



North East Derbyshire District Council

Annual Governance Statement 2024/25

Introduction

We approved our Council Plan 2023 – 2027 in July 2023:

Our Vision

Putting strong community leadership at the heart of everything we do, we will create a great place.

Throughout the plan we demonstrate our commitment to the residents of our district and give examples of some of the work we will be doing to meet our pledges.

We will deliver this evolving and ambitious plan in an inclusive and transparent way, with a spirit of effective collaboration for the benefit of our residents.

Council Plan 2023 - 2027

Our Objectives

That North East Derbyshire is a great place:

- to live well
- to work
- to access good public services
- that cares for the environment



This Annual Governance Statement reviews arrangements in place for the financial year 2024/25. The services and projects delivered during the year are linked to our strategic objectives and plans, alongside monitoring current performance and risks.

The Annual Governance Statement

The Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA /SOLACE Framework *Delivering Good Governance in Local Government Framework 2016 edition*.

This Statement explains how we have complied with the code for the year ended 31 March 2025 which also meets the requirements of Accounts and Audit Regulations 2015 (as amended).

In addition, this Statement is used as an improvement document, identifying how we are delivering improvements.

The Scope of the Council's Responsibility

North East Derbyshire 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 used economically, efficiently and effectively.

We have 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.

In discharging this overall responsibility, we are responsible for putting in place proper arrangements for the governance of its affairs, and for facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, culture and values, by which a local authority is directed and controlled, together with those activities through which it accounts to, engages with and leads the local community. It enables the local authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The Governance Framework

Our Governance Framework identifies the assurance needed to meet our strategic objectives and how this assurance is achieved. It also identifies areas that require improvement. These are detailed below in **Significant Governance Issues**.

Assurance Required:

- Delivery of Council Plan
- Communication of Performance
- Financial Management including compliance with CIPFA's Financial Management Code
- Value for Money
- Effective action against service failure
- Members and Officers working effectively together
- High standards
- Transparency
- Risk Management
- Public Accountability
- High ethical standards from members and officers
- Financial Resilience

Source of Assurance:

- Constitution
- Senior Management Team
- MTFP
- Annual financial resilience reviews
- Financial Regulations
- Contract Procedure Rules
- People Strategy
- Information Management Strategy
- ICT & Digital Strategy
- Health & Safety Policy
- Risk Management Policy
- Internal and External Audit
- Audit/Scrutiny Committees
- Standards Committees
- Member and Officer Codes of Conduct and Councillor-Officer Relations

Assurance Received:

- Statement of Accounts
- External Audit
- Internal Audit
- Risk Registers
- Scrutiny Reviews and Monitoring of Performance
- Annual Review of Constitution
- Audit Committee reviews
- Service reviews
- External Assurance and advice
- Standards Committee monitoring and review and advice
- Regulator of Social Housing inspection and monitoring regime for Housing Services
- Strong commitment to compliance with CIPFA/Solace Code of Practice for Statutory Officers

Performance Management

We have reviewed our performance management processes during 2024/25 to ensure that we remain transparent, and that outcomes and measures effectively define our performance against the plan for all our stakeholders. We monitor and report delivery performance on a quarterly basis culminating in our Annual Report.

The successful achievement of the Council's agreed objectives is key to both ensuring effective delivery of services to residents and providing a sustainable future for the Council.

We also monitor the performance of the companies that we own and/or have an interest in. The Council has a wholly owned company, Rykneld Homes Ltd, who manage the Council's housing stock under a management agreement. Regular monitoring meetings are held, attended by senior officers from both organisations as well as the Chair of Rykneld Homes' board and representatives from the Council's Cabinet.

Risk

The longer-term sustainability of both our service delivery and the Council's financial position are protected by the Council Plan, and the Financial Plan both of which cover a four-year period. These are supported by a Risk Management Strategy and a robust risk management framework which identifies and mitigates both strategic and operational risks which could hinder or prevent our plans being achieved.

The key objectives of the Strategy and framework:

- To operate in line with best practice and update our approach to reflect evolving best practice
- To protect service delivery arrangements, the reputation, and the financial position of the Council by managing risk effectively
- To maintain and strengthen robust managerial and governance arrangements within the Council
- To promote risk awareness, risk intelligence and risk management throughout the Council
- To ensure programme, project and partnership risk is effectively managed
- To ensure there are clear roles, responsibility, and accountability for risk management within the Council
- To ensure the effective identification of risks relating to service delivery, a new project, new initiative, external origins, or circumstance to ensure fully informed decisions are made and measures to mitigate or exploit are in place
- To ensure that the Council has a fully informed level of awareness of its overall risk exposure

Our organisation is risk aware rather than risk averse as the decision whether to accept risk must be taken in light of the potential benefits of a proposed course of

action. The extent to which the Council is risk averse, will undoubtedly impact on its potential to progress available opportunities to secure benefits for residents.

