
Annual Governance Statement 2024-25

Committee considering report:	Governance Committee
Date of Committee:	29 July 2025
Portfolio Member:	Councillor Iain Cottingham
Report Author:	Sarah Clarke
Forward Plan Ref:	G4692

1 Purpose of the Report

- 1.1 The report sets out the Annual Governance Statement (AGS) for the Council for 2024-25 for approval. The AGS summarises the key governance issues for the Council and the action plan to address these. The AGS is required to be approved by those charged with governance, the Governance Committee at West Berkshire, under the Accounts and Audit Regulations 2015.
- 1.2 The AGS will form part of the Council's financial statements and will be considered by the Council's external auditors, KPMG as part of their annual audit for 2024-25. The deadline for the production of the financial statements is the 30 June, and a draft AGS has been included in the draft financial statements. This can be amended as part of the revisions to the financial statements during the KPMG external audit. The AGS will form part of the final financial statements for approval by the Governance committee upon receipt of the external audit of the 2024-25 financial statements.
- 1.3 The Code of Corporate Governance details how the Council complies with the CIPFA/SOLACE (The Chartered Institute of Public Finance and Accountancy, ("CIPFA") and the Society of Local Authority Chief Executives ("SOLACE") framework for good governance and supports the principles of good governance contained within this.

2 Recommendations

- 2.1 It is recommended that the Governance Committee approve:
 - (a) the Annual Governance Statement at Appendix A to this report
 - (b) the updated Code of Local Governance

3 Implications and Impact Assessment

Implication	Commentary			
Financial:	None directly			
Human Resource:	None directly			
Legal:	This report is a requirement that it must be considered by the Governance Committee under the accounts and audit regulations 2015.			
Risk Management:	See the main report detailing the action plan to mitigate overall risks raised in the AGS			
Property:	None directly			
Policy:	None directly			
	Positive	Neutral	Negative	Commentary
Equalities Impact:				
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		X		

Environmental Impact:		X		
Health Impact:		X		
ICT Impact:		X		
Digital Services Impact:		X		
Council Strategy Priorities:		X		The AGS supports the Council Strategy through focussing on areas to help improve its delivery
Core Business:	X			The AGS focusses on areas that can improve core business
Data Impact:		X		
Consultation and Engagement:	The Council's Finance and Governance Group, Corporate Board and the Portfolio Holders with responsibility for finance and governance.			

4 Executive Summary

- 4.1 Governance is about how the Council ensures it is doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner. It comprises systems, processes, cultures and values by which the Council is directed and controlled and through which it accounts to, engages with and, where appropriate, leads the community. The Leader of the Council and Chief Executive have a special role as custodians of the Council's governance arrangements, but good governance is also the responsibility of all Members and Officers.
- 4.2 The Annual Governance Statement (AGS) is a core document that sets out the Council's governance arrangements and a review of their effectiveness. The AGS must be reviewed and approved by the Governance Committee annually and is published with the financial statements.
- 4.3 The review for 2024-25 has highlighted four key areas to include in the AGS with an accompanying action plan:
- (a) Financial resilience (remaining from 2022-23)
 - (b) Delivering the better value in Special Educational Needs and Disability services programme

- (c) Delivery and expansion of the Transformation programme
- (d) Embedding Senior Management structures to provide clear and consistent direction and stewardship for the organisation

4.4 The above have been identified as areas where progress needs to be made during the forthcoming year to enhance the Council's governance processes and continue to deliver Best Value. These four key areas have been informed by the experience of the previous year, the Corporate Risk register, key items highlighted by internal and external auditors and significant external reviews e.g. the Local Government Association peer review and Care Quality Commission Review.

5 Supporting Information

Introduction

- 5.1 This report outlines the purpose of the Annual Governance Statement (AGS) and explains how the necessary assurance to support the AGS has been obtained. This should enable the Committee to make an informed judgement as to the effectiveness of the process that the Council has followed in conducting the annual review of the system of internal control within the Council.
- 5.2 The report also proposes a refresh to the Local Code of Governance, which sets out the Council's commitment to corporate governance, and identifies arrangements that will ensure its effective implementation in all work undertaken by the Council. This has been updated to reflect the current Auditors, and to reflect how the Council demonstrates compliance with the core principles.

Background

- 5.3 The AGS is designed to provide stakeholders of the Council with assurance that the Council has operated within the law and that the Council has met the requirements of the Accounts and Audit Regulations:

"The Council shall conduct a review at least once in a year of the effectiveness of its system of internal control".

- 5.4 A copy of the AGS for 2024-25 is attached to this report, for review, at Appendix A.
- 5.5 A copy of the refreshed Code of Local Governance for West Berkshire Council is produced at Appendix B.
- 5.6 The Council relies on a number of sources of information to carry out the review of the system of internal control and effectiveness. These include:
 - Service risk registers and the Corporate Risk Register (that is presented to the Committee bi-annually)
 - The Internal Audit Manager's annual report
 - Reports from external regulators, e.g. OFSTED, Care Quality Commission, KPMG (the Council's External Auditor), and the LGA (peer review process).

