

SUBJECT:	ANNUAL GOVERNANCE STATEMENT 2024/25
DIRECTORATE:	CHIEF EXECUTIVE AND TOWN CLERK
REPORT AUTHOR:	LARA WELLS – BUSINESS MANAGER CORPORATE POLICY AND SERVICE IMPROVEMENT

1. Purpose of Report

- 1.1 To inform the Corporate Management team that the Council has prepared this year's Annual Governance Statement; and
- 1.2 To request that CMT reviews the draft Annual Governance Statement (AGS), attached as '**Appendix A**' to this report, and provides feedback and comments in order that a final AGS can be presented for formal Leadership sign off and progression to the Audit Committee.

2 Background

- 2.1 The Council is required to publish an Annual Governance Statement that reviews how it applies, and complies with, its Code of Corporate Governance. The Code is reviewed annually, and was most recently updated and approved by the Corporate Management Team on 18 February 2025. This updated Code has undergone minor amendments, and a copy is attached as '**Appendix B**' to this report.
- 2.2 The approach to this year's AGS mirrors that of the previous year, and is explained in section 3 of this report.
- 2.3 This report contains three appendices:
 - **Appendix A** – the proposed draft AGS 2024/25, upon which CMT is asked to consider and offer feedback;
 - **Appendix B** – a copy of the Code of Corporate Governance 2025/26, approved by CMT on 18 February 2025;
 - **Appendix C** – a copy of the senior officers' questionnaire, completed in April and May 2025.
- 2.4 The questionnaire ('**Appendix C**') has not identified any new significant governance issues for in the AGS 2024/25.

Two new governance issues have been identified for monitoring that do not meet the 'significant governance issue' threshold, and these are set out both in the draft AGS ('**Appendix A**') and in section 4 of this report.

- 2.5 Overall, this year's AGS concludes that the Council's governance arrangements remain effective.

3. This year's AGS Process

3.1 The AGS is completed annually and comprises two elements:

- A review of how the Council applied its Code of Corporate Governance in the previous 12 months; and
- A 'look forward' at how it aims to further build upon its governance arrangements in the year ahead.

The AGS is also required to identify any new/emerging significant governance issues that have arisen during the previous year or are expected to arise in the coming year.

3.2 As required by statute, the AGS will be appended to the Council's Statement of Accounts.

3.3 This year's AGS will be completed in accordance with the following established process:

- a) Initial collation and review of key governance information from across the Council. This review was conducted by senior officers from the Council's Internal Audit, Finance, Legal and Corporate Policy and Service Improvement teams. Sources of this key governance information include the Council's annual audit report, assurance, performance data, strategic risk register and committee reports.
- b) Creation of an AGS questionnaire ('**Appendix C**'), completed with support from the Chief Finance Officer, Assistant Director for Transformation and Strategic Development, Internal Audit Manager and City Solicitor.
- c) Preparation of a draft 'AGS 2024/25', based on information derived from the completed questionnaire.
- d) Circulation and consultation on draft AGS with all assistant directors, and with the service managers whose service areas are impacted by key findings.
- e) Presentation of the AGS and appendices to CMT. The resulting proposed AGS is attached as '**Appendix A**' to this report.
- f) Incorporation of CMT comments/feedback into the AGS, in preparation for formal sign-off by the Chief Executive and Leader, and progression to the Audit Committee prior to inclusion in the Council's draft Statement of Accounts; and
- g) Publication of the final AGS alongside the Council's Statement of Accounts.

