

## DRAFT ANNUAL GOVERNANCE STATEMENT – 2025/26

### **1. Introduction and scope of responsibility**

- 1.1 Rushmoor Borough Council (RBC) is responsible for ensuring its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvements in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 The Council is responsible for putting in place proper arrangements for the governance of its affairs, which include arrangements for the management of risk, whilst facilitating the effective exercise of its functions.
- 1.3 The Annual Governance Statement (AGS) states how the Council has complied with the Code and also meets the requirements of the Accounts and Audit Regulations 2015, regulation 6 (1b), and as amended by the Accounts and Audit (coronavirus) (Amendment) regulations 2020, which requires all relevant authorities to prepare an Annual Governance Statement. It is subject to review and approval by the Audit and Governance Committee (AGC), and the Senior Leadership Team (SLT).
- 1.4 In this document the Council:
  - acknowledges its responsibility for ensuring that there is a sound system of governance;
  - summarises the key elements of the governance framework and the roles of those responsible for the development and maintenance of the governance environment;
  - describes how the Council has monitored and evaluated the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period;
  - provides details of how the Council has responded to any issue(s) identified in the previous year's governance statement; and
  - reports on any key governance matters identified from this review and provides a commitment to addressing them.

### **2. The Council's governance framework**

The governance framework comprises the systems, processes, culture and values by which the authority is directed and controlled. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

Rushmoor Borough Council (RBC) has approved and adopted a local code of corporate governance, which is consistent with the seven core principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) Framework 'Delivering good governance in Local Government'. A copy of RBC's adopted Code is on the Council's website, ([Local Code of Corporate Governance](#)). This details the key policies, procedures and systems by which the Council is controlled and governed. RBC reviews and updates its code annually.

Rushmoor Borough Council comprises of 39 Councillors who represent 13 wards across the Borough. It currently operates under a Leader and Cabinet structure with Cabinet Members responsible for individual portfolios.

The staff of the Council are managed by the Managing Director, who is the Head of Paid Services. The Managing Director is supported by the Senior Leadership Team (SLT).

Key sources of assurance for the council's governance framework are set out below.

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| Council, Cabinet and Leader          | <ul style="list-style-type: none"> <li>• Adopting and making substantive changes to the Constitution</li> <li>• Approving or adopting the annual budget</li> <li>• Agreeing and/or amending the Terms of Reference for Committees, deciding on their composition and appointing.</li> </ul>                                                                                                                |
| Overview and Scrutiny Committee      | <ul style="list-style-type: none"> <li>• Pre and post Cabinet decisions made are subject to scrutiny/ call in for review by the Committee.</li> </ul>                                                                                                                                                                                                                                                      |
| Audit and Governance Committee (AGC) | <ul style="list-style-type: none"> <li>• Provides independent assurance to the Council on the adequacy and effectiveness of the governance arrangements, risk management framework and internal control environment.</li> <li>• Promotes high standards of Member conduct.</li> <li>• Approves the Annual Statement of Accounts and Annual Governance Statement.</li> <li>• Independent Member.</li> </ul> |
| Risk Management                      | <ul style="list-style-type: none"> <li>• The corporate risk register is regularly reviewed and monitored to ensure appropriate mitigation is in place.</li> <li>• Service risk registers are regularly maintained and updated which are fed into the corporate risk register.</li> <li>• Regular updates on risk management and the risk environment is provided to Cabinet.</li> </ul>                    |
| Corporate Governance Group           | <ul style="list-style-type: none"> <li>• Officers with statutory roles within the Council review and provide assurance over the governance arrangements within the Council including constitutional changes and operational matters. The Group is currently on hiatus while the statutory officers refresh and reframe</li> </ul>                                                                          |