The Risk Management approach, both in the identification of risks and the action taken to address the risks, is flexible and can respond to change. National policies, service delivery arrangements, national and local circumstances, together with Council priorities have and will continue to change and evolve over time. The Council's Risk Management focus and arrangements can adjust speedily to ensure that current threats and opportunities are effectively addressed and not stifled by inappropriate risk management arrangements.

A comprehensive review of the Council's risk management framework now takes place every two years following which the Risk Management Strategy for the two years ahead will be set. During 2023, we undertook an external assessment in relation to its Risk Management Strategy and arrangements to help inform the 'then' upcoming strategic review. Across a range of themes and out of a maximum score of 5 we were assessed at level 4 "Integrated" overall and level 5 for Culture and Leadership, the highest score possible - this is classed as Transformational. We have repeated this exercise recently with service managers as we were keen to ensure that risk management is embedded across the Council. The assessment has identified a strong and proactive risk culture and a consistent willingness to discuss risks openly and constructively. There is more to do in ensuring consistent approaches to risk escalation and aligning strategic risks with programme delivery and this will be managed through the Risk Management Group with support from the Senior Management Team.

Although the Council can do much to manage the risks it faces, it does need to be recognised that some of the major Strategic Risks are only partially within its direct influence. Key risks included in the Strategic Risk Register at the end of the reporting period (31 March 2025) are:

- *National Funding, Priorities, Policy or Regulatory change which affects the Council area and impacts upon the business of the Council negatively.*
- *English Devolution White Paper and Local Government Reorganisation*
- *Failure to deliver a balanced budget.*
- *Operational service failure which has a major impact upon the Council as a whole or significant impact upon the local community*
- *Emergency Planning and Business Continuity arrangements fail to meet required standards when tested by incidents such as pandemic, natural disaster, a loss of data / systems which results in the inability to provide core services and potential reputational damage.*
- *Difficulty in recruiting to key posts or in replacing key staff who leave.*

- *Delivery of major initiatives and key projects whilst implementing a range of new government reforms against a backdrop of challenging financial targets and maintaining service quality. Local Government Reorganisation adds to this challenge.*
- *Ineffective engagement with local communities and stakeholders including Parish Councils and other local partners*
- *Ineffective 'Good Governance' arrangements including; Performance, Finance and Risk Management.*
- *Staff morale / sickness levels adversely affected as a result of the pace of change, tightening financial circumstances or external circumstances.*
- *Failure to have in place robust, comprehensive and up to date policies and procedures for safeguarding children and vulnerable adults.*
- *Cyber security attack which severely impacts ICT systems and data. E.g. Ransomware attack rendering access to ICT unavailable for some time.*
- *Meeting the challenge and impact upon the organisation in its environment of Climate Change.*
- *Impact on the organisation and its communities of rising cost of living.*
- *Refusals of planning consent being issued based on non-evidenced decisions*
- *Risks associated with the sale of Northwood Group Ltd*
- *Delivery of Clay Cross Town Deal Town Centre Regeneration project*
- *Impact of the use of Artificial Intelligence (AI) and generative AI.*
- *Production of updated/ new Local Plan – expedited due to likely changes to national planning policy.*
- *Delays to the opening of Clay Cross Active.*

Decision making

Our Council consists of 53 elected members with a Cabinet of lead members who are supported by scrutiny committees. We have a formal constitution in place which sets out how we operate, how decisions are made and the procedures for ensuring that the Council is efficient, transparent and accountable to local people. It contains the basic rules that govern the day-to-day business and a section on responsibility for functions which may be exercised by officers. It also contains the

rules, protocols and codes of practice under which the Council, its members and officers operate. We have an experienced senior management team who adopt a collaborative leadership and “one team” ethos throughout.

