



Coventry City Council

Public report

Report to

Audit and Procurement Committee

22nd June 2026

Name of Cabinet Member:

Cabinet Member for Policy and Leadership – Councillor G Duggins

Director approving submission of the report:

Director of Law, Governance and Safer Communities

Ward(s) affected:

City Wide

Title:

Annual Governance Statement 2025-26

Is this a key decision?

No

Executive summary:

The purpose of this report is to provide details of the results of the annual review of effectiveness of the Council's governance arrangements and seek approval for the Annual Governance Statement, which forms part of the Statement of Accounts for 2025-26.

Recommendations:

Audit and Procurement Committee is recommended to:

- 1) Consider the findings of the review of effectiveness of the Council's governance arrangements and confirm its satisfaction with the level of assurance provided that arrangements are fit for purpose.
- 2) Consider and approve the Annual Governance Statement (attached at Appendix One to the report), which will accompany the 2025-26 Statement of Accounts.

List of Appendices included:

Appendix One – Annual Governance Statement 2025-26

Background papers:

None

Other useful documents:

Annual Governance Statement 2024-25

[Agenda for Audit and Procurement Committee on Monday, 23rd June, 2025, 2.30 pm - Coventry City Council](#)

Local Code of Corporate Governance

[Agenda for Audit and Procurement Committee on Monday, 22nd September, 2025, 2.30 pm - Coventry City Council](#)

Has it or will it be considered by scrutiny?

No

Has it, or will it be considered by any other council committee, advisory panel or other body?

No

Will this report go to Council?

No

Report title: Annual Governance Statement 2025-26

1. Context (or background)

- 1.1 Coventry City 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. In discharging this responsibility, the City Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk.
- 1.2 To demonstrate such arrangements, the City Council has adopted a Local Code of Corporate Governance, which is consistent with the principles reflected in the CIPFA / SOLACE framework and guidance 'Delivering Good Governance in Local Government' (2016).
- 1.3 The Annual Governance Statement ('AGS') explains how Coventry City Council has complied with the Code and in doing so, reflects the requirements of the Accounts and Audit Regulations 2015 and the Accounts and Audit (Amendment) Regulations 2024, which requires all relevant bodies to conduct a review of the effectiveness of its system of governance and prepare an Annual Governance Statement. The AGS also details key governance / control issues that the Council faces in the coming year.
- 1.4 For 2025-26, the Council is required to publish its unaudited Statement of Accounts by 30th June 2026. The AGS forms part of the Statement and consequently is required to be approved at this time to support the Council in meeting this deadline.

2. Options considered and recommended proposal

- 2.1 Whilst processes are in place to monitor key elements of the governance framework through-out the year, for example through the work of Internal Audit, the Corporate Governance Steering Board and the Council's Audit and Procurement Committee, an annual review is also undertaken as part of the production of the AGS for the year. The purpose of the review is to provide assurance that the arrangements set out in the Local Code of Corporate Governance continue to be fit for purpose and identify key governance issues for the forthcoming year. This annual review considers information from a number of sources with the outcomes reviewed and agreed by the Corporate Governance Steering Board and Leadership Board. For 2025-26, this has included:
 - The outputs from the Internal Audit Service, reflected in an annual report that identifies those issues, which in the opinion of the Chief Internal Auditor, should be considered when producing the Annual Governance Statement.
 - Light touch review of the conclusions of the review of the Annual Governance Statement by the Chief Internal Auditor.

- An assessment of compliance with arrangements for declaring interests and gifts and hospitality (members and officers)
- Review of arrangements for meetings, publication of decisions and engagement.
- Levels of complaints and whistleblowing disclosures made.
- Review of the One Coventry Plan and other key strategies such as the Medium-Term Financial Strategy and the Sustainability and Climate Change Strategy.
- Reports from external bodies during the year including reports from the Council's external auditors.
- Consideration of the Council's Corporate Risk Register.
- Review of the Annual Performance report for Coventry Municipal Holdings.
- An annual assessment by each Director of the adequacy of governance arrangements / internal controls in relation to their service areas.
- An assessment of the Council's compliance with the principles and standards of the CIPFA Financial Management Code, which supports good practice in financial management and demonstrating financial sustainability.
- Assessment of the role of the Section 151 (S151) Officer against the requirements stated in the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016.)

