

# Annual Governance Statement 2025/6

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## Contents [to be updated with page numbers in final version]

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# 1. Executive Summary

The annual review of governance for 2025/26 demonstrates that our governance arrangements provide **satisfactory assurance and are fit for purpose** in accordance with the CIPFA/Solace Framework. This means they continue to operate effectively and support the achievement of the Council's priorities and objectives.

The Local Code of Corporate Governance underpins the AGS and should be read alongside it.

The Corporate Peer Review by the Local Government Association in July 2025, identified the need for the Council to have a “step-change” in organisational transformation. Following the appointment of a new Chief Executive a three-year [Transformation Plan](#) has been developed and was agreed by Cabinet on 17 March 2026. This Transformation Plan sets a new strategic narrative for the organisation based on three guiding principles for cultural change for the Council to be: community focused, digitally enabled and financially sustainable.

The need for changes has been further accentuated by the challenges of reduced funding. The Council's settlement received as part of the Fair Funding review combined with demand pressures, requires c.£50m of recurrent savings to be made over 3 years. An internal Spend Control Board has been introduced to examine proposed expenditure over £30,000 to ensure that our limited funds are spent on areas of greatest need. An internal Contract and Procurement Board and Capital Programme Board have also been introduced. The financial sustainability of the Council is now our primary strategic focus.

The Council's Transformation Plan includes five programmes including:

- People, Place, Prevention
- Customer Experience
- Future Focused Workforce
- Employee Experience
- Digital, Data and Technology Foundations

ICT investment and disaggregation of the hosted service from Cumberland Council is a key part of the Digital, Data and Technology programme and critical to creating the technology foundations for further transformation. An early deliverable in the Future Focused Workforce programme was the restructure of the Senior Leadership Team. The restructure of Senior Management responds to:

- The need to strengthen strategic leadership and accountability.
- Financial requirements, including savings targets from senior management.
- Feedback from the Corporate Peer Challenge.
- The Council's transformation three guiding principles.

- Consultation has confirmed that these drivers are well understood and supported.

The first phase of the re-shaping/restructure will be implemented on 1 July 2026 and will involve reducing the number of Directorates, creating Strategic Director roles and re-shaping the Assistant Director roles which will now be termed as Director roles. The second phase will follow over the summer and cover grades 16-19. The Council recognises that an effective, skilled and engaged workforce is fundamental to good governance. Workforce engagement, leadership capacity, organisational culture and staff behaviours continue to be strengthened to support effective decision-making, accountability and delivery of the Council's priorities. The Council's People Plan underpins delivery of its governance framework by ensuring the organisation has the leadership capacity, skills and behaviours and culture required to operate effectively and sustainably.

This Annual Governance Statement summarises how our governance arrangements have continued to be reviewed, updated and improved over the last year. Our decision-making, risk management, value for money, have been strengthened, all underpinned by the priorities set out in our Annual Plan, Council Plan Delivery Framework and Transformation Plan.

The [Annual Plan](#) was approved at Council on 7<sup>th</sup> May 2026.

The Annual Plan sets out how we will deliver the ambitions in our Council Plan for 26/27, translating our long-term vision into key areas of focus. Structured around the 10 Council Plan Delivery Framework missions, the Plan outlines the services and activities that will contribute to each of our missions, ensuring that everything we do is aligned to our shared ambition to make Westmorland and Furness a great place to live, work and thrive.

As the Council enters its fourth year as a unitary authority, the Plan reflects the next stages needed to bring services together and transform how we operate and provides clarity about what matters most in the year ahead. Importantly, the Plan supports transparency and accountability as it enables residents to understand what we are aiming to achieve, and to hold us to account for delivery.

We recognise that these arrangements should be continually reviewed to ensure they remain effective and fit for the future, particularly in the context of our transformation programme and delivery of budget savings proposals. This will remain a shared focus for the Cabinet and Corporate Management Team for the year ahead and in our quarterly performance reporting.

This Statement includes an action plan summarising the key areas where improvements could be made to strengthen our governance framework further. The plan will be monitored by the Standards and Governance Committee and Audit Committee. We will also be reporting progress on actions from the LGA Corporate Peer Challenge for the return visit in September 2026. The Council is satisfied that the appropriate systems, processes and behaviours are in place to ensure good governance is maintained.

