

AUDIT AND GOVERNANCE COMMITTEE



Report subject	Annual Governance Statement 2024/25 Action Plan Update
Meeting date	15 January 2026
Status	Public Report
Executive summary	<p>This report provides an update against the Annual Governance Statement (AGS) Action Plan which identified actions to be taken to address the significant governance issues identified in the 2024/25 AGS.</p> <p>Progress against the agreed action plan is as follows:</p> <p>Dedicated School Grant (DSG) - The DSG deficit continues to increase, with an accumulated DSG deficit of £113.3m as of 31 March 2025. This is predicted to grow to £183.1m by the 31 March 2026. A detailed update report was taken to November Children's Overview and Scrutiny Committee. A further report is going to the January committee which includes potential suggestions for mitigations.</p> <p>Department for Education Statutory Direction for special educational needs and disability services (SEND) – February 2024 – a revised SEND and Improvement Plan was signed off in September 2025. This is reviewed monthly and reported to the SEND Improvement Boards. The local area SEND inspection by Ofsted and CQC took place in November, and the final report will be published in February 2026.</p> <p>Mandatory Training – training completion rates for Members has increased slightly but still falls below the expected rates.</p>
Recommendations	It is RECOMMENDED that Audit & Governance Committee note the progress made to address the significant governance issues on the BCP Council AGS Action Plan 2024/25.
Reason for recommendations	Audit & Governance Committee has the responsibility for considering the arrangements for Corporate Governance including reviewing and approving the AGS.
Portfolio Holder(s):	Cllr Mike Cox, Finance
Corporate Director	Aidan Dunn, Chief Executive
Report Authors	Nigel Stannard - Head of Audit & Management Assurance

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Wards	Not applicable
Classification	For Update

Background

1. The 2024/25 draft Annual Governance Statement (AGS) for BCP Council was agreed by Audit and Governance Committee in July 2025.
2. Subsequently, the Statutory Officer Group (Chief Executive, Monitoring Officer, S151 Officer and Chief Internal Auditor) have given further consideration as to whether there are any additional significant governance issues which should be included in the AGS. This is because:
 - the AGS must cover governance issues pertinent to the year in question (2024/25) including those which emerge between year end and the publication of the Statement of Accounts (not yet published)
 - the public inspection period ran until 8 August 2025 which meant that a small number of objections / comments were received after the draft was agreed
3. No additional governance issues have been identified as a result and therefore no changes to the draft version of the AGS has been deemed necessary. The final will be included in the Statement of Accounts is being presented to this Committee.
4. The AGS concluded that BCP Council “has effective and fit-for-purpose governance arrangements in place in accordance with the governance framework”. However, the following significant governance issues were identified:
 1. Dedicated School Grant (DSG)
 2. Department for Education Statutory Direction for special educational needs and disability services (SEND) – February 2024
 3. Mandatory Training
5. An Action Plan to address the issues identified was approved and it was agreed that a progress report be presented to this Audit and Governance Committee.
6. Work will shortly commence to prepare the 2025/26 AGS, including the completion of assurance statements by directors. These will be used to assess the adequacy of the governance framework. The draft will be available for public inspection in line with the statutory time frame.

2024/25 Action Plan Progress

Table 1 shows progress against the actions identified in the action plan.

Table 1 - showing Update against Annual Governance Statement 2024/25 Action Plan:

1	<p>Dedicated 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> <p>Update – December 2025 - The DSG deficit continues to increase, with an accumulated DSG deficit of £113.3m as of 31 March 2025. This is predicted to grow to £183.1m by the 31 March 2026.</p>		
Action Points	Responsible Officer	Target Date	Update – December 2025
a) Review of expenditure in high needs to identify mitigations.	Corporate Director of Children's Services	On-going	<p>A report was taken to November Children's Overview and Scrutiny Committee. A further report is going to the January committee which includes potential suggestions for mitigations.</p> <p>Transformation work is underway to address the barriers and process inefficiencies in the funding and payment processes that make it difficult to understand the detailed cost and volume picture.</p> <p>The Government's November 2025 Budget statement has:</p> <ul style="list-style-type: none"> Confirmed that the Dedicated Schools Grant Statutory Override, which helps LAs to manage SEND costs, will stay in place until the end of the March 28. Set out that, from 2028/29, central government support to LAs for SEND will be set at a level that means that LAs will not need to build up any further deficits And set out that the funding for that, in 2028/29, will be absorbed within the overall government budget, not the Core Schools Budget.

				<ul style="list-style-type: none"> Budgets from 2028/29 onwards will be confirmed in the 2027 Spending Review Further detail on support for LAs with historic and accruing deficits, up to 2028/29, and conditions for accessing such support, were anticipated to be shared in the December 2025 provisional 2026/27 Local Government Finance Settlement. They are now being promised later in the settlement process. Further detail on SEND policy changes will be set out in the full Schools White Paper in the new year.
	b) Progress in achieving the DSG deficit recovery plan is being monitored through the SEND Improvement Board.	Corporate Director of Children's Services Chief Executive	Ongoing	<p>This was an agenda item discussed on the November SEND and AP Local Area Partnership Executive Board.</p> <p>Terms of reference for a new governance board for oversight of the High Needs Block Deficit Recovery Plan have been established, and the inaugural meeting of the board takes place in January 2026. The new Deficit Recovery Plan will be discussed and signed off at that board meeting.</p>
2	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			
	Action Points	Responsible Officer	Target Date	Update – December 2025
	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	On-going March 2026	The previous SEND Improvement Plan has been reviewed by the partnership, closed and a revised SEND and AP Improvement Plan created and signed off by the SEND Improvement Board in September 2025. This is reviewed monthly and progress reported into the SEND Improvement Boards at partnership and executive level, along with Children's Overview and Scrutiny Committee as per their forward plan. The local area SEND inspection by Ofsted and CQC took place in November, and the final report will be published in February 2026. The improvement plan will be revised as needed based on the report.

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. 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>		
	<p>Action Points</p> <p>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.</p>	<p>Responsible Officer</p> <p>Monitoring Officer</p> <p>Head of HR</p>	<p>Target Date</p> <p>Update – December 2025</p> <p>As at end November 2025, there had been a slight increase in the uptake of mandatory training by Councillors.</p> <p>There have previously been varied reasons for non-compliance. This includes the need to provide reasonable adjustments in the way that the training is delivered. Ways to increase take up will continue to be explored.</p> <p>Group Leaders will also be consulted to promote take up of mandatory training within their groups.</p> <p>IT & Programmes have continued to encourage engagement with Digital, Data and associated cyber risks through their 6-weekly engagement with our Digital Working Group.</p> <p>In addition, the Chair of Standards Committee has been invited to Audit & Governance Committee in February 2026 to appraise the Committee on the status of councillors training.</p>

Options Appraisal

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

Summary of financial implications

17. There are no direct financial implications from this report.

Summary of legal implications

18. There are no direct legal implications from this report.

Summary of human resources implications

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

Summary of sustainability impact

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

Summary of public health implications

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

Summary of equality implications

22. There are no direct equality implications from this report.

Summary of risk assessment

23. There are no direct risk implications from the report. However, failure to improve the governance arrangements in the areas identified will mean those risks are not addressed.

Background papers

Annual Governance Statement 2024/25 (Audit & Governance Committee July 2025)

Appendices

There are no appendices to this report.