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|                              | <p>the TOR. It will reconvene later in 2026 and will include the work of the former Information Governance Group.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| External assurances          | <ul style="list-style-type: none"> <li>• Assurances are obtained from external bodies e.g. compliance with Public Services Network (PSN) and CIPFA</li> <li>• Peer reviews</li> <li>• Engagement with LGA and encourage reviews.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Head of Paid Service         | <ul style="list-style-type: none"> <li>• The Interim Managing Director carries the responsibility for the proper management of RBC and for ensuring that the principle of good governance are reflected in sound management arrangements. His permanent appointment as the Chief Executive is pending Council approval, anticipated on 2<sup>nd</sup> July 2026.</li> <li>• Leads the Council's management team in driving forward the Council's strategic objectives.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Monitoring Officer           | <ul style="list-style-type: none"> <li>• Ensures compliance with established policies, procedures, law and regulations.</li> <li>• Monitors ethical standards.</li> <li>• Reports actual or potential breaches of the law.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Section 151 Officer          | <ul style="list-style-type: none"> <li>• Develops a medium-term financial strategy that is aligned with strategic priorities.</li> <li>• Safeguards public money</li> <li>• Promotes and delivers good financial management and governance.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Senior Leadership Team (SLT) | <ul style="list-style-type: none"> <li>• Implements the policy and budgetary framework set by the council and provides advice to committees and the Council on the development of future policy and budgetary issues and oversees the implementation of Council policy.</li> <li>• Influences a corporate culture and fostering a culture of high ethical standards and integrity.</li> <li>• Identifies and addresses cross cutting and strategic issues that may impact on the Council's control environment and risk.</li> <li>• Provide assurance statements for the governance arrangements within their services which inform the Local Code of Corporate Governance and the AGS.</li> <li>• Contribute to the effective corporate management and governance of the Council.</li> <li>• Responsible for developing, maintaining and implementing the Council's governance, risk and control framework. Including maintaining service and corporate risk register.</li> </ul> |
| External Audit               | <ul style="list-style-type: none"> <li>• Audit and report on the Council's financial statements, providing an opinion on the accounts and use of resources, concluding on the arrangements in place for securing economy, efficiency and effectiveness in the use of resources (the value for money conclusion)</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

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| Internal Audit                  | <ul style="list-style-type: none"> <li>• Provides independent assurance and annual opinion on the adequacy and effectiveness of the Council's governance, risk management and control framework.</li> <li>• Delivers an annual programme on risk-based audit activity.</li> <li>• Makes recommendations for improvements in the management of the Council's risk, governance and control environment.</li> </ul> |
| Asset Management Strategy Group | <ul style="list-style-type: none"> <li>• Oversees the Council's property assets and includes all three statutory officers.</li> </ul>                                                                                                                                                                                                                                                                            |

### 3. Principles

3.1 Set out below is a summary of how the Council has complied with the seven principles set out in the CIPFA/SOLACE framework during 2025/26.

#### **A – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

The Council's constitution sets out how the Council operates, roles and responsibilities of Members and Officers, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. The constitution is published on the Council's website.

The Monitoring Officer ensures that the Council is compliant with laws and regulations, as well as internal policies and procedures, and is also responsible for matters relating to the conduct of Councillors and Officers, and for monitoring and reviewing the operation of the Council's constitution. In RBC, the Monitoring Officer is Amanda Bancroft, Executive Head of Governance and Legal Services and Abi Khan is the Deputy Monitoring Officer.

Section 151 of the Local Government Act 1972 specifies that one officer must be responsible for the financial administration of the organisation and that this officer must be CCAB qualified. In RBC, this is the Executive Head of Finance.

The Council has established a Corporate Governance Group, to ensure that the Council works within its rules and that the necessary governance provisions are followed, and associated guidance, advice and training is provided. The terms of reference and membership are currently being reviewed.

The Council has adopted a Corporate Values and Behaviours framework which sets out the attitudes and behaviours expected from staff. The four values are Collaborate, Innovate, Brave and Integrity.

The Council's in-house legal service identifies and advises the Council on key elements of the law and their application. External legal advice is sought where necessary.

## **B – Ensuring openness and comprehensive stakeholder engagement**

The Council has invested in a range of traditional, digital, and social media channels to enable regular contact, engagement, and consultation with its key stakeholder groups, including customer feedback surveys, workshops, consultation items on the Council's website and regular citizen consultation on both Borough-wide and place specific issues.

The Council's 3-year business plan is published on the council's website along with the monitoring of the actions towards the plan.