3.4 The AGS format is in line with CIPFA current best practice and is in three parts:

- Part 1 provides summarises the overall effectiveness of the Council's governance framework;
- Part 2 reviews how the Council has met the requirements of its 'Code of Corporate Governance' as it was applied in the last 12 months, what's working well, what steps are needed to further improve governance, and provides a RAG rating for each of the seven CIPFA core principles; and
- Part 3 is an action plan

4 Significant Governance Issues

- 4.1 There were no significant governance issues identified in the 2023/24 AGS, and therefore none have been monitored in the last 12 months.
- 4.2 The senior officers' questionnaire ('**Appendix C**') has identified no new "significant" governance issues for inclusion in the AGS 2024/25.
- 4.3 The questionnaire and discussions around new identified governance issues for 2025/26 identifies two governance issues which, whilst not meeting the threshold to be 'significant', require monitoring over the coming year in order that they can be addressed. These are listed in Part 1 of the AGS ('**Appendix A**'), and relate to the following areas:
- Internal Audit have issued limited assurance report for Housing Fleet. Monitoring of the completion of actions and follow-up audits to be completed during 2025/26.
 - Internal Audit have issued limited assurance report for Debtors/recovery. Monitoring of the completion of actions and follow-up audits to be completed during 2025/26.
- 4.4 Three below require further monitoring over the next 12 months:
- There is an ongoing need for all directorates to ensure financial, procurement and legal advice is sought for projects in a timely manner. This will continue to be monitored by the Chief Finance Officer and Monitoring Officer.
 - There remains limited additional capacity within internal professional support services to provide the advice and oversight necessary to ensure effective governance of significant and complex projects. Frontline services are also continuing to encounter capacity and recruitment challenges.
 - LPMM is included as an area of development, but should still be noted as an area of concern.
- 4.5 CMT have reviewed the AGS as part of the consultation and have added the additional governance issue to also be monitored over the next 12 months:
- The consequences and impacts on services (projects and day to day service delivery) working directly or relying heavily on those professional support services with limited capacity.

This governance issue links in with those governance issues being monitored as detailed above in para 4.4.

- 4.6 The RAG rating for the seven CIPFA core principles in Part 2 are:
- Green – core principles A, B, C, F and G
 - Amber – core principles D and E

The core principles rated 'amber' are, for consistency, those directly linked to the governance issues proposed for monitoring. There are no core principles with a 'red' RAG rating.

- 4.7 The action plan in Part 3 of the AGS proposes one action, relating to:
- LPMM review to be concluded to ensure project management compliance

5. Strategic Priorities

- 5.1 This report supports the Council to meet its statutory duties by reviewing the effectiveness of its governance arrangements. This statutory duty therefore underpins all corporate priorities within Vision 2025.

6. Organisational Impacts

- 6.1 **Finance (including whole life costs where applicable)** – There are no direct financial impacts arising from this report.
- 6.2 **Legal Implications including Procurement Rules** – this report ensures the Council meets its statutory duties to publish an AGS, and that it continues to conduct itself in accordance with the law and proper standards and in an open, honest and accountable manner.
- 6.3 **Equality, Diversity & Human Rights** – The AGS assesses how the Council applies its Code of Corporate Governance to its business activities. The Code identifies the processes the Council has put in place to ensure compliance with E&D legislation and reduce risk.

The Public Sector Equality Duty means that the Council must consider all individuals when carrying out their day-to-day work, in shaping policy, delivering services and in relation to their own employees.

It requires that public bodies have due regard to the need to:

- Eliminate discrimination;
- Advance equality of opportunity; and
- Foster good relations between different people when carrying out their activities.

7. Risk Implications

- 7.1 (i) Options Explored – there are no alternative options available; the Council has a statutory duty to publish an AGS.
- 7.2 (ii) Key risks associated with the preferred approach – not applicable.

8. Recommendations

- 8.1 That the CMT reviews the draft 'Annual Governance Statement 2024/25' attached as '**Appendix A**' to this report, and the accompanying appendices '**B**' and '**C**', prior to formal Leadership sign off and inclusion in the Council's draft Statement of Accounts.

Is this a key decision?

No

Do the exempt information categories apply?

No

Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply?

No

How many appendices does the report contain?

Three

List of Background Papers:

None

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