This Annual Governance Statement is consistent with the principles of good governance set out in 'Delivering Good Governance in Local Government: Framework' (Governance Framework) (CIPFA and Solace, 2016) and the Addendum (published May 2025). The annual review is a requirement of the Accounts and Audit (England) Regulations 2015, Regulation 6(b) which requires all relevant bodies to prepare an Annual Governance Statement.

Date of approval

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## 2. Our assessment of effectiveness

The Council has responsibility for formally conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control.

The review of effectiveness is informed firstly, at a corporate level - assurance is provided by the Corporate Management Team and those with key governance responsibilities within the Council, including the Head of Paid Service, the Chief Finance Officer (Section 151 Officer) and the Chief Legal and Monitoring Officer, along with other statutory officers and senior management within the Council who have responsibility for the development and maintenance of the governance framework. Assurance is also provided through the work of internal audit and the Head of Internal Audit's annual Conclusion, the Council's risk management processes, and the finding of the external auditor and other review agencies and inspectorates (see Appendix 1 at which is appended the outcome of external audit review and other inspections and reviews that have taken place in 2025/6).

The review of effectiveness is also informed by the following sources: performance and finance data, including budget monitoring, effective Overview and Scrutiny, Audit Committee assurance work, information governance performance and data; and the Council's Good Governance Group. The review is also informed by workforce assurance including staff surveys, workforce metrics (absence) and progress against the Council's People Plan. These provide assurance on organisational capacity and culture to delivery effective governance and services.

The Local Code of Corporate Governance demonstrates that the Council has arrangements in place that are operating effectively to support the delivery of each of the seven principles of Good Governance.

A range of reports are presented to the Council's Audit Committee and Standards and Governance Committee each year which provide further assurance on the operation of elements of the Council's governance framework. Examples include updates on Internal Audits, risk management assurance, Confidential Reporting, Anti-Fraud Policy, exemptions from the Contract Procedure Rules, consideration of the SIRO and Information Governance Annual Report, compliance with the CIPFA Financial Management Code, Local Government Social Care Ombudsman Annual Review Letter and the Annual Fraud Report.

After considering the assessments completed as part of this annual review process, our view is that the Council's governance arrangements are adequately aligned to support the Council's delivery of planned outcomes and meet the Council's responsibilities for value for money.

Our review concludes that governance arrangements are in place and operating effectively to support and deliver each of the principles of good governance as set out in the relevant CIPFA Solace guidance; however, we have identified some areas where our governance framework needs to improve; these areas are outlined in the Action Plan for 2026/27 below.

## Management

The Corporate Management Team has considered the outcome of this year's review of effectiveness and confirmed that all significant matters have been considered for inclusion in the Annual Governance Statement.

## Risk and compliance

The Council's risk management function is headed up by the Senior Risk Officer.

During 2025/26, the Risk Management Framework 2023-2026 remained in place and has undergone a review to ensure it remains relevant and applicable to the changing needs of the Council over 2026-2009. The new Risk Framework will be approved in July 2026.

Additionally, a new risk appetite statement is under development with Corporate Management Team (CMT) during 2026, setting the tone for the revised Risk Management Framework and ongoing risk management improvements during 2026/27.

During 2025/26, Cabinet continued to receive quarterly Strategic Risk Reports to ensure they remained informed of the progress relating to the Council's Strategic Risks and to the development of the risk management arrangements.

Audit Committee received bi-annual Risk Assurance Reports, providing assurance on the risk management arrangements and the effectiveness of the actions and controls relating to the strategic risks.

Additionally, the committee paper template has been revised to include the need for the identification and assessment of risk, assisting members in understanding the full impact of these risks on their final decision.

## Internal Audit

The Council's in-house internal audit team is headed up by the Group Audit Manager (Head of Internal Audit).

The Internal Audit Annual Report and Conclusion of the Head of Internal Audit for 2025/26 will be considered by the Audit Committee on 12 June 2026. The Head of Internal Audit's Annual Opinion is a key contributor to the Annual Governance Statement and has been considered when preparing the Annual Governance Statement. The Group Audit Manager (Head of Internal Audit) was able to provide 'Reasonable' assurance (the second highest assurance) over the effectiveness of the Council's arrangements for governance, risk management and internal control for 2025/26. For assurance to be reasonable, the frameworks of governance, risk management and internal control are generally sound with some opportunities to further develop the frameworks or compliance with them. The Group Audit Manager (Head of Internal Audit) was also able to provide a declaration of conformance with the Global Internal Audit Standards (GIAS) in the UK Public Sector.

