

Annual Governance Statement 2024-25 Draft – Subject to Audit



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I am delighted to introduce our Draft Annual Governance Statement for 2024-25.

I'm especially pleased with the progress we have made in the past 2-3 years on Governance which reached an important set of milestones last year. In October 2024, we welcomed back our LGA Corporate Peer Review (CPR) Team to review progress since our Peer Review in January 2024. Both the original CPR report as well as feedback from the 'progress review' recognised the excellent work of Officers and Members in driving the Council's improvement.

And, our much strengthened framework for and approach to governance was further underlined by the external audit of the 2023-24 Statement of Accounts which was 'unqualified, without modification'.

I'm also encouraged that our Scrutiny Committees have continued their development, with recent scrutiny reports demonstrating the value added to Council decision-making and policy development.

Having the right governance foundations in place – which we do – has meant that over the past year we've seen real progress against our Corporate Plan. Amongst the highlights we have:

- Delivered on our Environment Policy Statement linking our Climate Change commitment with all that is positive about our county's environment – from biodiversity to simply enjoying our parks.
- Re-opened the 'Northumberland Railway Line' after its closure over 60 years ago.
- Delivered record investment in the County's School estate and our leisure centres.
- Announced a £10bn+ investment at Cambois with one of the world's leading companies for Data and AI.

Alongside this, we've sustained high-quality services to residents. In the past year, our services to Children were rated as 'Outstanding' by Ofsted, whilst Adults' Services were rated as 'Good' by CQC.

Whilst the financial outlook for most councils continues to be challenging, it's clear to me that having the fundamentals of good governance in place alongside sound Officer capacity and stability, has enabled us to drive forward with our vision and priorities. The framework of effective corporate governance set out in this document helps ensure the Council continues to improve, whilst delivering good-quality services to residents.

I thank all staff and Members for their continued, excellent contribution to this work.

Councillor Glen Sanderson
Leader of Northumberland County Council

What is the Annual Governance Statement?

The Annual Governance Statement (AGS) describes how Council has complied with its Local Code of Corporate Governance and the requirements of the Accounts and Audit Regulations 2015.

This has been prepared in accordance with guidance produced in 2016 by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE) - the 'Delivering Good Governance in Local Government Framework'. It embraces the elements of internal control required by the 'Code of Practice on Local Authority Accounting in the United Kingdom' (CIPFA).

This document outlines four key things:

1. Our approach to preparing the AGS;
2. A summary of significant governance events during the 2023-24 financial year;
3. The key aspects of our Governance Framework; and,
4. A progress update on our AGS action plan for 2024-25 and proposed strategic governance actions for 2025-26.

Why is Governance Important?

All our residents and service users, together with our suppliers and partners, must be able to have confidence in our governance arrangements; that our ways of working enable us to provide the right services effectively and efficiently and

on a consistent basis, and that we take informed, transparent and lawful decisions. They must also be assured that we properly account for the money we receive and spend.

How this Statement is prepared

In preparing the Annual Governance Statement (AGS), we have:

- Reviewed the Council's existing governance arrangements against relevant guidance;
- Ensured the Council's Local Code of Corporate Governance reflects this guidance;
- Assessed the effectiveness of the Council's governance arrangements against the Local Code of Corporate Governance, and,
- Considered whether there are any 'post-2024-2025 events'.

To learn more about our approach to governance arrangements, including the 'Principles of Good Governance', please see the [Local Code of Corporate Governance](#) on the Council's website.

Significant Governance Events in 2024-25

We highlight here, four significant governance events for the past financial year.

(i) Audit, inspection and other external review

In October 2024, the LGA Corporate Peer Review (CPR) Team returned to review progress since our Peer Review in January 2024. Last year, both the original CPR report as well as feedback from the 'progress review' recognised the positive work of Officers and Members in driving the Council's improvement.

The Council's much strengthened framework for, and approach to governance was further underlined by the External Auditor's Report for 2023-24. The 2023-24 Statement of Accounts was 'unqualified, without modification'. The Auditor's report praised the great strides the Council has made since the Review of Governance, and subsequent Corporate Peer Review with the most notable improvements being in governance. The report commended the Council's ambitious Corporate Plan. Additionally, the BEST programme was highlighted for the substantial progress being made. Also recognised is the Council's successful partnership work in launching the new Northumberland Line and progressing the Energy Central Learning Hub in Blyth.

