

Agenda Item No:	<b>10</b>	
Committee:	<b>Audit and Risk Management</b>	
Date:	<b>28 July 2025</b>	
Report Title:	<b>Annual Governance Statement 2024/25</b>	

## **1 Purpose / Summary**

- 1.1 Regulation 6(1) of the Accounts and Audit Regulations 2015, requires the Council to conduct an annual review of the effectiveness of its system of internal control and publish an Annual Governance Statement (AGS). The CIPFA Finance Advisory Network has issued detailed practical guidance for meeting the requirements of the Accounts and Audit Regulations.

## **2 Key issues**

- 2.1 The Accounts and Audit Regulations have been updated to bring them closer to corporate governance requirements in the private sector, and elsewhere in the public sector. Within the regulations, there is still a requirement to produce an AGS which should be approved in advance of the statement of accounts. The AGS should be prepared in accordance with proper practices, which reflects the approach already adopted by this Council.
- 2.2 The principles of good governance contained within the CIPFA Guidance on Delivering Good Governance (2016 Edition) and the 2025 Addendum update have been reflected in the AGS. The addendum, covering the annual review of governance and the AGS, was published in May 2025 and states that “authorities should ensure that the AGS for 25/26 complies with this guidance and are encouraged to consider it for 24.25”. The 2016 guidance outlines the following seven principles for achieving good governance and remain unchanged in the 2025 update:
- Behaving with integrity, demonstrating a strong commitment to ethical values and respecting the rule of law
  - Ensuring openness and comprehensive stakeholder engagement
  - Defining outcomes in terms of sustainable economic, social and environmental benefits;
  - Determining the interventions necessary to achieve the intended outcomes
  - Developing the entity's capacity, including the capability of its leadership and the individuals within it.
  - Managing risks and performance through robust internal control and strong public financial management
  - Implementing good practices in transparency, reporting and audit to deliver effective accountability.
- 2.3 The Audit and Risk Management Committee have not recently approved a Local Code of Governance for the Council and a new updated Code, based around the current seven principles of good governance, has been presented for approval at the committee

meeting on 28<sup>th</sup> July 2025. This sets out the Policy within which a framework for governance of the Council is monitored.

- 2.4 Each year a statement is produced which assesses compliance of the Council's actual governance arrangements with the themes within the Local Code of Governance. This statement is commonly referred to as the Annual Governance Statement, which itself includes "Governance Issues" arising in the year to which it refers and an action plan to address those issues.
- 2.5 An AGS has been produced for the year 2024/25, which summarises the position for the year in respect of governance and internal control, and again highlights any "Governance Issues" and improvements for the forthcoming year.
- 2.6 The statement is signed by the Chief Executive and Leader of the Council as further assurance of the standard of governance that has been achieved by the Council. The Statement must accompany the Council's financial statements.

### **3 Recommendations**

The Committee considers the content of the AGS and approves its content for inclusion in the Council's published Statement of Accounts 2024/25.

Wards Affected	All
Forward Plan Reference	N/A
Portfolio Holder(s)	N/A
Report Originator(s)	Peter Catchpole – Corporate Director & Chief Finance Officer Deborah Moss – Head of Internal Audit
Contact Officer(s)	Peter Catchpole – Corporate Director & Chief Finance Officer Deborah Moss – Head of Internal Audit
Background Paper(s)	CIPFA Delivering Good Governance in Local Government CIPFA Addendum to Good Governance in Local Government CIPFA Code of Practice for Internal Audit Accounts and Audit Regulations 2015 FDC Local Code of Governance



## **DRAFT Annual Governance Statement**

**For the year 2024/25**

### **Executive summary**

Our overall opinion, after conducting a review of the governance arrangements across the Council and overall compliance with the Council's Local Code of Governance, is that we are satisfied that the governance arrangements in place are fit for purpose as they are operating effectively and support the achievement of our corporate objectives.

The governance arrangements were fit for purpose during the year 2024/25, and we are committed to ensuring that governance will be maintained as fit for purpose in the future by in-year governance monitoring and improvement, and an annual effectiveness review.

This statement details how we carried out an annual effectiveness review of our governance arrangements that we have in place. This review has assured us that we are acting in alignment with the seven principles of good governance and covers all the core governance areas.

FDC shall continue to introduce changes and action improvements to our governance to support the achievement of our aims and objectives in the best way. This statement highlights the governance improvements introduced this year and looking forward those areas where further improvements will be considered in the forthcoming year.