The Group Audit Manager (Head of Internal Audit) highlighted in the Annual Report that significant improvements had been seen so that in 2025/26 bank reconciliations were being produced and reviewed on a timely basis and are signed and dated by the preparer and reviewer.

## Annual Audit Report (External Audit)

The draft Annual Audit Report for 2025/26 identifies [insert] key recommendations that the Council accepted and placed into the Annual Governance Action Plan. These are: [Grant Thorton to complete once work is completed.]

## External Audit Annual Report year ending 31 March 2025

The External Audit Annual report for the year ending 31 March 2025 was considered by Audit Committee on 20 February 2026. The report identified significant weaknesses in arrangements for addressing the Dedicated Schools Grant (DSG) deficit and a key recommendation was made relating to DSG. External Audit also made two improvement recommendations relating to the management of debtors owed to the Council and the profile spend on the capital programme. External Audit retained two prior year improvement recommendations.

Significant weaknesses in arrangements in relation to IT disaster recovery, and procurement and contract management were identified, along with a revised key recommendation in relation to the annual accounts. Key recommendations were retained on these matters. External audit also retained four prior year improvement recommendations.

Significant weakness in arrangements for procurement and contract management was identified and a key recommendation raised for procurement and contract management that covers both governance and the 3Es. External Audit raised an improvement recommendation relating to Special Educational Needs and / or Disabilities (SEND) and Youth Justice Service (YJS) inspections and retain two prior year improvement recommendations.

The review considered external audit's recommendations and progress against them.

## Finance

Strong financial management is critical to ensuring the financial sustainability and financial resilience of the Council. The Constitution contains the Financial Procedure Rules which set the principles for managing the Council's financial affairs. Strategic documents including the Medium-Term Financial Plan, Treasury Management Strategy, and Capital Strategy, form the second level of financial governance, with a third tier represented by detailed financial instructions to provide clear guidance on the operation of key financial processes. Robust budget management arrangements are in place including monitoring and review by Cabinet



and latterly in 2025/26 to include the Corporate Overview Scrutiny Committee. The “CIPFA Financial Management Code” sets out the key elements for demonstrating good financial management in the public sector, and an annual review informs continuing improvements. The Audit Committee monitor the effectiveness of the Chief Financial Officer’s responsibility for ensuring an adequate internal / financial control environment. The External Auditor is legally required to satisfy themselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. They would report to the Council if any significant matters came to their attention. The External Auditor also attends meetings of the Audit Committee.

## Audit Committee

The Audit Committee produced an annual report and a review of its effectiveness for 2025/26. The Audit Committee compares well against the CIPFA core purpose statements for audit committees. Progress has been made against the improvement areas identified in 2024/25 with some still to be addressed in 2026/27.

The Council has assessed its compliance with the CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government. It concluded that it considers its arrangement to be compliant with the Code with some identified improvements.

The draft Annual Governance Statement has been considered by a sub-group of Members of the Standards and Governance Committee.

### 3. Where our governance needs to improve

On the basis of the review, it is considered that the majority of the governance and internal control arrangements continue to be fit for purpose and that the overall governance framework was effective during the 2025/26 financial year. However, there were some areas identified which require attention either, as a result of weaknesses or as a result of external challenge/ feedback. The most significant of these areas are set out below in addition to Section 6 Action Plan, along with actions that are being taken to address matters.

This includes:

- Any significant gaps in governance arrangements such as where core arrangements are not operating effectively;
- Areas where governance arrangements could be easier to understand and comply with.

#### Good Governance

Good Governance to be embedded across all Directorates monitored and progress regularly reported and assessed. Development of an assessment tool.

To include 12-month Forward Planning of decision making, rather than short term decision making, evidenced by the early engagement of legal, Finance, HR and procurement advice.

