

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 10 JUNE 2026



<b>Title of Report</b>	<b>DRAFT ANNUAL GOVERNANCE STATEMENT 2025-26</b>	
<b>Presented by</b>	Anna Crouch Head of Finance	
<b>Background Papers</b>	<b>Audit and Governance Committee – 12 November 2025</b> <a href="#">Annual Governance Statement 2024-25</a>	<b>Public Report:</b> Yes
<b>Financial Implications</b>	There are no financial implications arising from this report.	
	<b>Signed off by the Acting Section 151 Officer:</b> Yes	
<b>Legal Implications</b>	Under the Accounts and Audit Regulations 2015 (the “Regulations”), the Council is required to produce and publish an Annual Governance Statement (“AGS”) as part of its accountability and transparency obligations. Regulations 6(1) and 6(2) set out the specific requirements. To comply with the Regulations, the AGS must be approved by the Council or a designated Committee, signed by the Leader and the Chief Executive, and made available to the public at the same time as the Statement of Accounts. The period of inspection is a legally defined timeframe within the Accounts and Audit Regulations 2015 during which the public is granted special rights to access, review, and copy certain financial documents of a relevant authority. The period of inspection refers specifically to the 30 consecutive working days set aside by a relevant authority after the end of each financial year. During this time, the unaudited Statement of Accounts, the AGS, and supporting documents are made available for public inspection. The Council intends to publish its Statement of Accounts 2025/26 on the 1 July 2026. Therefore, a copy of the AGS is required to be published alongside the Statement of Accounts to ensure compliance with the Regulations.	
	<b>Signed off by the Interim Monitoring Officer:</b> Yes	
<b>Staffing and Corporate Implications</b>	There are no staffing implications arising from this report.	
	<b>Signed off by the Head of Paid Service:</b> Yes	
<b>Purpose of Report</b>	To present the draft Annual Governance Statement 2025/26	
<b>Recommendations</b>	<b>THAT THE AUDIT AND GOVERNANCE COMMITTEE APPROVES THE DRAFT ANNUAL GOVERNANCE STATEMENT 2025/26 FOR PUBLIC INSPECTION.</b>	

## 1.0 BACKGROUND

- 1.1 Local authorities have a legal responsibility to conduct, at least annually, a review of the effectiveness of their governance framework including their system of internal control. Following the review, an Annual Governance Statement (“AGS”) must be produced, approved and published. Good practice dictates that the document is published alongside the statement of accounts but is considered in its own right. The AGS must describe the arrangements in place for ensuring proper governance throughout the financial year. Specifically, the Statement should set out how the Council meets the principles of good governance, identify any significant governance issues, and detail the actions being taken to address them.
- 1.2 The Council’s Statement of Accounts 2025/26 is scheduled to be published at the end of June 2026. The Accounts and Audit Regulations 2015 require that the Annual Governance Statement (AGS) be published alongside the statement of accounts during the period of public inspection. This ensures that members of the public have the opportunity to review both documents concurrently during the statutory inspection period, promoting transparency and accountability in local government financial management.
- 1.3 The Committee is asked to note the findings of the AGS and the actions proposed to further develop or strengthen elements of the Council’s governance arrangements, which are outlined in the AGS shown in Appendix 1. Any comments or proposed amendments to the AGS will be made prior to its publication alongside the Statement of Accounts.
- 1.4 The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) issue joint annual guidance on corporate governance which encourages local authorities in going beyond consideration of the internal control environment to look at wider arrangements for supporting sound corporate governance.
- 1.5 The CIPFA/SOLACE guidance - ‘Delivering Good Governance in Local Government: Framework (2016)’, outlines seven core principles for good governance, with a number of supporting principles. These seven principles are:
  - A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the 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 the Authority's 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.
- 1.6 A key element of compiling the Annual Governance Statement is an assessment of the extent to which the Council has adhered to the governance standards set out in its Code, and providing a robust evidence base for this, set out in a transparent way. This is seen in the Statement in the section titled “How we comply with the CIPFA/SOLACE framework”.

- 1.7 The AGS includes the following sections:
- Executive Summary – this is considered good practice because it provides a concise overview of the key points and findings contained within a larger document.
  - The Purpose of the Governance Framework – describes the Council’s system of internal control
  - Background and Scope of Responsibility – this section provides the purpose of the document and outlines the legal requirements for an AGS and its link to the Council’s Code of Corporate Governance.
  - The Governance Framework – describes how the Council has complied with the principles in its Code of Corporate Governance and includes links to online documents where the reader can access more detailed information.
- 1.8 The Annual Governance Statement is a snapshot document that reflects the governance arrangements, performance and structure of the Council at a specific point in time. Typically, it is prepared to coincide with the end of the financial year, and it provides a transparent account of the Council’s governance policies and practices over that period.
- 1.9 The final section of the report details the overall opinion and conclusion.
- 1.10 As the Internal Audit Annual Opinion for 2025/26 has not yet been published, the Annual Governance Statement (AGS) will be updated once the report is finalised.
- 1.11 Following Audit and Governance Committee approval, the Draft AGS will be signed by the Leader of the Council and the Chief Executive and published on the Council’s website and alongside the Draft Statement of Accounts 2025/26 on the 30 June 2026.
- 1.12 A final version will be presented to this Committee alongside the audited version of the Statement of Accounts 2025/26 in January 2026.

<b>Policies and other considerations, as appropriate</b>	
Council Priorities:	A Well-Run Council
Policy Considerations:	None
Safeguarding:	None
Equalities/Diversity:	None
Customer Impact:	None
Economic and Social Impact:	None
Environment, Climate Change and Zero Carbon	None
Consultation/Community/Tenant Engagement:	None
Risks:	The AGS is a mandatory requirement for local authorities. Failure to produce an AGS may result in non-compliance with relevant regulations namely the Accounts and Audit Regulations 2015.
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