A statement of community involvement is published on the Council's website. The Council aims to make sure that there is a clear and proper consultation procedure that shows what the community and stakeholder should expect. To achieve this the Council will adhere to the following five principles:

- Ensuring equal opportunity
- Keeping the community informed
- Ensuring the community is involved
- Ensuring community engagement is relevant
- Providing feedback.

Business engagement – the council seeks to engage directly with local businesses to ensure that there is an understanding of local business needs. Underpinned by the aims and objectives of the council's Strategic Economic Framework, this engagement includes bi-annual business surveys, quarterly business forums with businesses and membership of/ regular engagement with, business representative organisations such as the Federation of Small Businesses and Hampshire Chambers of Commerce. A monthly business newsletter has also been developed to engage with local businesses and to provide a consultation mechanism.

## **C – Determining outcomes in terms of sustainable economic, social and environmental benefits**

Our Council plan outlines the Council's priorities over the next three years. It also describes the key strategic projects that will contribute to achieving our vision.

A template is in place for the Council's reports to Cabinet which require the consideration of business, Strategic, Economic, Legal, Financial and Equalities impact of the decisions being made and how decisions are to be made. All

reports requiring executive decisions (except those exempt) are accessible via the Council's website.

The Council has adopted and implemented the Local Plan 2014-2032 (adopted 21 February 2019). Details are published on the Council's website. Consultation was undertaken to engage as many residents and stakeholders as possible. Feedback from the consultation informed the submission of the Local Plan. Social, environmental and economic evidence was obtained to inform the development of the Local plan. The Local Plan is the basis together with the National Planning Policy Framework and associated guidance of all development decisions and therefore all decisions are informed by the consultation and evidence at a strategic level and assessed as to how they meet these requirements based on the specific application.

In July 2023, members of the council's Cabinet approved a new Climate change plan and agreed to the council's Carbon footprint being published and monitored.

## **D – Determining the interventions necessary to optimise the achievement of the intended outcomes**

Options are required before decisions are taken and service changes implemented, including seeking external / independent expertise if the decision is of a complex technical nature.

The Overview & Scrutiny Committee considers the effective delivery of Council priorities and recommends interventions and remedies as appropriate.

Arrangements are in place to monitor operational and financial plans, priorities, KPI's, quality and targets and to report on progress, e.g. quarterly monitoring, budget monitoring.

The Council has several key partnerships with other local authorities and stakeholders in order to optimise the achievement of the Council's corporate plan.

The Council has in place more significant arrangements for project development, both internally and through the Member decision making structure. This has been achieved through the revised Member structure to include the following:

- Audit and Governance Committee (AGC), with specific roles to ensure effective governance;
- The Overview and Scrutiny Committee is undertaking both pre- and post-decision scrutiny on a range of issues and projects.

## **E – Developing the entity’s capacity, including the capability of its leadership and the individuals within it**

The People Strategy includes four key themes which encourages a positive culture enabling high performance, the development of people to realise their potential, that people are engaged and feel valued and supported, as well as the Council being an employer of choice.

Arrangements are in place to ensure staff have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and are able to update their knowledge on a continuing basis e.g., CPD through attendance at seminars/conferences, mandatory training courses via the Council’s e-learning modules etc.

The Council supports apprenticeship training for new apprenticeship contracts and for upskilling staff. The Council is currently supporting 9 members of staff to gain apprenticeship qualifications. Leadership programmes are promoted and encouraged to support the continued professional development of staff and succession planning objectives. Development includes the Frimley Health development programmes and District Council Network, Solace and Local Government Association courses and networking opportunities. The annual development reviews and regular one to ones enable the Council to identify development and succession planning opportunities.

The Council regularly supports the attendance of both executive and non-executive councillors at the LGA leadership essential courses and weekend events across a number of topic areas including finance, climate change and equalities.

The Council engages external consultants when additional resources or specialist resources are required to ensure the effective delivery of its services or projects.

The Council subscribes to an Employee Assistance Programme to support health and wellbeing of staff and organises wellbeing walks.

The Council’s senior leadership structure is currently undergoing restructure to reflect the considerations made by the LGA Corporate Peer Challenge in June 2024, the CIPFA review and the new administration. The senior leadership structure continues to be further strengthened via restructure including by the creation of a new role, the Executive Head of Governance and Law, who is also the Council’s Monitoring Officer.