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### **Responsibility and Commitment**

Fenland District 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 properly accounted for and provides value for money. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. That duty

has grown in importance with the reduction in resources being made available for Local Authorities as part of the Government's austerity programme.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, which include the arrangements for the management of risk, whilst facilitating the effective exercise of its functions.

The Council has established governance arrangements which are consistent with the seven principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) Framework – *Delivering Good Governance in Local Government*. It has adopted a new updated Local Code of Corporate Governance, which is aligned to these seven principles of good governance and demonstrates the governance arrangements it has in place.

The Accounts and Audit Regulations (2015), as amended by the Accounts and Audit (Amendment) Regulations 2021, require the council to conduct a review, at least once a year, on the effectiveness of its system of internal control and include an Annual Governance Statement (AGS). It is subject to review and approval by the Audit & Risk Management Committee when they consider both the draft and final Statement of Accounts.

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## **What is Governance?**

Governance generally refers to the arrangements put in place to ensure that the intended outcomes are defined and achieved. Our new Local Code of Governance (2025) sets out how aim to achieve these good standards of governance by:

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- B. Ensuring openness and comprehensive stakeholder engagement.
- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes.
- E. Developing its capacity, including the capability of its leadership and the individuals within it.
- F. Managing risks and performance through robust internal control and strong public financial management.
- G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

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## **Our Assessment of Effectiveness**

FDC has responsibility for conducting, at least annually, a review of the effectiveness of its governance arrangements. The review of effectiveness is informed by the work of the CMT and Management within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report and annual opinion, and by comments made by the external auditors and other external review agencies and inspectorates.

For the first year, we introduced governance assurance questionnaires, signed off by senior management declarations, whereby Services state their compliance or otherwise with key basic governance requirements, for example completion of mandatory training by their staff. These have allowed us to identify areas where governance may appear weaker or can be improved upon.

Our governance arrangements are detailed in our Local Code of Governance and have been applied in maintaining and reviewing the effectiveness of the system of internal control over the last twelve months.

Preparation of the new updated Local Code allowed us to examine the actual arrangements we have in place and provide assurance that each of the core arrangements in the Code is operating effectively.

The review concluded that governance arrangements are in place and operating effectively, which in turn supports the delivery of each of the principles of good governance.

## **Head of Internal Audit Opinion**

The Head of Internal Audit provides an independent opinion on the overall adequacy of the effectiveness of the Council's governance, risk and control. The Internal Audit Annual Report for 2024/25 was presented to the Audit & Risk Management Committee in July 2025. This report outlined the key findings of the audit work undertaken in the year and other sources of assurance used to support the annual opinion, including any areas of significant weakness in the control environment. From the audit reviews undertaken, no areas were identified where it was considered that, if the risks highlighted materialised, would have a major impact on the organisation. In each instance where it has been identified that the control environment was not strong enough or was not complied with sufficiently to prevent risks to the organisation, recommendations have been issued to further improve the system of internal control and compliance. The implementation of the actions is followed up by Internal Audit and is reported to the ARMC.

It is the opinion of the Head of Internal Audit that, based upon the work undertaken and knowledge of working arrangements, reasonable assurance can be given over the adequacy and effectiveness of the Council's overall control, risk and governance arrangements during the financial year 2024-25.

## **External Audit**

Our external auditors issued a disclaimed audit report on the Council's financial statements for 2022-23 under the arrangements to reset and recover local government audit (ie to catch up the backlog). The external auditors later provided an additional disclaimed audit report for the financial accounts for 2023-24 – due to the disclaimer of opinion on the previous year, delays in receiving the draft financial statements and associated audit evidence and the limited time between the backstop dates meant they did not have required resources to complete the audit. Notwithstanding their disclaimer of opinion, they had nothing to report by exception, but in relation to governance they commented only about the late publishing of draft Statement of Accounts.

The Council was late publishing its draft Statement of Accounts; this was due to resource, delays in the previous year's preparation of accounts and the need to focus on other priority issues. The governance impact was noted to be failure to improve the Council's processes to report financial information on a timely basis will impact its ability to meet statutory reporting deadlines and requirements of Regulations 2024.

## **Other External Assurances & Comments**

The Council continues to demonstrate compliance and accreditation against the Customer Service Excellence standard, the UK Government's national standard for excellence in customer service. The standard demonstrates our culture and behaviours, and that we engage with customers and partners, and deliver effective use of resources.