2.2 Based on the outcomes of the review, the overall opinion that has been reached is that reasonable assurance can be provided that the Council's governance arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The basis of this opinion includes the following key findings from the review:

- The Chief Internal Auditor's conclusion that reasonable assurance can be provided that there is generally an effective and adequate framework of governance, risk management and internal control in place designed to meet the Council's objectives.
- There is evidence that the Register of Interests for members is effectively maintained and there is a high level of compliance with the annual declarations of interest exercise for officers.
- A self-assessment of the Council's compliance with the Financial Management Code which has concluded that in overall terms the Council is able to demonstrate compliance with the Code, with an improvement action highlighted to formally report on performance more regularly to Members. The Council received a better-than-expected Financial Settlement for 2026-27 as part of the Fair Funding Review. This announcement included a multi-year settlement for

the period 2026/27 to 2028/29. The Medium-Term Financial Strategy 2026-29 reflects this positive financial position whilst recognising that the financial benefits of the reforms will be implemented gradually over time and also maintaining caution around continuing pressures surrounding demand for social care and other citizen demand driven services impacted by external national and international factors.

- The One Coventry Plan recognises the importance of continued financial sustainability and the Council's role as partner, enabler and leader as key to achieving outcomes.
- The number of complaints to the Local Government / Social Care Ombudsman is comparable to similar local authorities / West Midlands Combined Authority.
- Assurance obtained from Directors that there are no significant concerns in relation to governance within their service areas.
- The conclusion that the role of the S151 Officer within the Council meets the principles of the CIPFA statement on the Role of the Chief Financial Officer in Local Government.

2.3 The AGS also details the key governance issues that the Council faces in the coming year. Section 5.2 of the Statement, attached at Appendix One to the report, provides details of these areas. Whilst the process of identifying the issues is co-ordinated by the Head of Governance Services, it incorporates the views and opinions of senior officers, the Council's Governance Steering Board and Leadership Board. The key issues come from the following processes:

- A review of progress against the actions planned to address significant issues highlighted in the Annual Governance Statement for 2024-25.
- New issues identified as part of the review of effectiveness outlined in section 2.5.

The outcomes from these processes are expanded upon below.

2.4 **Update on issues raised in the Annual Governance Statement 2024-25** – An update on the progress against planned actions in relation to the issues raised in the last AGS is provided in section 5.1 of the Statement attached at Appendix One to the report. A review of the 18 issues highlighted in the AGS action plan for 2024-25 has found that these fall into two categories, namely:

2.4.1 Issues which have now been addressed – Two issues have been closed as they are no longer viewed as a significant governance issue facing the Council and will not be carried forward:

- Transparency Code: Work has been carried out to ensure the Council has effective arrangements in place to comply with the Code which is now overseen by the Corporate Governance Group and Internal Audit has given reasonable assurance that data is being reported appropriately.

- Performance Management: A central performance team is now in place, a new corporate leadership dashboard has been developed with monthly leadership board sessions focused on performance and revised reporting arrangements for the One Coventry Plan have been introduced. The Scrutiny Co-ordination Committee completed a deep dive into One Coventry indicators that were not yet meeting target.