#### Financial Sustainability

##### Delivery of the Transformation and Savings Programmes.

We have developed a robust approach to have oversight on programme delivery of the Transformation Plan. This includes a governance framework, KPIs for performance reporting, a comms and engagement plan and risk management arrangements.

In addition to the budget position that the Council finds itself in (Fair Funding Settlement), the review also identified an action regarding management of the Dedicated Schools Grant High Needs Block budget, schools' deficit balances and the Home to School Transport Budget.

#### Capacity / Skills

There is a need to strengthen not only the capability within the dedicated transformation team to increase skills needed for full end to end change (inclusive of business analytics and service redesign) but also within the services. Given the clear division of service plan delivery expectations, there is a level of project management skills needed within services to ensure effective delivery of activities - with a key focus on savings.

## Cultural Programme

Bringing together four different organisations with different cultures and practices is part of the Local Government Re-organisation experience. A culture review has been carried out and will be reported to the appropriate meetings in due course.

## Review of Capital Schemes

To ensure the council consistently and effectively manages delivery of major capital programmes and projects – an action has been identified regarding review of project management guidance to provide greater clarity on roles, responsibilities including financial management, project governance, accountability and decision making via the Capital Delivery Group.

## Local Government Association Corporate Peer Challenge Action Plan

Following the Local Government Association (LGA) Corporate Peer Challenge (CPC) held in July 2025, which comprised interviews with officers, Council members, partners and external auditors, the overall message was that Governance is sound and values are strong, the governance frameworks are comprehensive and compliant, with a clear commitment to integrity and transparency.

However, there was some feedback that decision-making systems can be perceived as risk-averse and slower than they need to be. Governance is seen as controlling rather than enabling and that organisational risk appetite is not clearly defined or applied consistently. Internal processes and assurance frameworks need simplifying to support proportionate and timely decisions.

The arising Westmorland and Furness Council LGA Corporate Peer Challenge Action Plan sets out the recommendations and a number of proposed actions, delivery of which continues to be regularly reported to Corporate Management Team (CMT):

- Ensure the Council has a clearer message on what it wants to achieve and by when, taking the opportunity to declutter and develop a three year delivery plan, with clear milestones, signed off by Cabinet.
- Revisit and refresh the expectations of enabling services and what service areas could be and should be doing themselves
- Further develop the Council's approach to resident focus. Including a robust framework, a regular survey and the use of relevant forums
  - Milestones on the LGA Action Plan include produce rolling consultation forward plan and agree and progress resident satisfaction survey
- Review the capital programme operating model to drive timely delivery
- Map out the requirements for moving forward at the pace the council seeks with ICT and digital. Ensure CMT own the ICT/ digital blueprint and milestones for the next two years and that leadership responsibilities are clear

- Given the underlying financial pressure, potential liabilities and risks—look further at the opportunities for savings/ efficiencies within the stabilisation and integration work and how to build up further resilience.
- Act on the known issues which are affecting the ability to provide effective corporate officer leadership across the wider Senior Leadership Team (SLT). Utilise suitable, specific external support.
- Empowering Assistant Directors (ADs) as the organisation's engine with enhanced delegated powers and clearer decision journeys.
- Rebuild from the known relationship issues between some service areas and enabling services. Doing so in a way which helps to ensure a one-council approach is taken and officers are supported to consistently work well across professional boundaries, as appropriate.
- Listen closely to the feedback from the staff survey and communicate how the Council will respond to this and act on it. Do this to help the Council to further develop the 'Together we are Westmorland and Furness' ambition. It may also help prevent further wellbeing issues.
- Ensure there is increased corporate grip on the use of internal audit given the low number of completed internal audit reports and the three significant weaknesses in the external auditor's report.
  - External audit (Grant Thornton) raised three key issues in the 2023/24 Auditor's Annual Report (AAR). Two are now complete; one is in progress:
  - 1.IT Disaster Recovery (DR) - Completed July 2025. Corporate IT DR Plan in place; testing scheduled for 2025/26 in place by March 2026.
  - 2.Procurement and Contract Management - Partially Completed. Significant progress on Procurement Act readiness, staffing, transparency, contracts register and pipeline. A corporate external review (Nov 2025) and a new contracts database are being implemented. Internal Audit will follow up through the 2025/26 Plan.
  - 3.Financial Statements - Completed. 2023/24 weaknesses addressed; 2024/25 statements published on time, audit underway; strengthened Accountancy capacity and training now embedded
- Further develop Overview and Scrutiny using the feedback given throughout the LGA CPC report to inform those steps.
- Move at pace to ensure the Council has in place the right leadership, processes and capability to deliver on Team Barrow and the agility this requires.
- Further embrace, and prepare for at a political level, the opportunities of being on the Devolution Priority Programme (DPP) and how this can contribute to and help shape the future agenda for Westmorland and Furness.
- Put in place quickly, long term, monitored delivery plans to deliver the economic plan and the homes that Westmorland and Furness needs. Use place partners to help do this.
- Refresh and then embed the Target Operating Model (TOM)