The Designated Persons Report and Audit Report from Strategic Marine Services Ltd (December 2024) - a score of 90.7% compliance was achieved. This was a reduction from the previous years' scores of 93.8% (2023) and 97.6% (2022). The lower score was in part due to a number of major incidents during the year which diverted resources away from annual reviews and reissue of policies.

The Council continues to make annual submissions to maintain compliance with the Public Service Network Code of Connection. This is a mandatory set of security and governance requirement that we must meet. This covers information assurance, technical operability, service management expectations, and governance and risk controls.

The Local Government & Social Care Ombudsman Annual Review Letter 2024/25 presented positive feedback on the Council's overall operations, and the way in which it handles complaints, and none of the issues referred to the Ombudsman by complainants were upheld.

In addition to internal audit assurance, we have carried out internal self-assessments and service reviews which have provided assurance via:

- the Transformation Programme whereby the team have worked with Services to review operations including their governance and efficiency
- the Health & Safety services assessment programme.

## Improving our governance

### Governance Issues 2024-25

The following areas have been found as weaknesses in our governance and will form part of a review for the forthcoming year and an action plan put in place where necessary:

The Council was late publishing its draft Statement of Accounts.	This was due to resource, delays in the previous year's preparation of accounts and the need to focus on other priority issues. The governance impact was noted to be failure to improve the Council's processes to report financial information on a timely basis will impact its ability to meet statutory reporting deadlines and requirements of Regulations 2024.
Identification of corporate mandatory training	Governance around mandatory training needed a more robust process to ensure requirements are identified and tracked through to completion.  This has been part-resolved by implementation of a new online training system; however, whilst mandatory training requests have been issued, completion monitoring and enforcement has not been decided or tested.
Performance Indicators reporting mechanisms	An Internal Audit suggested areas within the process that needed to be more robust. Some individual PI results mechanisms were weak, risking inaccurate data/results. Agreed actions will be put into place in 2025/26.

### How we have improved our governance arrangements in 2024.25 \*

\* Some of the improvements listed extend beyond the year covered by the AGS.

New Arrangement	Governance Improvement Achieved
The establishment of a Corporate Governance Group, comprising key officer roles to advise on governance.	This provides a group and mechanism where governance issues can be taken and discussed among specialist key officers.

	The group has a terms of reference, agenda and minuted action plans.
A CMT review of the Council's use of contractors was undertaken to support the MTFS.	This allowed for an inward look at how and why we use contractors and to take actions to control their use and spend.
Agreed Audit Actions are monitored and reported to management team to track their implementation.	This has been introduced to allow senior management to be more involved in overdue audit actions and to pursue resolution.
A best value duty review was carried out against the DLUHC (now MHCLG) checklist guidance to evaluate whether we are acting according to best practice.	This highlighted areas where we are good and are in line with best practice and highlighted areas where we could improve or consider action against 'indicators of failure'.
Reinvigoration of our Corporate Debt Group, creating a new Corporate Debt Management Policy, and separate responsibility for debt management by Port Mgt Group.	Our attitude to debt management has been reviewed and a new policy made available to assist our customers and at the same time confirm the procedures to staff.
A new 'corporate policies inventory' was created and is corporately monitored.	This ensures policy reviews and updates take place and policies remain accurate and relevant.
A strengthened process on the approval of appointments of agency staff / contractors was introduced requiring Finance (budget) and CMT approval.	To add more robustness and scrutiny to our external appointments to ensure they are justified.
Contract management improvements have been made. This went together with an Internal Audit review to provide assurance of our preparedness for the new procurement legislation.	For example, a central repository for all contracts, Contracts Register update, and preparedness for the new Procurement Act. An updated Code of Procurement and Procurement Strategy in line with the new Procurement Act 2023, has been approved, and corresponding Procurement legislation training rolled out as mandatory for employees.
Improvements made to the Declarations of Interest Register and process.	Audit actions have been agreed to strengthen and improve the process to ensure it is more robust and supports better conflicts of interest management.
Audit & Risk Management Committee Member training was given on cyber security.	This provided Committee members with a deeper knowledge and assurance as to our arrangements in place.
Internal Audit reports with a limited assurance opinions are reported to our Corporate Governance Group.	This allows the Group to become aware and discuss any governance or risk issues.
Cyber and information security training became a mandatory course for all officers and a Day 1 completion requirement for new employees.	This provides higher information security protection for council systems and data.



