ended 31 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.**
- 15 The Council's Corporate Management Board (CMB) considered the effectiveness of the governance arrangements, including potential significant governance issues arising from the review, using the following criteria as a guide:
- The governance issue may, or has, seriously prejudice/d or prevent/ed achievement of a principal Council objective or priority;
 - The governance issue may, or has, result/ed in a need to seek additional funding to allow it to be resolved, or may, or has, result/ed in a significant diversion of resources from another service area;
 - The governance issue may, or has, led to a material impact on the accounts;
 - The impact of the governance issue may, or has, attract/ed significant public interest or seriously damage/ed the reputation of the Council;
 - The governance issue may, or has, be/en publicly reported by a third party (e.g. external audit, Information Commissioner's Office) as a significant governance issue;
 - The governance issue may, or has, result/ed in formal action being taken by the Chief Financial Officer and/or the Monitoring Officer.
- 16 Overall governance arrangements are considered sound. The Council has desire and a duty to improve governance arrangements. As a result, CMB determined that the following were governance issues in 2024/25 requiring improvement. An action plan is shown on Table 1.

	Significant Governance Issue 2024/25	
1	Dedicated School Grant (DSG)	This remains and updates 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	Member Mandatory Training	This updates the Mandatory Training significant governance issue from the

		2023/24 AGS , to focus of Member completion rates.
--	--	---

- 17 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 in paragraph 16. The remaining 2023/24 issues, Best Value Notice and the delay in the completion of the previous year's External Audit, have been addressed.
- 18 BCP Council received confirmation from MHCLG that the Best Value Notice expired in August 2024 and would not be reissued at this time. It noted that "BCP has worked positively with the department and has set out and implemented a range of improvement measures to address the identified concerns."
- 19 The Notice expected actions to be delivered in relation to improvements to FuturePlaces governance, which the inspectors were satisfied had been addressed. FuturePlaces remains subject to on-going scrutiny via Audit & Governance Committee.
- 20 The national external audit backlog has been addressed via the national 'backstop' arrangements, and these will result in some residual accounting and external auditing issues. However, there are no remaining significant governance related issues impacting the Council.
- 21 There were also a number 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, or 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 are not included as significant governance issues. Some of these are shown below (not an exhaustive list) as follows:
- APSE Legal Challenge – this relates to Thurrock Council legal action against multiple local authorities, including BCP. BCP Council is engaged in legal proceedings.
 - Companies Governance – there is an on-going review of governance arrangements for the Council's companies following the Council Owned Companies Shareholder Governance Review. This will be widened to include the Council's charities.
 - Local Plan – the Planning Inspectorate concluded that they did not support the submission Local Plan at Stage 1 of the examination. The Council is now intending to produce a new Local Plan.
 - Housing Delivery project management - recent overspends in housing delivery service area, budget monitoring and management of acquisitions through works to lettings within authorities granted by Cabinet.
- 22 Whilst not appearing in the AGS as significant governance issues, proportionate action is underway to improve governance arrangements and/or manage risks in the areas shown in paragraph 21.

Table 1 - 'Significant Governance Issues' and Action Plan

1	<p>Designated School Grant (DSG) – the high needs funding shortfall is estimated to be £44.6m for the financial year 2024/25 and a further £57.5m for the financial year 2025/26. The accumulated DSG deficit is therefore estimated to be £108m on 31 March 2025 increasing to £165.5m on the 31 March 2026. There are a number of major governance factors:</p> <p>a) The annual expenditure by the service above the level of annual government grant with a number of contributory factors including the cost of out of borough placements.</p> <p>b) National government requesting that the council fund the annual 2025/26 DSG deficit by the use of temporary borrowing on the basis of their firm commitment to act to deliver a solution which addresses the issue and returns the SEND system to financial sustainability in 2025.</p> <p>c) The consequence of no announcement, or a very late announcement in respect of 2026/27 budget setting, on the national government's commitment to fix the SEND funding system.</p>		
	Action Points	Responsible Officer	Target Date
	Review of expenditure in high needs to identify mitigations.	Corporate Director of Children's Services	Ongoing
	Progress in achieving the DSG deficit recovery plan is being monitored through the SEND Improvement Board.	Corporate Director of Children's Services Chief Executive & Director of Finance	Ongoing
2	<p>Department for Education Statutory Direction for special educational needs and disability services (SEND) – February 2024 - BCP Council received statutory direction in relation to SEND from the Department for Education (DfE) in February 2024 following a monitoring visit in July 2023. A SEND Improvement Plan is in place and has been progressed during the year monitored through the SEND Improvement Board. A full SEND inspection is anticipated during 2025</p>		
	Action Points	Responsible Officer	Target Date
	The SEND Improvement Plan continues to be delivered in accordance with agreed timescales, reviewed and monitored by the SEND Improvement Board and progress reported to Children's Overview & Scrutiny Committee.	Director of Children's Services	Ongoing - March 2026

3	<p>Mandatory Training – completion rates for mandatory training for officers have increased from 73% in March 2024 to 86% in April 2025. The new performance framework helps to sustain the on-going improvement in completion rates.</p> <p>However, completion rates for some elements of Councillor mandatory training stands as low as 54%. We will be working with this group to support an uptake.</p>		
	Action Points	Responsible Officer	Target Date
	Monitoring of completion rates for mandatory training for Councillors is undertaken regularly. Targeted reminders to be sent to individual Members, along with clear explanations of the risks, both to the Council and to the Councillors themselves, if this training is not undertaken.	Monitoring Officer Director of People & Culture	Monthly

This statement explains how BCP Council has complied with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government* and also meets the requirements of the Accounts and Audit Regulations 2015.

We have been advised on the implications of the results of the review of the effectiveness of the governance framework by the Audit and Governance Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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

G Farrant - Chief Executive of BCP Council

Date

Leader of BCP Council

Date