- Streamline internal processes and governance to ensure the Council's approach to decision making is proportionate and appropriate, focused on the pace of delivery sought in each instance. This includes the culture and risk appetite around different decisions.

## Risk appetite

A new risk appetite statement is under development with CMT during 2026, setting the tone for the revised Risk Management Framework and ongoing risk management improvements during 2026/27.

## Strategic partnerships, companies and trusts

Work is ongoing to review governance risk and control arrangements for all of the Council's companies, trusts and partnerships, including ethical standards.

The Council has undertaken a mapping exercise of all strategic partnerships. Highlighted here are two significant partnerships for the Council:

### Team Barrow

Following the establishment and mobilisation of Team Barrow, Ministry of Housing, Communities and Local Government (MHCLG) would like to move to a new delivery structure for the Barrow Transformation Fund investment programme. An interim assurance framework was agreed by [Cabinet in April 2026](#), but further work is required to ensure appropriate transparency and assurance on value for money on investment decisions.

### Cumbria Combined Authority

The new strategic authority for Cumbria was established in February 2026 to drive forward economic development within Cumbria and to provide strategic leadership on planning, transport, skills, employment and business development. Establishing new working arrangements with the Combined Authority will be an important area of work for the Council over the coming year.

## ICT and digital resilience

There is a need to continue the accelerated progress relating to system disaggregation, reduce legacy technical debt and embed consistent ICT resilience arrangements – these are identified as actions in Section 6 below.

## Customer experience insight

The review has identified a need to consider evidencing learning through complaints handling.

## Adults

The CQC published the local authority assessment on 12 February 2026. Overall, the CQC considered that the Council had processes and practices in place to support people well. There was good support taking place for people across adult social care and a strong leadership team in place. However, there were further developments needed in areas such as co-production, accommodation for people with complex needs and to address waiting times. The top 3 challenges of waiting lists, Deprivation of Liberty Safeguards ('DoLS') and demands for services are reflected in the corporate risk register and considered in decisions across the wider council. The adult social care risk register reflects the risks identified, key controls to manage the risk and further planned activity. For example, for DoLS risk there was a DoLS steering group in place which meets every 6 weeks and is overseeing a review of capacity and targets. The Health and Adults Scrutiny Committee were aware of the challenges and issues could be raised through scrutiny. An overall strategy for Adults is in the course of preparation.

## Commissioning, Procurement and Contract Management

The Procurement review highlighted that there is a consistent need for clear governance, ownership and accountability in relation to:

- Definition and ownership of the procurement operating model
- Mandating and enforcing compliance with agreed processes and procedures
- Ownership of spend analysis, pipeline planning and prioritisation
- Oversight of contract and supplier management obligations under the Procurement Act 2023
- Alignment between Procurement, Legal, Finance and service areas
- Monitoring delivery of benefits, performance and maturity improvement

A Procurement Board is in the process of being established to bring together legal, finance procurement and risk around procurement and oversee decisions and processes. The annual governance review has highlighted also the need to ensure social value KPIs are published.

## Council Information Asset Register and Information Records Management

Each of the former Councils had its own information asset register, and these require review, aggregation and review of asset owners.

The Council continues to embed and communicate its approach to information records management, including digital records. An Information Records Management improvement plan will be delivered.

## Outcomes of inspections 2025/26:

A list of external inspections /reports is provided in Appendix 1.

The action plans from inspections are being dealt with by the relevant directorates as business as usual and are not part of the Action Plan.

