Appendix 1

BCP Council

Annual Governance Statement

2025/26

July 2026 – Draft for inclusion in Statement of Accounts

Executive Summary

This statement explains how BCP Council has complied with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government (2025)* which are embodied in its Local Code of Governance.

Following review and evaluation of governance arrangements, BCP Council considers that, **for the year ended 31 March 2026 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**.

Whilst the overall governance framework is considered sound, the review identified the following four significant governance issues, for which agreed actions are in place:

- Dedicated School Grant (DSG) and Special Educational Needs and Disability (SEND) Services
- Councillor Mandatory Training
- Council Owned Companies
- Corporate Asset Management

In addition to the above, the Council is committed to continual strengthening of its governance, for example, though actions to improve governance of Unregistered Placements, Information Governance and Equality & Diversity Governance Framework. Lessons learnt from FuturePlaces and other projects are being used to identify any governance improvements required.

Particular focus for 2026/27 is ensuring governance arrangements respond to the increasingly challenging financial situation, allowing the Council to continue to meet its statutory requirements, deliver essential services and objectives. In conjunction with this, senior management have begun implementing enhanced performance reporting through the Performance Corporate Management Board (CMB) meetings, which focus on performance and risk.

We are satisfied that the review of the effectiveness of the governance framework has been undertaken in line with the principles of *Delivering Good Governance in Local Government* and has been approved by the Audit and Governance Committee.

We confirm that the evaluation of governance arrangements and significant governance issues identified align with our understanding of the organisation. We are satisfied that the proposed actions will address the significant governance issues identified and that arrangements are in place to deliver, monitor and report progress.

We are pleased that the Council's governance framework facilitates continuous improvements to governance arrangements where required.

Chief Executive of BCP Council	Leader of BCP Council
Date	Date

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 (2025)*. A copy of this Local 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 leads 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 CIPFA/SOLACE *Delivering Good Governance in Local Government: Framework* (2016/2025) as shown in the diagram below:

8 BCP Council's governance framework was in place for the year ended 31 March 2026 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 2025/26 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. An annual report is produced to provide assurance as to the way in which Audit & Governance Committee have discharged its role.

- 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, 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.

- Arrangements to achieve value for money, including procurement arrangements set out in Financial Regulations

- Performance Management Framework to support delivery of the Council's objectives

- 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:
    - Regulator of Social Housing - Regulatory Judgement;
    - Ofsted/Care Quality Commission – Area SEND Inspection;
    - Adult Social Care Inspection.

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 and supporting evidence;
- Findings from internal and external reports; and
- Follow up of the 2024/25 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 2026 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:

a) The governance issue may, or has, seriously prejudice/d or prevent/ed achievement of a principal Council objective or priority;

b) 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;

c) The governance issue may, or has, led to a material impact on the accounts;

d) The impact of the governance issue may, or has, attract/ed significant public interest or seriously damage/ed the reputation of the Council;

e) 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;

f) 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 a desire and a duty to improve governance arrangements. As a result, CMB determined that the following were governance issues in 2025/26 requiring improvement:

- Dedicated School Grant (DSG) and Special Educational Needs and Disability (SEND) Services
- Councillor Mandatory Training
- Council Owned Companies
- Corporate Asset Management

An action plan is shown on Table 1. Progress against the plan will be monitored and reported to Audit & Governance Committee.

17 The status of the three significant governance issues identified in the 2024/25 AGS is shown in the table below.

	Significant Governance Issues - 2024/25	
1	Dedicated School Grant (DSG)	Whilst the government has announced plans to provide funding to cover 90% of deficits on the approval of the local area's SEND Reform Plan, this remains a significant governance issue and has been merged with the SEND issue below.
2	Department for Education (DfE) 'Statutory Direction' for special educational needs and disability services (SEND)	Improvements have been made and acknowledged through the Ofsted Inspection; the statutory direction is being lifted and replaced with a short-term improvement notice focused on DfE approval of the local SEND Reform Plan. However, this remains a governance issue and has been merged with the DSG issue above.
3	Member Mandatory Training	Whilst minor improvements have been made, this remains a governance issue.

18 Other issues were 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 or operational issues, but not directly governance related. These include the below and where appropriate, actions are underway to address these:

- **Unregistered Placements** - A more structured approach to assurance over the use of unregistered placements in Children's Services will be introduced following a review of current arrangements. A review will be undertaken by the Director of Commissioning, Resources and Performance by September 2026
- **Financial Monitoring** - In response to the continued challenging financial position of the Council, governance arrangements have been enhanced by introducing monthly budget monitoring reports to CMB monthly (up from quarterly)
- **Information Governance** – there are concerns regarding the Council's capacity and governance to keep pace with the increasing demand and complexity of

information governance (such as level of FOI requests); during 2025/26, overall response rates have been below the statutory target, and three complaints to the ICO were partially upheld. A review of the Information Governance function, including appointment of a permanent Data Protection Officer, is to be undertaken.

