

OPEN

Audit and Governance Committee

Date: 28 July 2025

Draft Annual Governance Statement 2024/25

Report of: Rob Polkinghorne, Chief Executive

Report Reference No: AG/10/25-26

Ward(s) Affected: All

For Decision or Scrutiny: Decision

Purpose of Report

- 1 The purpose of this report is for the Committee to receive the draft Annual Governance Statement (AGS) for 2024/25. The Audit and Governance Committee's responsibilities include the reviewing and approving of the Annual Governance Statement, considering whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control, including an agreed action plan for improvements where necessary.

Executive Summary

- 2 Each year, Cheshire East Council produces an AGS explaining how it operates its corporate governance arrangements, makes decisions, manages its resources, and promotes values and high standards of conduct and behaviour.
- 3 The review is carried out against the Council's Code of Corporate Governance. The draft AGS, at Appendix A, reflects activity over the 2024/25 financial year, and includes activity up to the date of providing this report to Committee. The draft will be further updated to cover the activity up to the date of approval of the Council's Statement of Accounts.

RECOMMENDATIONS

The Audit and Governance Committee is recommended to:

1. Receive and review the draft AGS 2024/25, noting that the final proposed AGS will be provided to a future meeting of the Committee for approval.
2. Approve the proposed changes to the significant issues detailed in Sections 7 and 8 of the draft Statement
3. Approve the removal of the significant governance issue in relation to ASDV Governance from future statements.

Background

- 4 There is a strong correlation between effective governance and effective service delivery. Whilst the Statement, by its nature is only signed off once a year, the process of review is continuous, to give assurance on the effectiveness of the processes and/or to address identified weaknesses, supporting the continuous improvement of the Authority.
- 5 In preparing the draft AGS, reliance has been placed on existing developments, decisions and reports, which have been referenced throughout the Statement. Other sources of assurance for the Committee in considering the draft AGS include the progress updates on items included in the AGS, the annual Internal Audit Opinion 2024/25, and interim update reports from Internal Audit and Risk Management.
- 6 Whilst assurance of this kind always forms a significant part of the AGS production, it is also supplemented by the outcome of separate assurance exercises such as the management assurance statements. This is currently ongoing and will be completed prior to the Final AGS sign off. No significant issues have been identified through these to date, but the final Statement will be updated as necessary for any issues arising.
- 7 The draft AGS for 2023/24 was received by the Audit and Governance Committee at the 29 July 2024 meeting, with a further update on the significant issues provided at the 5 December 2024 and 24 February 2025 meetings as part of the overall update on the statement of accounts and accountability statements.
- 8 The External Auditor provided an interim report on the Council's accounts for 2023/24 to the Audit and Governance Committee on 24 February 2025. The External Auditor's report confirmed that they had not been in a position to obtain sufficient evidence to be able to conclude that the financial statements were free from material and pervasive misstatement before the backstop date of 28 February 2025.

- 9 The External Auditor had also received a number of objections to the 2023/24 financial statements which remain under consideration. This resulted in the external auditors providing a disclaimed audit opinion for the 2023/24 accounts and a failure to meet the backstop date for publication. As a result of this and the lack of assurance in relation to the opening balances, the 2024/25 financial statements will also be disclaimed.
- 10 Seven issues from the 2023/24 Statement have progressed but remain as areas of significance in 2024/25. These are included in Section 7 and have been updated to reflect the progress made. These will be further updated before the Final AGS is presented for approval.
- 11 The previously included issue of ASDV Governance is proposed for removal as significant progress has been made in this area.
- 12 To date, the assessment of the effectiveness of our governance arrangements for 2024/25 identified one arising significant governance issue relating to “Delivering Improvement” which is included in Section 8.
- 13 A workshop for Members regarding the AGS and the Statement of Accounts will be offered prior to the Final AGS being considered by the Committee.
- 14 Once approved by the Committee, the final AGS will be signed by the Chief Executive, Leader of the Council and Deputy Leader of the Council and will then published on the Council’s website along with the Statement of Accounts.

Consultation and Engagement

- 15 The draft AGS has been considered by the Corporate Leadership Team and senior managers to ensure all issues impacting the Council have been considered.

Reasons for Recommendations

- 16 In accordance with the Accounts and Audit Regulations 2015, the AGS should be approved by Members of the Council meeting as a whole, or by a committee. The Audit and Governance Committee has delegated authority to approve the AGS.

Other Options Considered

17 None applicable.

Option	Impact	Risk
Do nothing	The AGS is not reviewed and approved by Members of a Council meeting or committee	Failure to comply with the Accounts and Audit Regulations 2015

Implications and Comments

Monitoring Officer/Legal/Governance

- 18 The production of the Annual Governance Statement is required by Regulation 6(1)(b) of the Accounts and Audit Regulations 2015. The Accounts and Audit (Amendment) Regulations 2024 came into force on 30 September 2024 and set the timescales for the publication of the accountability statements.
- 19 For the financial year beginning in 2024, after approving the statement of accounts, the authority should publish its accountability statements on or before the 27 February 2026.
- 20 The preparation of the AGS has been carried out in accordance with the guidance produced by the Chartered Institute of Public Finance (CIPFA) "Delivering Good Governance in Local Government (2016)".

Section 151 Officer/Finance

- 21 There are no direct financial implications for the Medium-Term Financial Strategy arising from the content of the Annual Governance Statement. The production of the Statement aligns with the production of the Statement of Accounts. The final AGS will be published alongside the audited accounts.

Human Resources

- 22 There are no direct human resources implications.

Risk Management

- 23 The Authority is required to prepare and publish an AGS to meet the statutory requirement set out in Regulation 6 of the Accounts and Audit Regulations 2015. Failure to prepare the Statement will result in non-compliance of legislation by the Council.

Impact on other Committees

24 There are no impacts on other committees.

Policy

25 There are no direct implications for policy. The production of the AGS provides assurance on the Council's governance arrangements.

Commitment 3: An effective and enabling council
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Equality, Diversity and Inclusion

26 There are no direct implications for quality, diversity, and inclusion.

Other Implications

27 None.

Consultation

Name of Consultee	Post held	Date sent	Date returned
Statutory Officer (or deputy) :			
Ashley Hughes	S151 Officer	16/07/25	18/07/25
Janet Witkowski	Acting Monitoring Officer	16/07/25	17/07/25

Access to Information	
Contact Officer:	Josie Griffiths – Head of Audit, Risk and Assurance josie.griffiths@cheshireeast.gov.uk
Appendices:	Appendix 1 – Draft Annual Governance Statement 2024/25 Appendix 2 – The Governance Framework 2024/25 Appendix 3 – The Committee Structure Appendix 4 – Background to significant Governance Issues

Background Papers:	N/A
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