### Adult Learning

Ofsted's most recent inspection of adult learning provision in June 2025 identified that the service is making a positive contribution to skills development, employability and community engagement, with learners benefiting from supportive teaching and inclusive learning environments. It rated the services as Good overall, with Outstanding judgements for behaviour and attitudes and personal development, and Good for adult learning programmes and leadership and management. Inspectors noted strengths in tailoring provision to local need, particularly in digital, employability and wellbeing programmes, and in supporting learners to build confidence and progress. However, areas for improvement remain, including wider training for staff to meet the demands of learners with high needs and improving achievement rates in entry level functional skills mathematics and English, English for Speakers of Other Languages (ESOL) and digital courses.

In addition the matrix Standard assessment for Cumbria Adult Learning (March 2025) confirmed that the service met the required Standard, identifying a strong, learner-centred approach with Information, Advice and Guidance (IAG) embedded across delivery. Noting that the service demonstrates effective quality assurance through its Quality Improvement Plan, self-assessment processes and performance monitoring, with positive outcomes in learner progression, confidence and wellbeing. Strengths include strong partnership working, robust safeguarding arrangements and alignment with Council priorities around reducing inequalities and supporting communities. Areas for development include improving consistency across a large geographical area, streamlining IAG strategy documentation, enhancing digital user experience and further strengthening staff collaboration. These are reflected in ongoing improvement activity, with the service well positioned to respond to increasing demand and policy changes.

### Children's

In respect of care experienced young people (care leavers) Ofsted in November 2025 stated that the following needs to improve in this area of social work practice:

- The quality and consistency of pathway plans. (Outcome 4, national framework)
- The quality and consistency of support offered to unaccompanied asylum-seeking children. (Outcome 4, national framework)
- The quality and consistency of support offered to young people not in education, employment or training. (Outcome 4, national framework)

A Special Educational Needs and Disabilities (SEND) Inspection was undertaken in February 2025 and actions continue against rising demand. The Inspection concluded that area



leaders should strengthen multi-agency working across the partnership, between education, health and social care, so that children and young people's needs are identified and assessed in a more efficient and timely manner. The King's Speech has also identified prospective SEND reforms in an Education for All Bill to be introduced in Parliament.

Action is being taken to address School Dedicated Schools Grant (DSG) deficits which are now in excess of £10m per annum.

### Housing

An inspection by the Regulator of Social Housing (RSH) in October 2025 confirmed Westmorland and Furness Council's Housing Landlord service Consumer Grade as C2 (the second highest grade, meaning the landlord meets the regulatory standards overall with no serious failings). The RSH in its report identified a number of the service's strengths including a culture of putting tenants first, an evidenced understanding of the condition of its homes, all homes meeting the Decent Homes Standard based on the information available from the recent stock condition survey and investment planning. The inspection report also noted some areas to improve in order to meet the highest C1 standard. These were:

- Understanding the diverse needs of all tenants. Whilst the council does collect this information, there is a need to ensure this is updated regularly to ensure that this informs service design and can be used in monitoring outcomes and evaluating accessibility
- More effective tenant scrutiny at a strategic level is needed
- Strengthen the reporting of performance information to tenants

The Council has recognised many of these issues and the RSH acknowledged the positive steps that the Council is already taking, including developing a new Tenant Engagement Strategy and Action Plan.

A Regulatory Improvement Plan has been produced in collaboration with the Regulator to provide assurance that the service is addressing areas where improvement is needed and they will engage with the Senior Manager through regular evidence gathering and meetings to work through the improvement space with the aim of achieving a C1 grading.



## 4. How we have improved our governance arrangements in 2025-26

This section sets out how the governance issues identified in the previous year's statement have been addressed and whether further work is required; and any other significant steps to improve governance taken in the year. The Audit Committee and Standards and Governance Committee have received regular updates on progress and have fed back that this year we must be clearer and smarter with our actions to be taken.

### a. Action Plan 2025-26 update

The Annual Governance Statement 2024/25 identified the following areas of improvement which have been monitoring through the Council's arrangements during 2025/26 as follows, actions not completed in 25/26 have been rolled over into 26/27 (Section 6) completed action and proposals for some actions from 2024/25 to become 'business as usual' (BAU) are listed below.

