



Report to: Audit & Governance Committee: 19 February 2025

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Report Summary	
Report Title	Review of Significant Issues in the Annual Governance Statement
Purpose of Report	To update members of the Audit & Governance Committee on the significant governance issues identified in the Annual Governance Statement.
Recommendations	That the Committee notes the results of the review of significant governance issues as identified in the Annual Governance Statement.
Reason for Recommendation	To provide assurance for Members that identified issues are being managed appropriately and that any necessary improvements are implemented. To ensure the Council meets its Community Plan objective to be professional and trustworthy by delivering on promises; providing good quality and demonstrating integrity.

1.0 Background

- 1.1 The Council is responsible for ensuring that its business is conducted in accordance with the law and with proper standards; that public money is safeguarded and properly accounted for; and that it is used economically, efficiently and effectively. In accordance with the Accounts and Audit Regulations the Council conducts an annual review of the effectiveness of the system of internal controls and prepares an Annual Governance Statement.
- 1.2 At the meeting of the Audit & Accounts Committee on 31 July 2024, Members approved the draft Annual Governance Statement for the Council for financial year ended 31 March 2024; part of the Council’s Statement of Accounts. The AGS has not

been amended since that point and is attached to the Audited Statement of Accounts report on this Committee’s agenda for final approval. To ensure that Members can undertake their assurance role, this report updates the Committee on the status of the governance issues identified within the Annual Governance Statement.

1.3 The significant governance issues identified were as follows: -

Issue	Action	Responsible Officer	Completion Date
<p>Long Term Financial Sustainability of the Council</p> <p>The approval of the Medium Term Financial Plan in March 2024 identified that by 2027/28 there will be a shortfall in funding of £1.627m. The use of the MTFP mitigates the impact of the annual shortfalls over the MTFP period, which equates to annual shortfalls of circa £3m 2026/27.</p>	<p>Mitigations over the period were identified within the MTFP and are underway with delivery. It is paramount these targets are met and actions are already underway to ensure their delivery. Should any of the identified mitigations not be met, this would increase the shortfall currently identified and also increase the inherent annual shortfalls. Further to the delivery of the identified mitigations, work is currently underway with reviewing base budget variances over the past 3 years to understand whether inherent savings/additional income are prevalent in services which could contribute to reducing the annual shortfalls.</p>	<p>Deputy Chief Executive/Director of Resources and S151 Officer & Business Manager – Financial Services</p>	<p>Ongoing</p>

1.4 The Annual Governance Statement confirmed, ‘We propose over the coming year to take steps to address the above matter to further enhance our governance arrangements. We are satisfied that these steps will address the need for proper governance arrangements to be in place. We will undertake ongoing monitoring of the implementation of any improvements that were identified in our review of effectiveness and as part of our next annual review’.

2.0 Update to significant issue identified

2.1 The Medium Term Financial Plan (MTFP) will be tabled at Cabinet on 18 February 2025. The papers showed that over the next four-year period the Council is fully funded, subject to a number of mitigation measures. The report details how these mitigation

measures are progressing against target and the further work that continues to ensure the delivery of them. At the time of writing this report the papers have been circulated but the meeting yet to have occurred. Work continues to understand the impact of the proposed changes in the Local Government Finance System together with the mitigations described within the MTFP. An update from Cabinet will be provided at the meeting.

3.0 Implications

In writing this report and in putting forward recommendations, officers have considered the following implications: Data Protection; Digital & Cyber Security; Equality & Diversity; Financial; Human Resources; Human Rights; Legal; Safeguarding & Sustainability and where appropriate they have made reference to these implications and added suitable expert comment where appropriate.

3.2 Legal Implications (LEG2425/2819)

Audit & Governance Committee is the appropriate body to consider the content of this report by virtue of its responsibilities in relation to Audit.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

Audit and Governance Committee report of 31 July 2024 – Unaudited Statement of Accounts 2023/4 is published – item 9 - <https://democracy.newark-sherwooddc.gov.uk/ieListDocuments.aspx?Cid=298&Mid=985>