An updated Local Code of Governance to reflect the CIPFA/SOLACE 7 principles of good governance.	The Code provides a framework for officers and elected members to make sound decisions, manage risks effectively, and balance the interests of all stakeholders. It additionally aims to provide evidence of the Council's alignment to good governance principles.
Our performance suite of KPIs has been the subject of improvements.	These improvements aim to make the performance results more robust, accurate and timely to better aide strategic decision-making.
A new training platform which provides on-line training modules has been introduced.	This will allow for completion monitoring and reporting ensure that all mandatory training is undertaken.
Investment in Project Management training including professional training and qualification of project management officers.	13 officers in attendance obtained the APM Project Fundamentals Qualification and a Microsoft Project training module was delivered across the Council providing qualified project officers to facilitate or manage our projects.
The formation of a 'Transforming Fenland Core Group'.	The responsibilities of this core group include: <ul style="list-style-type: none"> <li>• Ensuring governance is in place for recommendations and live projects.</li> <li>• Providing support and challenge to empower positive transformational outcomes.</li> <li>• Collaborating with project sponsors to meet project plan targets and deliver benefits.</li> <li>• Representing the Council as a whole and fostering integrated partnership and project collaboration.</li> <li>• Enhancing knowledge sharing and problem-solving in an effective and supportive environment.</li> </ul>
The formation of a Risk Focus Group to support our Transformation programme.	This group manages the project risk register and oversight of any risks.
Governance surrounding our new Inspire Projects Programme.	A new governance checklist has been introduced within the programme management to ensure governance is sufficiently robust. This includes highlight reporting to senior management.
Workforce Task Group established in response to the local government reorganisation announcement.	This group of key officers across the Council has set about preparing ahead for LGR in terms of supporting employees and workforce planning.
Participation by senior management in collaborative workstream groups for Local Govt Reorganisation.	FDC is involved in strategic discussions for its potential future under a Unitary authority.

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## Forward look on governance improvements for 2025/26

The following have been identified as areas of further improvement to strengthen the Council's governance framework and future work plans.

1	To continue working on Assurance Mapping to assist with strengthening the governance framework. It aims to ensure that the Council can demonstrate adequate assurance over the year to complement the assurance work conducted by Internal Audit.
2	Continue to re-assess roles, responsibilities and resource requirements for financial reporting, including an assessment of the adequacy and capacity of the support arrangements for the financial reporting function to meet its objectives and the requirements of the Audit and Accounts Regulations.
3	A Local Decisions Record is to be introduced to capture all officer decisions to enhance transparency and record keeping.
4	A corporate equality policy is to be considered to promote fairness, diversity across our operations. From a governance perspective it can introduce benefits of strengthened ethical leadership and stronger organisational culture, enhanced risk management and better compliance and reporting.
5	Our commitment to ensuring our procurement activities are not involved in modern day slavery will be revisited for enhancement.
6	Waivers to our Code of Procurement to be reported to audit committee for transparency and scrutiny.
7	Follow up of weaknesses and 'opportunities to be stronger' identified through the best value checklist review.
8	Action to progress enforced use of purchase orders to enhance financial management and commitment accounting.
9	Improved implementation of agreed audit actions.
10	Establishment of local service-level LGR working groups (in collaboration with partner councils) to better plan for operations in both the next three-year period and the post LGR period.

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## Opinion

After conducting a review of the governance arrangements across the Council and overall compliance with the Council's Local Code of Governance, we are satisfied that the arrangements are effective. We propose over the coming year to take steps to address governance matters to improve our governance arrangements. We are satisfied that these steps will address the need for improvements in our review of effectiveness and will monitor implementation and operation as part of our next annual review.

We are also satisfied that this statement allows the Council to meet the requirements of the Accounts & Audit (England) Regulations 2015, to prepare an Annual Governance Statement (AGS) to accompany the 2024/25 Statement of Accounts.

## Certification

As Leader of the Council and Chief Executive, we have been advised on the implications of the results of the review of effectiveness of the Council's governance framework, by the Audit Committee and Cabinet.

Our overall assessment is that the AGS is a balanced reflection of the governance environment and that an adequate framework exists within Fenland District Council to ensure effective internal control is maintained. We are also satisfied that there are appropriate plans in place to address any significant governance issues and will monitor their implementation and operations as part of our next annual review.

Signature		Signature	
	<b>Cllr Chris Boden Leader of the Council</b>		<b>Paul Medd Chief Executive</b>
Date	--/--/25	Date	--/--/25
On behalf of Fenland District Council			