- **Equality & Diversity Governance Framework –** the Equality & Diversity Governance Framework no longer fully operates as described; however, it is currently being updated to reflect changes in legislation and organisational structure. This review is being led by the Head of Policy, Performance and Strategy, supported by People and Culture and working with the Service Unit Equalities Champions and Staff Network Groups.

19 During 2025/26, governance concerns in relation to FuturePlaces and Carter's Quay have been in the spotlight. Whilst these are not highlighted as 'significant governance issues' (as they were not 'live' governance issues during 2025/26), Audit & Governance Committee has received reports incorporating lessons learned and any actions required to improve governance matters, which are either complete or on-going.

20 Improvements to governance have continued to be made during the year. These include continuous improvements, for example, through the update and review of Council policies and implementation of Internal Audit recommendations. During the year, a revised Risk Management Policy which includes Enterprise Risk Management, was approved.

Forward Look on Governance

21 The Council is committed to continual strengthening of its governance arrangements, in response to changing needs and developing risks. Looking ahead to 2026/27, in addition to the actions identified above, the following areas will bring improvements to the Council's governance, however, this is not exhaustive and the Council will respond when new areas of risk emerge.

22 Audit & Governance Committee continue to seek assurance and improvements regarding governance, for example, the 2026/27 Forward Plan identifies areas such as the below for detailed examination:

- Governance of Regeneration Projects
- Risk Management Policy
- Council Owned Companies
- Artificial Intelligence – Governance & Risk

23 Particular focus for the coming year is ensuring governance arrangements respond to an increasingly challenging financial situation, to allow the Council to continue to meet its statutory requirements, deliver essential services and objectives. This includes introduction of the 'traffic light' system.

24 In conjunction with this, senior management have begun implementing enhanced performance reporting programme through the monthly Performance Corporate Management Board (CMB) meetings, which focus on performance and risk, with Strategic CMB meetings looking at long-term opportunities and risk, and a weekly CMB stand-up addressing immediate issues.

25 Regular review of the Council’s Risk Registers will also help identify areas where governance arrangements need updating.

26 The programme for managing BCP Council’s needs and aspirations for Devolution is now mobilised, which will feed into and support our position in the Wessex Devolution conversation.

27 Plans are also in place to respond to the areas of improvement identified in the Adult Social Care CQC report.

Table 1 - 'Significant Governance Issues' and Action Plan

1	**Designated School Grant (DSG)** & **Special Educational Needs and Disability (SEND) services** Whilst the DSG deficit continues to increase to a predicted £183.1m by 31 March, the government has announced plans to write off 90% of accumulated deficit. However, this is contingent on government agreement of a local SEND reform plan. The remaining 10% will continue to grow until 2028. An Ofsted inspection was carried out in November 2025 which confirmed significant improvements in the position. The SEND and Alternative Provision improvement plan is being revised following the publication of the report in February 2026.		
	Action Points	**Responsible Officer**	**Target Date**
	Produce robust local SEND and Alternative Provision reform / improvement plan and achieve government agreement	Corporate Director of Children's Services, Chief Executive & Director of Finance	September 2026
	Monitor and report delivery of SEND plan to ensure remaining improvements are met as required	Corporate Director of Children's Services	As per SEND Reform Plan
	Review of expenditure and budget controls to ensure robust financial management	Corporate Director of Children's Services, Chief Executive & Director of Finance	On-going March 2027

2	**Councillor Mandatory Training** – despite encouragement to undertake training, mandatory training completion rates for councillors remains lower than expected with little improvement over the last year.		
	Action Points	**Responsible Officer**	**Target Date**
	Councillors will be reminded of the importance of undertaking all mandatory training as required.	Monitoring Officer Director of IT & Programmes	September 2026
	Consequences of non-completion with mandatory training to be determined and rolled out to councillors (such as removal of IT equipment, reports to Standards Committee) and consideration given to publication of training records.	Monitoring Officer Director of IT & Programmes	September 2026

3	**Council Owned Companies –** a range of governance concerns in some of the Council owned companies have emerged over a number of years. These include the current lack of a permanent company secretary, role and liabilities of directors, and governance improvements recommended in previous internal reviews and external audits.		
	Action Points	**Responsible Officer**	**Target Date**
	Undertake a review of the purpose, operation and governance arrangements of the Council owned companies	Chief Operations Officer	October 2026
	Produce an action plan to respond to any recommendations which arise from the review (and implement the relevant recommendations approved by the A&G Committee in relation to the review of FuturePlaces, applicable to wider BCP Council owned companies)	Chief Operations Officer	November 2026

4	**Corporate *Asset Management –** The Council does not have a strategy or financial plan to address concerns over deteriorating corporate asset conditions, including those impacting health and safety. *(This does not include Council Housing Stock Management)		
	Action Points	**Responsible Officer**	**Target Date**
	Undertake review of corporate assets to identify conditions and in particular highlight any health & safety risks	Chief Operations Officer	October 2026
	Produce and resource an action plan which prioritises maintenance and improvement works necessary to ensure health & safety and other requirements, such as efficient use of assets, are met.	Chief Operations Officer	February 2027