

## **REPORT TITLE: Annual Governance Statement and Local Code of Governance**

**To:**

Civic Affairs Committee and Audit Committee

**Report by:**

Jonathan Tully, Chief Audit Executive

Email: [jonathan.tully@cambridge.gov.uk](mailto:jonathan.tully@cambridge.gov.uk)

**Wards affected:**

All

### **1. Recommendations**

- 1.1 1. Members of the Committee should approve the Annual Governance Statement (AGS) attached at Appendix A in advance of the Statement of Accounts. To help complete this, members should note:
- the arrangements for compiling, reporting on and approving the AGS; and
  - the review of effectiveness
2. Members of the Committee should note the amendments to the updated Local Code of Corporate Governance attached at Appendix B;

### **2. Purpose and reason for the report**

- 2.1 This report presents the Annual Governance Statement (AGS) for 2024/2025, and the Local Code of Corporate Governance, for consideration by the Civic Affairs and Audit Committee.

The Accounts and Audit Regulations require the Council to review its governance arrangements and prepare an AGS to accompany the Statement of Accounts. The AGS is the annual review of our Code of Governance. We also include an updated Code of Governance to keep the Committee informed of progress and develop

The legislation requires that the AGS must be approved in advance of the Statement of Accounts by the Civic Affairs and Audit Committee.

### **3. Alternative options considered**

- 3.1 Members of the Committee can consider suggesting amendments to the contents of the Annual Governance Statement, prior to approval.

## **4. Background and key issues**

### **4.1 Scope of the AGS**

Good governance is about how the Council ensures that it is doing the right things, in the right way, for the communities it serves, in a timely, inclusive, open, honest and accountable manner. We capture this in our Local Code of Governance. Our evaluation of the scope of governance, as covered in the AGS, spans the whole range of the Council's activities and includes those designed to ensure that:

- the Council's policies are implemented in practice;
- high quality services are delivered efficiently and effectively;
- the Council's values and ethical standards are met;
- laws and regulations are complied with;
- required processes are adhered to;
- financial statements and other published information are accurate and reliable; and
- human, financial and other resources are managed efficiently and effectively.

### **4.2 Arrangements for compiling the AGS**

The Accounts and Audit Regulations require the Council to review its governance arrangements and prepare an AGS to accompany the Statement of Accounts.

Completing the AGS enables the Council to document what has happened in the financial year, through the Review of Effectiveness, and conclude how we have complied with our [Code of Governance](#).

The Chartered Institute of Public Finance and Accountancy (CIPFA), in conjunction with the Society of Local Authority Chief Executives (SOLACE), have produced a framework for delivering good governance in local government. The framework guidance "Delivering Good Governance in Local Government Framework 2016" is used as a guide in compiling the AGS. We also take into account continuous best practice issued throughout the year that supplements the framework guidance.

Arrangements for compiling the AGS have been coordinated through Internal Audit, with input from stakeholders and colleagues.

In 2025 CIPFA issued new guidance on preparing an AGS. It applies from the 2025/2026 financial year, although they are encouraging Councils to start applying it for this 2024/2025 year. We have started to adopt the guidance in this version.

### **4.3 Arrangements for reporting and approving the AGS**

The Accounts and Audit regulations require the Committee to approve the AGS in advance of the Statement of Accounts.

The draft AGS is issued to the External Auditors to review as part of the draft Statement of Accounts and was published on our [website](#) in June 2025.

It is good practice to keep the document updated, and minor updates have been made since the initial draft publication. Examples include external assurance reports which relate to the 2024/2025 financial year, which are published after the draft AGS. These updates included in the document as tracked changes for ease of reference.

As the AGS and Committee report is published prior to the external auditor's work being concluded, we may need to reflect any updates requested between the publication date and the meeting, although these would be expected to be minor.

Members of the Committee should approve the AGS in advance of the Statement of Accounts, and we have included a separate agenda item to reflect this.

In October 2023 the [Public Sector Audit Appointments](#) highlighted a cumulative backlog of 918 delayed audit opinions in the Local Government sector. Legislation was set to enable backstop dates to conclude the backlog of accounts.

In February 2024 CIPFA published [Bulletin 16 Local audit delays and the publication of the annual governance statement](#). This provided clarity on reporting significant governance matters within the context of the delays, complementing our existing approach.