During last year, Children's Services was inspected by Ofsted and ranked as 'Outstanding'. Following this, Adults' Services was inspected by CQC and ranked as 'Good'.

(ii) Advance Northumberland

The Strategic Review of Advance Northumberland, informed by external advice and expertise, was completed in-year with recommendations made to County Council as part of the 2025-26 Budget and Medium-Term Financial Plan 2025-29 with a report on financial restructuring to be considered by County Council.

(iii) Refresh of BEST Business Case

Following the review of BEST and agreement of the refreshed Strategic Business Case (including BEST governance), arrangements are being updated to deliver more streamlined decision-making. This will make best use of leadership time and make accountabilities clearer and simpler. It also sets out an even more ambitious target for efficiencies and a refocused programme of reviews.

(iv) Financial Management and Procurement

The Finance and Contract Rules and related policies were reviewed during the year. The revised rules and policies were approved by County Council in September 2024.

Our Governance Framework

The Council’s Governance Framework directs the work of the Council. The roles of those responsible for the Governance Framework and other key policies and processes in the framework are summarised in the table below.

Roles	
The Council	Approves the Council Budget and Policy Framework. Approves the Constitution (including Standing Orders and Financial Regulations).
Cabinet	The executive decision-making body of the Council. Comprises ten Cabinet Members (including the Leader and Deputy) who have responsibility for their respective portfolios.
Audit Committee	Provides independent assurance to the Council on the adequacy and effectiveness of the governance arrangements, risk management framework and internal control environment. Promotes high standards of member conduct. Approves the Annual Statement of Accounts and Annual Governance Statement.
Scrutiny Committees	There are four Overview and Scrutiny Committees which support the work of the Cabinet and the Council as a whole. These allow citizens to have a greater say in Council matters by holding inquiries into matters of local concern. They hold Cabinet and Officers to account and scrutinise performance.
Executive Management Team	Implements the policy and budgetary framework set by the Council and provides advice to Cabinet and Council on the development of future policy and budgetary issues. Oversees the implementation of Council Policy.
Chief Financial Officer (s151) (Executive Director of	Accountability for developing and maintaining the Council’s governance, risk and control framework. Contributes to the effective corporate management and Governance of the Council.

Transformation and Resources)	
Monitoring Officer (Director of Law and Corporate Governance)	To report on contraventions or likely contraventions of any enactment of rule of law. To report on any maladministration or injustice where the Local Government Ombudsman has carried out an investigation. To establish and maintain registers of member interests and gifts and hospitality. To advise members on the interpretation of the Code of Conduct for Members and Co-opted Members. Contributes to the effective corporate management and governance of the Council.
Internal Audit	Provides independent assurance and annual opinion on the adequacy and effectiveness of the Council’s governance, risk management and control framework. Delivers annual programme of risk-based audit activity, including counter fraud and investigation activity. Makes recommendations for improvements in the management of risk.
External Audit	Audit / review and report on the Council’s financial statements (including the annual Governance Statement), 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).
Managers	Responsible for developing, maintaining and implementing the Council’s governance, risk and control framework. Contributes to the effective corporate management and governance of the Council.
Policies and Processes	
The Corporate Plan	Approved by Full Council in May 2023. It sets out the vision and three priorities which guide everything the Council does.
Performance	A new Planning, Performance and Accountability Framework (PPAF), was completed in March 2024. This embeds continuous improvement across the Council. Performance is reported to Cabinet and Council (outturn).

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Service Planning	Plans provide assurance to the organisation that the Corporate Priorities are being delivered.
Spatial Planning	The Council's Local Plan sets out the long-term spatial vision and strategic planning policies of the Council. It was adopted by the Council on 31st March 2022.
Managing Risk	Audit Committee monitors risk management in the Council. In January 2025, Cabinet agreed the key risks to be managed at a corporate level.
The Constitution	Sets out how the Council operates, how decisions are made, as well as the rules and procedures that must be followed. The new Constitution document was agreed by Full Council at its Annual General Meeting in May 2023 and is reviewed and updated as needed.
Forward Plan	Published on the website and contains information about all matters likely to be the subject of a key decision taken by the Council during the forthcoming four-month period.
Pay Policy	The pay policy sets out the Council's policies on a range of issues relating to the pay of its workforce.
Equality	As part of our duty under the Equality Act 2010, the Council publishes equality objectives. New Council policy, proposals or services, or any change to these are subject to an Equality Impact Assessment.
Integrated Impact Assessments	<p>The IIA is a tool that helps us to place equality and equity considerations at the heart of everything we do and makes sure our strategies, policies, services and functions do what they are intended to do and are for everyone. The process ensures we give 'due regard' to the impacts of the activity on:</p> <p>The Public Sector Equality Duty and Human Rights including ensuring the Council meets the three aims of the Public Sector Equality Duty, Socio-economic and digital inequalities and Environment, climate and sustainability.</p>