2.4.2 Carry forward to the 2026-27 Action Plan - A number of governance issues remain in the Annual Governance Statement. These are detailed in section 5.2 of the Statement attached at Appendix One to the report, along with the actions the Council plans to take in 2026-27 in relation to these issues. In summary, the issues that have been carried forward are as follows:

- Integrate and sustain improvement in Children and Education Services
- Ensuring delivery of the Council's vision and corporate objectives, in line with the Medium-Term Financial Strategy
- Management of demand in relation to homelessness and the associated costs of housing families in temporary accommodation
- Governance over the programme of capital projects
- City of Culture
- Further development of the Council's IT disaster recovery plans and processes
- To further strengthen the Council's arrangements and internal control environment around IT / Cyber Security
- Embedding new methods of consultation and engagement
- Continued Communication of the Employee Code of Conduct
- Health Check / Assurance Framework for the Council's group of companies
- Production of Statement of Accounts for 2025/26 in line with the Government backstop deadlines to address the audit back log
- Management compliance with HR policies and procedures
- Peer Challenge action plan
- Internal Audit Professional Standards
- Risk Management
- Embedding Leadership behaviours

2.5 **New Governance Issues** – Two new issues have been identified for including in the AGS. These are also detailed in section 5.2 of the Statement attached at Appendix One to the report, along with the actions the Council plans to take in 2026-27 in relation to these issues. These issues were identified as part of the review undertaken to support the production of the AGS as detailed in 2.1 of the report and are summarised below:

- Maintaining effective Governance and Decision-making
- Artificial Intelligence - Governance and Management

3. Results of consultation undertaken

3.1 None

4. Timetable for implementing this decision

- 4.1 Timescales for specific actions which are being taken to address significant governance issues are included in the AGS. The action plan will be subject to quarterly monitoring by the Corporate Governance Group to ensure that issues are addressed in the timescales outlined.

5. Comments from the Director of Finance and Resources (Section 151 Officer) and the Director of Law and Governance

5.1 Financial Implications

There are no specific financial implications associated with this report. Internal control / governance has clear and direct effects on finance within the Council. Since these vary widely, it is not useful to attempt to summarise them here, beyond noting that all systems and controls are designed to help improve value for money obtained, the probity and propriety of financial administration, and / or the management of operational risks.

5.2 Legal implications

The City Council is required by the Accounts and Audit Regulations 2015 to approve, and subsequently publish, the Annual Governance Statement alongside the Statement of Accounts.

6. Other implications

- 6.1 **How will this contribute to achievement of the One Coventry Plan?**
<https://www.coventry.gov.uk/strategies-plans-policies/one-coventry-plan>

The governance framework comprises the systems and processes (i.e. the internal control environment), and culture and values, by which the authority is directed and controlled, and its activities through which it accounts to, engages with and leads the community. It enables the 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.

- 6.2 **How is risk being managed?**

The key risk that exists is that planned actions are not implemented. This risk is managed through the Council's governance framework which includes arrangements to provide oversight of planned actions through reporting to senior management and designated committees / boards. Defined processes also exist to gain assurance that agreed actions arising from the work of Internal Audit, External Audit or another external agency have been implemented on a timely basis.

- 6.3 **What is the impact on the organisation?**

None

6.4 Equalities / EIA

None

6.5 Implications for (or impact on) climate change and the environment

None

6.6 Implications for partner organisations?

None

Report author:

Name and job title:

Adrian West
Head of Governance

Directorate:

Law, Governance and Safer Communities

Tel and email contact

Tel: 024 7697 1007
Email: adrian.west@coventry.gov.uk

Enquiries should be directed to the above person.

Contributor/ approver name	Title	Directorate	Date doc sent out	Date response received or approved
Contributors:				
Lara Knight	Governance Services Co- ordinator	Law and Governance	04/06/26	5/6/2026
Tina Pinks	Finance Manager Corporate Finance	Finance and Resources	04/06/26	07/06/26
Karen Tyler	Chief Internal Auditor	Finance and Resources	04/06/26	8/6/2026
Names of approvers: (officers and members)				
Barry Hastie	Director of Finance and Resources (Section 151 Officer)	-	04/06/26	11/06/26
Julie Newman	Director of Law, Governance and Safer Communities (Monitoring Officer)	-	04/06/26	09/06/26
Councillor G Duggins	Cabinet Member for Policy and Leadership	-	04/06/26	05/06/26

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