#### Completed actions in 2025/26

|    |                                                                                                                                                                                                                                                                                                                                                                                                                       |                      |
|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| A4 | Respect for the Councils processes and systems of Governance including financial, legal and professional advice is required to be understood and respected by the Corporate Management Team as the Officer Leadership cohort of the Council. In the event of any areas of conflict Escalation Processes will be agreed with the Chief Executive.                                                                      | Completed<br>Sept 25 |
| A5 | Work will be undertaken on the clarity and improved understanding of professional responsibilities and accountabilities including the separate roles of the three corporate statutory roles and wider CMT colleagues to strengthen the Council's overall governance position.                                                                                                                                         | Completed<br>Sept 25 |
| A7 | Consult and propose changes to the Nomination and Appointment of LA Governors for maintained schools.                                                                                                                                                                                                                                                                                                                 | Completed            |
| C2 | Ongoing review of workforce capacity to ensure we have sufficient support (ICT/ Customer and Digital, HR and OD, Commissioning and Procurement and Legal, Communications Services) to help it realise the Council's Change programme alongside business as usual delivery demands.                                                                                                                                    | Completed<br>Sept 25 |
| C6 | Develop a Consultation and Engagement Strategy to provide valuable advice and guidance to ensure that high quality co-ordinated approach is taken to consultation.                                                                                                                                                                                                                                                    | Completed<br>Dec 25  |
| D1 | Support all directorates to develop service plans                                                                                                                                                                                                                                                                                                                                                                     | Completed<br>Dec 25  |
| D2 | Improvement of Performance management by:<br>Identifying what benchmarking of services the Council currently uses, what regional, national, and statistical neighbours comparators are used and what needs to be developed to support our approach to demonstrating value of money;<br>Address data quality and data governance issues;<br>Develop and integrated approach to performance, finance and risk reporting | Completed<br>Jan 26  |
| D3 | The Council will ensure its new People Plan is fully costed to build assumptions into the Medium Term Financial Plan (MTFP) to reflect future skills requirements.                                                                                                                                                                                                                                                    | Completed<br>Sept 25 |
| D4 | Publish social value key performance indicators for 2024/25.                                                                                                                                                                                                                                                                                                                                                          | Completed<br>Aug 25  |

|      |                                                                                                                                                                                                                                                                                                                                                                                                     |                        |
|------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| E1   | The Council needs to enhance capacity to deliver its capital programme in future years.                                                                                                                                                                                                                                                                                                             | Completed<br>Mar 26    |
| E3   | The Council should operate the internal financial controls and month-end and close-down procedures as designed, to prevent, detect and correct misstatements or omissions in the financial records.                                                                                                                                                                                                 | Completed<br>June 25   |
| F3   | Improve controls relating to the main accounting systems to ensure that all bank reconciliations should be completed, balanced, undertaken on a timely basis and subject to independent review.                                                                                                                                                                                                     | Completed<br>June 2025 |
| F4   | Improve internal control relating to the accounts receivable system to ensure that income is posted on a timely basis and supports effective debt recovery.                                                                                                                                                                                                                                         | Completed<br>Mar 26    |
| F5   | Develop an Internal Audit Manual for the Westmorland and Furness Council Internal Audit Service.                                                                                                                                                                                                                                                                                                    | Completed              |
| F8   | Undertaking a self-assessment against the CIPFA Financial Management Code and develop an action plan to address and improve areas identified.                                                                                                                                                                                                                                                       | Completed<br>Sept 25   |
| LGR1 | The Council needs to prioritise the harmonisation of the legacy financial systems.                                                                                                                                                                                                                                                                                                                  | Completed<br>Mar 26    |
| LGR2 | Update the Dedicated Schools Grant (DSG) Management Plan to address the end of the national Delivering Better Value programme to address the cumulative deficit at 31 March 2025 and in-year pressures on the high needs block in 2024/25 and projected to continue.<br>Monitor the delivery of the Council's Dedicated Schools Grant management Plan in terms of controlling the High Needs Block. | Completed<br>Dec 2025  |
| LGR3 | There appears to be a trend for overall schools' balances to be in deficit going from a net surplus in 2023/24 to a net deficit in 2024/2025. Implement appropriate controls and monitoring arrangements to have oversight and support school actions to address school deficits                                                                                                                    | Completed<br>Dec 2025  |

To ensure that the Council's Action Plan for 2026-27 is more strategically focused, it is proposed that the some of the actions from the 2025-26 Action Plan are converted to business as usual and therefore will not be included on the Action Plan for 2026-27. Other actions have been carried forward.