Financial Management, Procurement and Value for Money	For the 2024-25 financial year, the Council set a balanced budget. The final audited 2023-24 statement of accounts was considered and agreed by Audit Committee in February 2025
Indicators of Financial Resilience and Stress	CIPFA's published Financial Resilience Index for all English local authorities measures performance across nine financial indicators.
Managing Data & Information	The Council is a registered Data Controller with the Information Commissioner's Office (ICO) and we have a robust Information Governance Framework.
Audit and Audit Assurances	The Council's Internal Audit and Risk Management Service operates in accordance with the Accounts and Audit Regulations 2015, the Public Sector Internal Audit Standards (revised April 2017) and the related Local Government Application Note. A Strategic Audit Plan is presented annually to the Audit Committee to consider and review the planned work. The Chief Internal Auditor's 2024-25 'Opinion on the Adequacy and Effectiveness of the Framework of Governance, Risk Management and Control' will be reported to Audit Committee in May 2025.
Conduct	Codes of Conduct for Members and Officers set out the standards of conduct and behaviour required. They are regularly reviewed, and Members and Officers are reminded of the requirements. The Monitoring Officer maintains the Councillors' register of interests, as required under the Localism Act 2011. This is available online for public inspection.
Whistleblowing	The Council operates a whistleblowing policy to ensure that all issues are properly investigated. The Council also provides an independent, confidential 'Safe call' service where employees can report any concerns.
Counter Fraud	A dedicated resource is available within the Fraud Team to lead investigations into breaches of policy and suspected irregularities, including proactive work, and developing an anti-

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	fraud culture. The Audit Committee receives regular updates on all fraud investigations.
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[ANNUAL OPINION OF THE CHIEF INTERNAL AUDITOR TO BE ADDED HERE IN MAY 2025]

Our plans for improving governance

The progress made during 2024-25 on the improvement areas identified in our 2023-24 Annual Governance statement is summarised in the table below.

1	<p>Key change initiatives</p> <p>Using existing networks, processes and approaches to further embed key initiatives such as BEST and the Corporate Plan (e.g. Corporate Briefing, Performance Reporting, Service-Planning).</p>	<p>Complete: Initiatives such as BEST and the Corporate Plan have been further embedded. All services have undertaken service planning which is linked to the Corporate Plan and priorities. BEST has been further embedded, and it is now part of business as usual processes. This was recognised in our CPR Progress Review. This will remain an ongoing process.</p>
2	<p>Trust and openness</p> <p>Continue the programme of Group Leaders meetings. Communicate the positive progress that is being made with Member to Member working as well as Member to Officer working. Develop the new programme of Policy Conferences for 2024-25, listening to and reflecting on Members’ feedback and ideas for improving these.</p>	<p>Complete:</p> <p>Regular engagement with elected members has been undertaken. A full programme of Policy Conferences was completed, learning from Member feedback.</p>
3	<p>Member development</p> <p>Continue to strengthen the Member Training offer in 2024-25 (listening to Member feedback) as well as improving communication on this.</p>	<p>Partially Complete:</p> <p>Training targeted on the things most important to Members – e.g. planning training delivered to Strategic Planning Committee Chairs and Vice Chairs. This has included ‘scenario-based’ training. Also, we have updated the programme for new Member induction ahead of County Council elections in May 2025. This takes account</p>