Our Constitution is available on our website and is reviewed annually through the Standards Committee and Annual Council. The Constitution sets out the functions of key governance officers, including statutory posts of *Head of Paid Service* (Managing Director), *Monitoring Officer* (Assistant Director of Corporate Governance and Solicitor to the Council) and *Section 151 Officer* (Director of Finance and Resources) and explains the role of these officers in ensuring that processes are in place for enabling us to meet our statutory obligations and also for providing advice to members, officers and committees on staff management, financial, legal and ethical governance issues.

We are also the Accountable Body for the Clay Cross Town Deal. The Clay Cross Town Board has been awarded £24.1m to shape and deliver a programme of investment in the Town due for completion by 2026.

Compliance with the Financial Management Code

CIPFA’s Financial Management Code is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The code focuses on value for money, governance and financial management styles, financial resilience and financial sustainability. It identifies the risks to financial sustainability and introduces an overarching framework of assurance which builds on existing financial management good practice. The Code is structured around seven areas of focus:

- The Responsibilities of the Chief Finance Officer and Leadership team
- Governance and Financial Management style
- Medium to Long-term Financial Management
- The Annual Budget
- Stakeholder Engagement and Business Cases
- Financial Performance Monitoring
- External Financial Reporting

Demonstrating compliance with the Code is a collective responsibility of the Elected Members, the Chief Finance Officer and the Senior Management Team. In doing this the statutory role of the Section 151 Officer will not only be recognised but also supported, to achieve the combination of leadership roles essential for good financial management.

The Internal Audit team regularly audit compliance and in the most recent audit concluded that the Council has substantial compliance with the Code requirements. Benchmarking with peers helps demonstrate our financial resilience which we report to scrutiny at least annually. Current benchmarking results show that our revenue and capital health remains healthy, with sufficient revenue reserves to cover net expenditure requirements and a Capital Financing Requirement that is in

proportion to asset values. The real risk to financial resilience comes from the national funding assessment and how proposed changes will impact. Also, whilst business rates growth generates income to assist, our low taxbase limits the ability to generate additional income through council tax which is a major income source in the current funding regime.

The Chief Financial Officer remains responsible for the proper administration of the Council's financial affairs, as required by Section 151 of the Local Government Act 1972. Our financial management arrangements are compliant with the governance requirements set out in the Chartered Institute of Public Finance and Accountancy's "*Statement on the Role of the Chief Financial Officer in Local Government (2016)*" The Council's Chief Financial Officer is a qualified finance professional, a full member of the Senior Management Team and is supported by appropriately qualified and experienced staff.

Continuous Improvement:

We regularly seek the views and opinions of external parties to improve our operations. In 2024/25, this has included:

- External Audit
- External assessment of our approach to Risk Management
- Continuous Improvement Tool for leisure facilities
- Treasury management and economic advice/updates
- Financial resilience advice/updates including benchmarking
- Financial Planning and benchmarking

We have also conducted consultation surveys during the year, including a district wide residents' survey, engaging with over 6000 residents and customers.

In addition, benchmarking data is reviewed including:

- Derbyshire Observatory
- Nationally recognised performance networks
- Financial Resilience
- Financial Planning

We have developed and progressed recommendations and improvements identified through this process through 'You said We Did' responses to customer satisfaction surveys, Strategy Development and associated action plans and incremental changes to meet the expected standards.

There has and continues to be a strong drive towards data-based decision making with creation of a Management Dashboard and a centralised key metrics hub being reviewed frequently by our Senior Management Team.

In 2025/26 we will continue to develop this through our engagement and improvement team. The Engagement and Improvement Strategy is in development and will pull together all the above into one, clear strategy focused on continuous improvement of services.

We recognise that not everything goes to plan, and failure is an opportunity to improve. In our 2024/25 Annual Report, we outline our progress towards delivery of the Council Plan, including areas that haven't progressed as we would like. These areas have been identified for the relevant Scrutiny Committee to consider when considering areas for review so that where appropriate they can make recommendations to improve.

Managing Information

Information is central to the Council, and we recognise that we have a responsibility to safeguard the information we hold and to manage it with care and accountability.

The Council complies with the Transparency Agenda, Freedom of Information obligations and the requirements of the General Data Protection Regulations (GDPR) regarding the collection, use and transfer of personal data with an appropriately qualified and experienced Data Protection Officer in post.

Assurance from Audit

Our external auditor is Mazars LLP. In accordance with their statutory requirements, their annual audit includes examining and certifying whether the financial statements are "true and fair" and assessing our arrangements for securing value for money in the use of resources. In their Annual Audit Report for year ended 31 March 2024, Mazars LLP gave an unqualified audit opinion on the financial statements and didn't identify any evidence of significant weakness in the Council's value for money arrangements.