- 5.7 To support the preparation of the AGS, an Annual Review was also undertaken against the Principles of Good Governance, and details of that review are produced at Appendix C.
- 5.8 This evidence provides the assurance that enables the Leader and Chief Executive to sign the AGS with confidence.
- 5.9 A key element of the review of the system of internal control is the identification of any weaknesses or risks in the system, along with recommendations to mitigate such issues. Then in the subsequent year a further report is made on progress with implementing agreed recommendations.
- 5.10 The following themes were identified in the previous AGS as areas of focus for 2024-25:

Item from 2023-24	Progress during 2024-25	Included in the 2024-25 AGS
Financial resilience – ensuring adequate levels of reserves, the achievability of savings, and the identification of further savings in light of a very high savings requirement and very high inflation for the 2022-23 financial year.	The financial resilience of the Council continued to deteriorate during 2024-25. This culminated with a request to Government for Exceptional Financial Support. This remains a significant governance risk to the Council.	Yes
Delivering the better value in Special Educational Needs and Disability services programme² – ensuring that the Council delivers, using the £1m Government grant, a programme to identify and reduce costs in the High Needs Block. The deficit on the High needs Block (within the Dedicated Schools Grant) has been growing in recent years and is only being kept outside of the Council's general fund through a Government accounting adjustment.	Work has been ongoing to develop an action plan to ensure delivery of this programme to identify and reduce costs in the High Needs Block.	Yes - updated

<p>The delivery of an expanded Transformation programme - Delivering and monitoring of the core transformation programme, ensuring there is sufficient resourcing for this, and ensuring wider transformation across the Council to deliver services more efficiently and effectively. This includes a clear link to business case with demonstrable benefits for each project.</p>	<p>Work has been ongoing with a number of successes, such as the Employee Value Proposition (with a significant reduction in agency spend), and transformation of some of the Council's existing assets such as Walnut Close.</p> <p>The programme approved in 2023 was a two year programme, and this needs to be reviewed.</p>	<p>Yes - updated</p>
<p>Embedding Senior Management structures to provide clear and consistent direction and stewardship for the organisation – building on the appointments to the Senior Leadership Team, and ensuring there is clarity over the strategic direction of the Council and its operational priorities.</p>	<p>Much work has been undertaken in this regard, with a clear leadership development programme underway.</p>	<p>No</p>

Proposals

5.11 It is proposed that the Governance Committee approve the AGS produced at Appendix A, and the updated Code of Local Governance produced at Appendix B.

5.12 In light of the issues raised during the year and after a review of effectiveness, the following four areas are the focus for 2025/26:

- **Financial Resilience and Sustainability** - Ensuring adequate levels of reserves, the achievability and delivery of savings, and the identification of further savings in light of a very high savings requirement required to meet ongoing pressures.
- **Delivering better value in Special Educational Needs and Disability services programme** - Delivery of the programme to identify and reduce costs in the High Needs Block. The deficit on the High needs Block (within the Dedicated Schools Grant) has been growing in recent years and is only being kept outside of the Council's general fund through a Government accounting adjustment (which has recently been extended to 2027-28).
- **The delivery of an expanded and focussed Transformation programme** - The initial transformation programme was a two-year programme, so the Council should take the opportunity to review delivery against that and to review the priorities for the next two years.

Delivering and monitoring of the core transformation programme, ensuring there is sufficient resourcing for this, and ensuring wider transformation across the Council to deliver services more efficiently and effectively. This includes a clear link to business case with demonstrable benefits for each project.

- **Conduct a Review of Project Management arrangements across the Council -** The Council is undertaking a number of large transformation projects and also needs to continue to deliver important business as usual services to our communities. This requires that the Council has systems for robust and appropriate Project Management arrangements to ensure that projects are delivered in a manner that supports efficiency and effectiveness.

6 Other options considered

- 6.1 The production of the AGS is a requirement to be completed annually and the Council must comply with its production. The Council could opt not to complete an AGS alongside the annual financial statements though this would be in contravention of the Accounts and Audit regulations.

7 Conclusion

- 7.1 A key function of the Governance Committee is to review and approve the AGS for 2024-25, and review the conclusions reached.
- 7.2 To be able to review the AGS the Committee needs to examine the evidence, highlighted in the AGS and the updated Code of Local Governance, that is provided to the Governance Committee as well as other committees and Council bodies.

8 Appendices

- 8.1 Appendix A – Annual Governance Statement
- 8.2 Appendix B – Code of Local Governance
- 8.3 Appendix C - Principles of Good Governance Annual Review

Subject to Call-In:

Yes: ☐ No: ☒

The item is due to be referred to Council for final approval ☐

Delays in implementation could have serious financial implications for the Council ☐

Delays in implementation could compromise the Council's position ☒

Considered or reviewed by Scrutiny Commission or associated Committees, Task Groups within preceding six months ☐

Item is Urgent Key Decision	<input type="checkbox"/>
Report is to note only	<input type="checkbox"/>

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