## **F – Managing risks and performance through robust internal control and strong public financial management**

Work will continue to ensure the risk management process is further embedded within the Council. Cabinet receives quarterly reports covering both performance and risk. Heads of Service update their relevant service risk registers monthly and record these on a central database. Any service risks which are appropriate for the corporate risk register are escalated to the Senior Leadership Team (SLT) for further review and consideration. Quarterly the corporate risk register is reviewed by SLT.

Internal Audit provides a risk-based audit plan and reports on the effectiveness of risk management and internal control to the Audit and governance Committee (AGC).

The Council's Cyber Security position, plans and mitigations are reported and reviewed via the Senior Leadership Team. The Council continues to enhance its cyber aware training and simulation exercises for staff and members. Audits and remediation continue annually for the Public Services Network to maintain compliance. Data security requirements are being put in place for compliance with the DWP's Memorandum of Understanding for the use of DWP derived data, which is audited. The National Cyber Security Centre (NCSC), Microsoft, Local Government Association (LGA) and (Warning, Advice and Reporting Point) WARP alerting services are used to follow best practice. The MHCLG's Cyber Assessment Framework (CAF) Ready programme has been completed, achieving additional funding to enhance the council's cyber security posture. The Council is also reviewing guidance from the governments Cyber Code of Practice.

Effective arrangements are in place for the safe collection, storage, use and sharing of data with other bodies, including processes to safeguard personal data in line with GDPR requirements. Information governance and data security e-learning modules are mandatory for all staff and Members on how to manage Council data.

Financial management and governance has been strengthened through additional senior qualified and experienced accounting capacity with specific focus on financial management and governance.

## **G – Implementing good practices in transparency, reporting, and audit, to deliver effective accountability**

The Council and its decisions are open and accessible to the community, service users, partners and its staff. The Freedom of Information Act 2000 (FOI)

gives anyone the right to ask for any information held by the Council subject to the need to preserve confidentiality in specific circumstances.

The Council's constitution sets out how decisions are made and specific reference to decision making by Full Council, Cabinet, Committees and scrutinised by the Overview and Scrutiny Committee. The Constitution includes the officer Scheme of Delegation which sets out the powers and functions that are delegated to named Council Officers.

The Council seeks peer reviews and implements recommendations made to strengthen the governance, risk and control environment.

Risk based internal auditing provides ongoing assurance that the key risks are being managed.

## **4. Key governance changes in year**

### **4.1 LGA Corporate Peer Challenge**

In June 2024 a Local Government Association (LGA) Corporate Peer Challenge was undertaken. An exercise where a team of local authority experts look at how we work as an organisation. The peer team considered the following 5 themes:

- Local priorities and outcomes
- Organisational and place leadership
- Governance and culture
- Financial planning and management
- Capacity for improvement

10 recommendations were made by the review team and an action plan to take these forward was presented and agreed by Cabinet in October 2024.

A follow-up visit was made in April 2025. The Council Delivery Plan approved in July 2025 required all actions to be completed by March 2026. Internal audit gave the programme arrangements a substantial assurance rating in September 2025.

The programme was agreed to be closed down in April 2026.

### **4.2 Review of Senior Leadership Team**

The senior leadership team is currently under review to align to the priorities set out in the 2025-26 Council Delivery Plan and to demonstrate clearer accountability, a simplified structure and reduced costs. This process began in April 2025 when the Council approved the removal of the role of Chief Executive and agreed new arrangements, appointing an interim Managing Director

The Interim Managing Director has recently set out the following.

It has become clear over the last 12 months that the reduction of Director level capacity alongside the increase in LGR activity is starting to have an impact on the effective running of the organisation and risk of delays in delivery of key

projects and essential service activity. The existing interim management structure is no longer fit for purpose. With the confirmation of the new Unitary Council arrangements, work on LGR is expected to increase significantly and the Interim Managing Director and others will increasingly be drawn into activity associated with LGR and the effective establishment of the new unitary council arrangements. The existing Executive Director will continue with responsibility for the LGR programme, oversee the Council's priorities relating to Economy and Regeneration and maintain responsibility for major projects including the new Farnborough Leisure Centre and the National Armed Forces Day events.