The Internal Audit function is provided on a consortium basis and is independently managed by the Head of the Internal Audit Consortium. Internal Audit Service is a key means of assurance. It is responsible for reviewing the adequacy of the controls throughout all areas of the Council and is compliant with the Public Sector Internal Audit Standards. The Internal Audit function meets the requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2019).

The Head of the Internal Audit Consortium is responsible for the delivery of an annual audit opinion that can be used by the Council to inform its governance system. The annual opinion concludes on the overall adequacy and effectiveness of the organisation's framework of Governance, risk management and control.

The Head of the Internal Audit Consortium concludes:

"In my opinion reasonable assurance can be provided on the overall adequacy and effectiveness of the council's framework for governance, risk management and control for the year ended 2024/25. Sufficient work has been completed and assurances ascertained to be able to provide an unlimited opinion on the systems of governance, risk management and control in place. This year 18 reports have been issued 13 with substantial and 5 with reasonable Assurance."

Action plans have been agreed and managers are in the process of implementing the audit recommendations made.

The exception to this opinion is in relation to the IT cyber and network security arrangements of Rykneld Homes Ltd. Internal Audit cannot provide assurance in this area, an external review was planned to have taken place however this has been delayed.

Assurance can never be absolute. In this context “reasonable assurance” means that arrangements are in place to manage key risks and to meet good governance principles, but there are some areas where improvements are required.

The opinion does not imply that Internal Audit have reviewed all risks and assurances relating to the organisation. The opinion is substantially derived from the conduct of risk-based plans. An internal audit plan for 2024/25 was developed with the intention of being able to provide independent assurance on the adequacy and effectiveness of systems of governance, risk and control across a range of financial and organisational areas.

As well as internal audit work assurance has also been gained from previous years’ work, the work of the risk management group, PSN compliance, the Social Housing Regulator, external audit and compliance with the Code of Corporate Governance.

Overall, 100% of the areas audited received Substantial or Reasonable Assurance demonstrating that there are effective systems of governance, risk management and control in place.”

The Role of the Audit Committee

The Audit Committee complies with the recommendations of the Chartered Institute of Public Finance (CIPFA) that effective governance and internal control arrangements should be in place. The primary role of the Audit Committee is to provide oversight of a range of core governance and accountability arrangements and ensure robust arrangements are maintained.

The specific responsibilities of the Audit Committee are:

- Supporting a comprehensive understanding of governance across the Council and among those charged with governance, fulfilling the principles of good governance.
- Considering the effectiveness of the Council's risk management arrangements. The committee should understand the risk profile of the organisation and seek assurances that active arrangements are in place on risk related issues, for both the Council and its collaborators/partners. This will include monitoring and reviewing of the Council's treasury management arrangements.
- Monitoring the effectiveness of the system of internal control, including arrangements for value for money, supporting standards and ethics and managing the Council's exposure to the risks of fraud and corruption.

- Being satisfied that the Council's statutory statements of account and any reports that accompany them, including the Annual Governance Statement, properly reflect the risk environment, and any actions required to improve it.
- Considering the audit arrangements in place to secure adequate assurance across all operations and where appropriate partners and collaborators.
- Overseeing the independence, objectivity, performance and conformance to professions standards of the internal audit function.
- Supporting effective arrangements for internal audit
- Promoting the effective use of internal audit within the assurance framework
- Considering the opinion, reports and recommendations of external audit and their implications for governance, risk management or control, and monitor management action in response to the issues raised by external audit.
- Contributing to the operation of efficient and effective external audit arrangements supporting the independence of auditors and promoting audit quality
- Supporting effective relationships between all providers of assurance, audits and inspections and the Council, encouraging openness to challenge, review and accountability.
- Reporting annually on how the committee discharged its responsibilities and include an assessment of its performance. This report will be presented to Full Council and be available to the public on the Council's website.

The Committee meets at least four times a year and comprises of five members with cross party representation.

Conduct

Our codes of conduct for members and employees clearly set out the standards and behaviour required. They are regularly reviewed and updated as required and both members and staff are periodically reminded of the requirements.

These include the need for members to register personal interests and the requirements for employees and members concerning gifts and hospitality, outside commitments and personal interests.