The previous 2023/2024 AGS was approved by the Civic Affairs Committee in [May 2025](#).

The final, and formatted, clean version of the AGS will also be included with the approved and published Statement of Accounts.

#### 4.4 Significant Events

The "Roles and Responsibilities" section of the AGS represents the governance arrangements for the 2024/2025 financial year. The new structure, which is in place from the beginning of the 2025/2026 municipal year, will be reflected in the next 2025/2026 AGS. This AGS recognises the development of the new governance arrangements in the "Significant Events" section and also signposts readers to our website: [How the Council Works](#) which has current information.

The Housing Rents was included in the previous 2023/2024 AGS as good practice and is included in the 2024/2025 AGS for continuity.

The Local Government Reorganisation has also been included as a significant event, recognising the future challenge of balancing our statutory obligations with the operational demands of supporting a smooth transition to a new unitary council.

#### 4.5 Local Code of Corporate Governance

The preparation of the AGS and the [Local Code of Governance](#) is undertaken in accordance with the guidance published by CIPFA.

The framework is intended to assist authorities in ensuring their own governance arrangements are suitably resourced, there is sound and inclusive decision making and there is clear accountability for the use of resources to achieve the desired outcomes for stakeholders.

Guidance suggests each local authority should develop and maintain a Code of Corporate Governance based on seven core principles, supported by sub-principles that should underpin the governance structure for the whole Council.

The Code stands as the overall statement of the Councils corporate governance principles and commitments and is published on our website.

The Council first adopted a Local Code of Governance on 25 April 2002. The Code is continually reviewed as good practice. The Committee previously reviewed this at the May 2025 meeting. The subsequent governance changes at the start of the municipal year, and the implementation of “Our Cambridge”, have generated minor name changes for some of the records. We have attached the current version of the code, and it includes tracked changes to highlight the updates. A final “clean” version will be published on [our website](#).

The Code also includes the Seven Principles of Public Life, as it applies to anyone who works for local government and supports good governance.

## **5. Corporate plan**

- 5.1 The Councils [Corporate plan 2022-27: our priorities for Cambridge - Cambridge City Council](#) is a component of our [Local Code of Governance](#) and is reflected in our Annual Governance Statement.

## **6. Consultation, engagement and communication**

- 6.1 The AGS is coordinated through Internal Audit, with input from the Senior Officers of the Council. The draft AGS is published on our website and reviewed by our externally appointed auditors.

## **7. Anticipated outcomes, benefits or impact**

- 7.1 Continued review of our Code of Governance through the AGS helps provide assurance that the Council is maintaining good governance.

## **8. Implications**

### **8.1 Relevant risks**

This is a statutory requirement and there are no significant risks from approving the AGS.

Should a significantly material governance issue from the 2024/2025 financial year be identified at a later date, it could be recognised in the AGS being prepared at that time.

### **Financial Implications**

- 8.2 There are no financial implications. The AGS is compiled using existing resources.

### **Legal Implications**

- 8.3 There are no legal implications as completing the AGS is a statutory requirement.

### **Equalities and socio-economic Implications**

- 8.4 The AGS is a statutory report. We have used Microsoft tools to check for accessibility of the document.

### **Net Zero Carbon, Climate Change and Environmental implications**

- 8.5 The AGS is a statutory report. There are no relevant implications.

### **Procurement Implications**

- 8.6 The AGS is a statutory report. There are no relevant implications.

### **Community Safety Implications**

- 8.7 The AGS is a statutory report. There are no relevant implications.

## **9. Background documents**

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

- 9.1
- Delivering Good Governance in Local Government (CIPFA 2016)
  - Accounts and Audit (England) Regulations 2015 and subsequent Amendment Regulations
  - CIPFA good practice guidance on AGS presentation
  - CIPFA Bulletin 16

- CIPFA Bulletin 18

## **10. Appendices**

- 10.1 a) Annual Governance Statement
- b) Local Code of Governance

To inspect the background papers or if you have a query on the report please contact Jonathan Tully, Chief Audit Executive, email:

[jonathan.tully@cambridge.gov.uk](mailto:jonathan.tully@cambridge.gov.uk).