To provide the additional capacity needed at chief officer (Director) level, which is critical for the delivery of LGR, it is proposed to establish a new role of Chief Operating Officer. This post will operate as part of the strategic leadership team and will oversee a broad range of Council functions. The final allocation of functions and the allocation of service heads will be confirmed following the appointment process but is anticipated the role will be wide ranging with both outward and internally facing functions to reduce the load on the existing Executive Director and the Interim Managing Director.

The S151 officer as the Executive Head of Finance will remain unchanged and the Executive Head of Governance and Law has been created. These two officers with the Head of Paid Service form the governance 'golden triangle' and work together to ensure good administrative, financial, and ethical governance of a local authority in the exercise of its functions.

The final elements of the Strategic Management arrangements recognise the strategic importance of the planned improvements to the property service and the income and financial risks associated with those functions. Currently led by the Executive Head of Property and Growth it is proposed to move this role to report directly to the Head of Paid Service and reduce the range to enable increased focus on key responsibilities. This has the additional advantage of local plan arrangements and key planning issues such as the airport being closer to the Head of Paid Service.

The post of Executive Head of Operations is also proposed as part of the Strategic Management Arrangements. Given the Council's financial position, in the event that the successful candidate is an existing member of the Senior Leadership Team, consideration will need to be given as to whether the vacated role is retained or repurposed with the subsequent reallocation of those responsibilities. The appointment process for a permanent Chief Officer post at Executive Director level is through an appointment panel consisting of four Members, including the Cabinet Member for Corporate Services and the Leader of the Council. The appointment is then subject to confirmation by the Licensing and Corporate Business Committee. Given the desire to put these new arrangements in place as soon as possible, the Interim Managing Director has made provisional arrangements for the appointment process for the Chief Operating Officer to take place before the elections.

The final stage of the work on restructure will establish the future Head of Service and Corporate/Service Management arrangements (Operational Management) and will be agreed and implemented by the Interim Managing Director based on the following principles;

- Overall, the management arrangements should enable clear accountability and provide a named lead officer for each of the Council's priority themes, key projects and operational activity.
- The proposed management arrangements should seek to increase capacity at strategic management level through transfer of some responsibilities to the operational management tier.
- The proposed management arrangements should maintain capacity and skills in the current workforce and provide development opportunities for the existing workforce and minimise redundancies in light of LGR.
- The arrangements should enable sufficient capacity to enable robust financial management and accountability.
- The proposed arrangements should ensure that job roles are appropriately designated and described to ensure parity with other Hampshire district councils and no disadvantage to Rushmoor managers in relation to future appointments to new unitary authorities.
- The arrangements should be delivered within the Council's approved budget combined with additional funding made available for LGR.

Through setting out the revised management arrangements in this report the Interim Managing Director has now completed the key tasks identified as part of the appointment process. It is therefore now appropriate to consider the permanent appointment to the role of Managing Director and Head of Paid Service which it is anticipated will be approved on 2<sup>nd</sup> July 2026 by Council.

#### 4.3 Finances

The council's Chief Finance Officer (Section 151 Officer) has a statutory duty to consider the requirement to issuing a Section 114(3) Notice, where in his view, the current or future expenditure of the authority incurred (including expenditure it proposes to incur) in a budget year is likely to exceed resources (including sums borrowed) available to it to meet that expenditure. A S114(3) Notice is extremely serious and has far-reaching implications for the Council. It requires the Council to cease all non-essential expenditure and reduce operational and service delivery costs immediately. That said, the council cannot go into Administration or Liquidation as it is backed by government and taxation. This means all contracts in flight and creditors are secure, staff will continue to be paid and deliver statutory services, particularly to the vulnerable and homeless.