Whistleblowing

People who work for or with the Council are often the first to realise that there may be something wrong within. However, they may feel unable to express their concerns for various reasons, including the fear of victimisation. We have a Whistleblowing Policy that advises staff and others who work for us how to raise concerns about activities in the workplace. This is reviewed annually by the

Standards Committee who also consider any entries on the whistleblowing register for the preceding 12 months. A copy of the policy can be found on our website.

Anti-Fraud and Corruption

We recognise that as well as causing financial loss, fraud and corruption also detrimentally impact on service provision and morale and undermine confidence in the Council's governance arrangements and that of public bodies generally.

There is little evidence that the incidence of fraud is a major issue for the Council but the risk is increasing nationally. We have a zero tolerance approach to Anti-Fraud and Corruption. The Anti Fraud and Corruption Strategy and action plan forms part of the Risk Management framework and review processes.

Significant Governance Issues

The progress made during 2024/25 on the significant issues identified in the 2023/24 Annual Governance Statement is shown below:

Issue Identified (2023/24)	Mitigation
<p>Pressure on the Council's Budget.</p> <p>The Council's budget for 2024/25 is balanced but efficiencies of £4.2m need to be identified by March 2028 in the Medium-Term Financial Plan (MTFP).</p> <p>The general election (2024) means the planned funding reforms or changes to funding distribution are delayed further and are now not expected to be implemented until 2026-27 at the very earliest. This lack of certainty makes forecasting for the latter years (from 2026/27) of the financial plan challenging whilst little is known about the next Spending Review and funding reforms.</p>	<p>The Council continues to have effective financial management in place to ensure budget arrangements are robust and appropriate managerial arrangements and a culture in place to manage any necessary change. The S151 Officer is experienced, sufficiently senior and knows the organisation well. The Statutory Officers have a close working relationship and meet frequently to discuss and review governance arrangements and matters arising.</p> <p>The 2024/25 budget was subject to scrutiny by the Joint Scrutiny Committee before Cabinet considered then recommend to Council for approval. The shortfall in the budget at the time of approval was £0.101m, funded from reserves. At the half year review budget pressures of £0.563m largely from the delay in the opening of Clay Cross Active and a higher than forecast pay award needed to be included in the budget. This increased the call on reserves to £0.664m.</p> <p>The outturn position for 2024/25 shows a surplus so there is no call on reserves. The surplus will be placed in reserves to provide future resilience.</p>

	<p>Effective financial resilience monitoring remains in place that reflects the requirement of the CIPFA Financial Management Code and is presented to the Services Scrutiny Committee at least annually.</p> <p>In their Annual Audit Report for year ended 31 March 2024, Mazars LLP gave an unqualified audit opinion on the financial statements and didn't identify any evidence of significant weakness in the Council's value for money arrangements.</p> <p>The Council continues to commission external advice for highly specialist areas including treasury management, financial planning, and financial health/resilience.</p>
<p>Cyber Security</p> <p>Increased risk of cyber security attacks presents a risk both locally and nationally especially considering the General Election due to take place (2024).</p>	<p>Arrangements remain under review and the service lead (Assistant Director - ICT) regularly reports to Joint ICT partners and the senior management team.</p> <p>The Government's Cyber Security Assurance Framework (CAF) programme is being undertaken. Additional security licences to help detect and fix potential breaches have been purchased.</p> <p>Emergency Plans and Business Continuity arrangements are in place both locally and across Derbyshire through the Derbyshire Resilience Partnership.</p> <p>The Returning Officer has in place a cyber plan for all elections and this is kept under review.</p>
<p>Governance Arrangements for Council owned companies</p> <p>The Regulator of Social Housing is inspecting the Council and its delivery partner Rykneld Homes in May 2024. Lessons learned in respect of governance arrangements will need to be considered and acted upon.</p>	<p>The Regulator of Social Housing (RSH) completed their inspection and issued their judgement report in August 2024 giving the Council the grade C2 out of a possible C1 to C4.</p>

	<p>RSH C2 grading states: <i>'From the evidence and assurance gained during the inspection, we have concluded that there are some weaknesses in North East Derbyshire DC delivering the outcomes of the consumer standards and improvement is needed, specifically in relation to outcomes in our Safety and Quality Standard. Based on this assessment, we have concluded a C2 grade for North East Derbyshire DC'</i></p> <p>The Council is working in partnership with RHL and the RSH to deliver the improvements identified in the judgement. RHL had already started working on many of these prior to the inspection and our shared aim is to undertake the required changes to achieve a reassessment upgrade to C1, the highest grade awarded, in the next 18 months.</p>
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Based on our review of the Governance Framework, the following issues will be addressed in 2025/26:

Issue Identified
<p>Pressure on the Council's Budget.</p> <p>The Council's budget for 2025/26 has a shortfall of £0.294m which can be met from reserves if required. Efficiencies of £6.7m need to be identified by March 2029 in the Medium-Term Financial Plan (MTFP).</p> <p>The draft Finance Settlement for 2025/26 was the first from the new Government and although largely unchanged from previous settlements, grants have been redistributed to benefit the most deprived areas, largely benefiting metropolitan and city councils. Consultations for funding reform are underway, with changes expected by 2026/27. Substantial changes in funding allocations are proposed, which may result in significant losses for some councils.</p> <p>It should also be noted that the high levels of uncertainty around the national funding reforms, devolution and Local Government Reorganisation (LGR) makes future year forecasting beyond 2025/26 incredibly challenging at this time. Making medium term financial decisions on resource allocation is difficult when there is little clarity about national resources, and uncertainty as to whether the Council will exist in its current form over the life of the financial plan.</p>

English Devolution and Local Government Reorganisation White Paper

On 16 December the Government launched its white paper on devolution in England. Devolution arrangements are to be based around “*strategic authorities*” with all local authorities having a mayor. The strategic authorities will encompass the existing combined authorities so the East Midlands Combined County Authority (EMCCA), will be known as a Mayoral Strategic Authority.

As well as the devolution plans, the white paper also discusses reorganising local government. The Government’s long-term objective is to have a consistent single-tier of local government across England and have stated that substantial recurring annual savings can be made through the creation of unitary councils.

Savings can undoubtedly be made, however evidence from past reorganisations show that this is often harder to achieve than expected and takes much longer. Additionally, recent evidence has shown that new unitaries remain vulnerable to financial crises and that becoming a new unitary does not provide the resources for those authorities to solve their financial difficulties.

The main risk for the Council is the impact that reorganisation will have on our funding, our financial health and viability and our ongoing ability to deliver services to our residents. In the medium term, creating new unitaries will put considerable financial pressure on those affected. The process of creating a new unitary is extremely time-consuming and costly. It can distract the existing and shadow authorities from the day-to-day business of balancing budgets in what is already a hugely challenging financial environment.

With funding reforms planned for 2026/27, any new unitaries will almost certainly be created after this so funding changes will need to be based on existing local government structures then revised again. Funding reforms could also impact on the viability of proposed LGR structures creating considerable uncertainty for those involved.

A risk assessment has been completed and will be reviewed regularly by the Risk Management Group.

Cyber Security and Artificial Intelligence

A cyber attack poses significant threats to services, potentially disrupting operations and causing severe financial and reputational damage. Such attacks can lead to the loss of sensitive data, including personal information of customers and employees, which can result in identity theft and financial fraud. Additionally, cyber attacks can cripple essential services by rendering ICT systems and data inaccessible,

Additionally Artificial Intelligence (AI) presents several risks that need to be carefully managed to ensure its safe and ethical use. This includes lack of transparency in AI systems, which can make it difficult to understand how decisions are made, learned biases from the source data and privacy concerns surrounding personal data and data security and misuse. Ethical dilemmas can arise when AI is used in decision-making processes with significant consequences and security risks associated with AI are substantial, as malicious actors can exploit AI technologies to develop more advanced cyberattacks.

Local Plan Review

Production of an updated/ new Local Plan has been expedited due to likely changes to national planning policy. This can lead to uncertainty and hinder development projects which may stall economic growth in the area. There is also the risk of not meeting the housing and infrastructure needs of the community, which can exacerbate issues such as housing shortages.

The financial implications of revising the local plan can be significant, including the costs associated with public consultations, legal fees, and potential appeals and challenges.

These issues will be monitored during 2025/26 and reported to senior management and to the Audit Committee. No other major changes to the Council's governance framework are planned at this time, but we will continue to review and adapt it to ensure that the Framework remains proportionate to the risks that are faced.

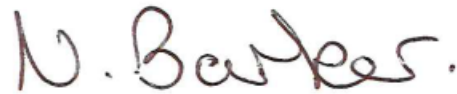
Opinion

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Cabinet and the Audit Committee, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas identified for improvement form part of the Annual Governance Statement action plan.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.



Lee Hickin
Managing Director



Cllr Nigel Barker
Leader of the Council