		<p>of new ways of working since Covid, as well as listening to Member feedback.</p> <p>This is an action that will developed further during 2025-26</p>
4	<p>Data and performance</p> <p>Deliver Data & Business Intelligence Strategy. Refine and clarify the link between improved use of 'data & BI' and corporate performance reporting.</p>	<p>Complete:</p> <p>The Data & Business Intelligence Strategy was delivered and launched with priorities that will work alongside the new Corporate Performance Framework, as we deliver it in 2025-26.</p>
5	<p>Workforce</p> <p>Develop and rollout NCC's new Workforce Development Plan.</p> <p>Use the rollout of BEST reviews to embed understanding and engagement on BEST across all parts of the organisation.</p>	<p>Complete: The new People and Culture Strategy was completed and rolled out in 2024. BEST has been embedded across the organisation and there a range of ways in which staff can engage with BEST such as BEST 'Ways of Working' workshops and the 'BEST Expos'.</p>
6	<p>Partners</p> <p>Refresh and communicate Member and Officer arrangements in relation to the new Combined Authority (CA). As part of this, consider what NCC services and functions could do differently to work even more effectively with the new CA.</p>	<p>Complete: An Officer Regional Strategy & Intelligence Group established – Officers meet monthly to: support key briefings to Lead Members and officers and produce a monthly update to EMT and SLT. This group makes sure all key NCC officers are aware of work ongoing at the CA and how we can shape and contribute to this.</p>
7	<p>Value for Money</p>	<p>Complete: All services completed a new Value for Money Assessment in 2025-26. Workshops were held to further improved the quality of the assessments.</p>

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<p>Deliver Value for Money Statements for each NCC Service as part of the 2024-25 Service Planning Process. Continue to develop and re-profile the Capital Programme.</p>	<p>Service Planning process refreshed with each service completing a Service Plan. During 2025-26, process will continue to be embedded across the organisation.</p> <p>Capital Programme for 2024-25, agreed by Council in February 2024. Capital Programme has changed during the year as the phasing of schemes was reviewed at the end of the previous financial year with £161.1 million re-profiled from 2023-24 to 2024-25.</p>
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The table below summarises key, strategic areas of improvement identified during the 2024-25 annual governance review and outlines the planned actions to be completed to enhance the Council's governance arrangements.

1	Key change initiatives	Following the refresh of the Strategic Business Case, implement Phase Two of BEST.
2	Trust and openness	Continue the programme of Group Leaders' meetings. Develop the new programme of Policy Conferences for 2025-26, building on the successes and lessons learned in the past year.
3	Member development	Following the May 2025 local elections, deliver, with Members, the new Member induction programme as well as refreshed Member Development Plan.
4	Data and performance	Through BEST and, building on the progress of the Data Academy and award-winning data approaches in the past year, continue to strengthen use of data, performance information and knowledge in service delivery and decision-making.
5	Workforce	Implement performance framework to monitor progress on indicators relating to delivery of People and Culture Strategy. Continually review HR policies and procedures for NCC.
6	Partners	With partners, continue to develop and deliver the work of the County Partnership, focused on a shared 'mission' to tackle inequalities. Continue to work and through the Combined Authority, securing growth and jobs for Northumberland and the wider region.
7	Value for Money	Continue to develop Value for Money Assessment Statements, learning from the progress from last year.

These areas of improvement will be monitored during 2025-26 and reported to the Audit Committee as part of the Council's Governance review arrangements.

Assurance

Any system of internal control can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, that material errors or irregularities are either prevented or would be detected within a timely period, and, that significant risks impacting on the achievement of the Council's objectives have been mitigated.

Progress had been made against the governance improvement plan identified during the 2023-24 governance review, and where actions have not yet been fully completed, they will continue to be progressed. In addition, opportunities to further strengthen the Council's governance arrangements were identified during the 2024-25 governance review process.

In compliance with the Delivering Good Governance in Local Government: Framework (Governance Framework) (CIPFA and Solace, 2016) the Council has systems in place to review and improve the governance and internal control environment throughout the year.

It is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of Northumberland County Council systems of governance. The annual review process has demonstrated sufficient evidence that the Council's corporate governance arrangements have operated effectively, and the Council complies with the relevant corporate governance principles in all significant respects.

Signed [Signature to be added to next draft]
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Cllr Glen Sanderson
Leader of Council

Dated: xx/xx/2025

Signed [Signature to be added to next draft]
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Dr Helen Paterson
Chief Executive Officer

Dated: xx/xx/2025