As proposed in the Medium Term Financial Strategy, the council can balance the 2026/27 General Fund budget, with the use of reserves, avoiding the issuing of a S114(3) in this financial year. However, the ability to resolve the MTFS deficit is also a S114(3) consideration in respect of the wider financial sustainability and reserves position, and this is much more challenging to assess in respect of the key significant financial assumptions. The MTFS and related risks will be kept under constant review during the year and will be brought to the new council's attention at the earliest opportunity to draw attention to the 2028/29 financial projection, which otherwise will, based upon these projections, require a S114(3) if the council were delayed or not to be absorbed into a new council on 1st April 2028.

There are a range of risks associated with the delivery of the MTFS and plan to address the budget shortfall. A summary of the key risks over the MTFS period are included below:

- Local Government Review delay beyond April 2028 will require significant budget savings to be implemented to address the adverse projections identified in this report.
- Financial Statements disclaimed audit backlog to 2020/21 carries risk around impact on available reserves. Full audit assurance will not be achieved until the 2026/27 financial statements audit is completed by audit deadline of February 2029. There may be matters that affect the reserves identified at any point within this period.
- Timing and value of capital receipts are a material element of achieving the budgeted reduction in borrowing interest and MRP and capacity to resource the work required has proven to be challenging for the council. Specific oversight is in place to assess the capacity and performance of this work.
- Assumptions on interest rates may not materialise as planned. Securing cost certainty to Vesting Day is a key priority.
- The airport planning application is a financial risk from the cost that could arise from any legal proceedings following the decision. This could be a significant revenue expense.
- The Waste collection contract with Serco (circa £5m) negotiations to extend the contract have not been concluded. There are some significant cost and capital commitment risks associated with this contract that must be engaged with and understood as early as possible to enable any potential mitigation to be effective. A provision for cost risk has been included in the MTFS forecast.
- Local Government Reorganisation capacity cost to prepare the council during 2026/27 is budgeted at £300k. Work is now underway with the KPMG data Hub; the true capacity requirement will become clear by the end of April 2026.
- There is an unsecured loan to Farnborough International Limited (FIL) of £6.482m due for repayment in tranches in the next three years. The financial

stability of FIL is reviewed quarterly to understand their trading and cashflow position and the risk to the council.

- Vacancy margin annual establishment savings target requires active management to achieve £400k, from staff turn-over.
- There is a contingent liability on the grant funding for the Civic Quarter, One Public Estate, with a potential repayment of £0.8m if grant conditions are not met by 31st March 2027. In addition, the Rushmoor Development Partnership (RDP) holds £750k representing the council's share of 50:50 development agreement costs on RDP balance sheet, if written off will be funded by useable revenue reserve.
- If the divestment of Union Yard 82 PRS units is delayed beyond May 2026 there will be an unbudgeted cost of circa £44.5k per month consisting of council tax, utilities, service charge.

The S151 has discussed the proposed budget and MTFs with the council's external auditor, Ernst Young (EY). The 2024/25 Annual Audit report was presented to the Audit and Governance committee on 28th January 2026, and being consistent with the previous year's report, raises concerns regarding the council's progress on achieving financial sustainability and resolving its deficit. EY have a duty to consider if it is appropriate to raise a public interest report, with the very grave effect of overriding the democratic control of the council. EY have expressed a continuing concern and will be keeping the council's progress under review. EY attended a member only (i.e., no officers present) pre-meeting session of the committee on the 28th January to raise their concerns.

#### 4.4 External Audit

The external auditors issued a disclaimer audit opinion for 2023/24, 2022/23, 2021/22 and 2020/21 financial statements under the arrangements to reset and recover local government audit.

In 2024/25, the external auditors continued to audit the closing balance sheet and in-year transactions. Although the level of assurance gained has increased, they have not yet obtained sufficient evidence to have reasonable assurance over all in-year movements and closing balances. As a result of the disclaimer of opinion on the 2023/24 financial statements, they do not have assurance over some brought forward balances from 2023/24 where they did not gain assurance. This means they do not have assurance over all the 2024/25 in-year movements and the comparative prior year movements. They also do not have assurance over all the 2023/24 comparative balances disclosed in the 2024/25 financial statements. They also have not been able to complete all planned procedures to gain assurance on the valuation of property, plant & equipment and investment property in either 2023/24 or 2024/25 because of weaknesses in the quality of evidence provided and in certain assumptions adopted by the Council's valuer for assets valued at Depreciated Replacement Cost, Existing Use Value and Fair Value.

Taken together with the requirement to conclude work by the 2024/25 back stop date, the lack of evidence over these movements and balances mean they were unable to conclude that the 2024/25 financial statements were free from material and pervasive misstatement of the financial statements. Therefore, they issued a disclaimed 2024/25 audit opinion.

#### 4.5 Resolution of governance issues identified in 2024/25

Governance actions from the peer and CIPFA review have been included within the Financial Resilience Plan and as part of quarterly monitoring. Whilst the actions are still being implemented these have been embedded within sufficient monitoring mechanisms that progress on the implementation of these will continue to be reported to Cabinet.

A self-assessment against the CIPFA financial Management Code was carried out and is reviewed annually. Actions towards compliance with eh code is ongoing with elements forming part of the financial resilience plan.

### 5. **Effectiveness of the governance framework**

The Council reviews the effectiveness of its governance arrangements annually. The key sources of assurance that informs this review are:

- The work of the Audit and Governance Committee (AGC), Members and Senior Officers of the Council who have responsibility for good governance.
- In previous years a statement of assurance has been obtained from Heads of Service to confirm the governance arrangements in place within their service and any actions to be included within the AGS. This arrangement will be considered in terms of effectiveness by Corporate Governance.
- Risk management reports and the corporate risk register is maintained and scrutinised by Senior Leadership Team (SLT) quarterly and subsequently communicated to Cabinet and AGC.
- The Audit Manager's update reports on the internal audit activity, which provides an independent assurance that Governance, Risk management and internal Control is in place and provides an opinion on the effectiveness of these arrangements.
- Half yearly updates to the AGC monitoring the work carried out towards the governance actions identified in the previous year's AGS.
- Any comments made by External Audit or other external reviews.
- The Corporate Governance Group, when refreshed, will provide assurance over the governance arrangements within the Council.

### 6. **Risk management**

- 6.1 Significant risks must be formally identified, assessed and appropriately managed in order to mitigate their likelihood and/or their adverse impacts, such as on the continued operation of the Council, compliance with legal obligations or achieving strategic objectives.

6.2 Ultimately the responsibility to ensure that the Council's risk management process is effective lies with the Senior Leadership Team (SLT), the Chief Executive and elected members. The overall responsibility to manage this process is delegated to the Executive Director, with day-to-day management provided by the Service Manager for Risk, Performance and Procurement.

## **7. Managing the risk of fraud and corruption**

7.1 The Council is committed to the highest possible standards of honesty, openness and accountability. It will ensure that internal procedures are in place to identify, deter and prevent the risk of fraud and corruption and maintain clear and well publicised arrangements for receiving and investigating issues raised through its governance policies.

7.2 The Council will pursue appropriate action, including the recovery of any losses it has suffered, where fraud and corruption has been identified.

7.3 To mitigate the risk of fraud the Council has in place fraud and governance policies to which staff should adhere. These include the Anti-fraud, Bribery and Corruption policy, Whistleblowing policy, Anti-Money Laundering policy and Gifts and Hospitality policy. Any issues raised relating to these policies are dealt with by the appropriate responsible officer in accordance with the requirements of each policy.

## **8. Internal audit assurance**

**AUDIT OPINION TO BE INCLUDED ONCE FINALISED**

## **9. Actions to implement in 2026/27**

The review of the effectiveness of the Council's governance framework has identified that the key action for 2026/2027 is the finalisation of the reframe and refresh of the Corporate Governance Group to further enhance governance oversight across the organisation. The Terms of Reference will be approved by Audit and Governance Committee, to whom the Corporate Governance Group, by way of one of the statutory officers, will report.

## 10. Certification

10.1 To the best of our knowledge, the governance arrangements, as defined above and within the Council's Code of Corporate Governance, have been effectively operating during the year with the exception of those areas highlighted on page 16 above. We propose over the coming year to take steps to address the above matters identified above 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 during the year and as part of our next annual review.

Signed:

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**Gareth Williams**  
**Leader of the Council**

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**Ian Harrison**  
**Interim Managing Director**

Date: xxxxxxxx 2026

xxxxxxx 2026