## b. Other significant steps taken to improve governance in the year 2025-26

### Transformation

The Council's new Head of Paid Service has re-set the Council's approach to transformation as set out in the Transformation Plan that was approved by Cabinet on 17 March 2026.

In May 2026 Council agreed a new Annual Plan that includes the new focus on transformation that was agreed by Cabinet.

The Council has formally adopted a single, integrated Transformation Plan, which replaces the previous change programme approach. The Transformation Plan sets out how Westmorland and Furness Council will deliver sustainable, council-wide change over the next three years. It brings together existing improvement activity and new priorities into one coherent framework, aligned to the Council Plan, Delivery Framework and Medium-Term Financial Plan.

The Transformation Plan is structured around five interlinked transformation programmes: People, Place and Prevention; Customer Experience; Future Focused Workforce; Employee Experience; and Digital, Data and Technology Foundations. These programmes collectively aim to redesign how the Council organises, delivers and supports services, with a focus on prevention, improved outcomes for communities, reducing duplication, digital enablement and long-term financial sustainability.

Benefits are articulated through improved service outcomes, reductions in avoidable demand, streamlined processes, more effective use of technology, and workforce productivity. Financial benefits include direct savings, cost avoidance and improved value for money, aligned to the Council's Medium Term Financial Plan.

Progress against benefits will be monitored (by CMT Programme Board) as part of transformation governance arrangements, alongside performance and financial monitoring, to ensure expected benefits are realised and risks to delivery are identified early. There quarterly performance reporting aligned to the Annual Plan will include monitoring of the Transformation Plan.

Delivery of the Transformation Plan is led by the Chief Executive, with collective responsibility held by the Senior Leadership Team and oversight by Cabinet.

Transformation governance is integrated with the Council's wider financial, performance and risk management arrangements, ensuring that change activity remains aligned to agreed priorities, affordability and capacity. This approach ensures transformation activity is visible, prioritised and accountable, while maintaining appropriate assurance and control.

#### **LGA Corporate Peer Challenge – Governance action plan**

Further to the LGA Corporate Peer Challenge report, Full Council considered a report in [May 2026](#) which sought to strengthen agility of decision making, ensuring timely, well-informed and accountable decisions that enable responsive service delivery and support transformation. In summary, the recommendation changes included:

- Increasing the Key Decision threshold from £500,000 to £750,000, to allow for more agility in decision-making in accordance with the Council's risk appetite. Officers are still required to complete the necessary reports, which would be available for members and the public to view (in so far as they do not contain exempt information). This will be kept under review.
- Amending the thresholds in the Financial Procedure Rules to enable more flexibility in taking decisions, for example by increasing officer virement levels and increasing thresholds for re-profiling spend between financial years.
- Increasing current contract award thresholds such that Portfolio Holders (in consultation with the Leader and Finance Portfolio Holder) may make decisions on awards from £5m-£10m and for Cabinet to make the decision on awards above £10m.

- A review of the Council's rules regarding Grants to clarify the decision-making and establish a Corporate Grants Register so that there is a central record of all grants received and expended.

The Council continues to publish decisions, including Officer Key Decisions, [online](#).

DRAFT

## 5. Forward look on governance

The annual review of governance has identified the following areas where the Council's governance arrangements could be further strengthened. In accordance with the relevant CIPFA Solace guidance, the AGS action plan 26-27 is meaningful but brief, and more detailed implementation plans will be used to manage and monitor progress. The action plan and implementation plans will be monitored by CMT, with regular update reports throughout 26/27 to Audit Committee.

Descriptions and Actions are SMART: Specific, Measurable, Achievable, Relevant and Time-Bound.

|          | <b>SMART description of Area for improvement</b>                                                                                                                                                     | <b>SMART Action Planned 2026/27</b>                                                                                                                                                                                                                                                                                                                                                                                                                                              | <b>Responsible Officer<br/>[Updated table will be circulated prior to the meeting]</b>                                                                   | <b>Target date<br/>[Updated table will be circulated prior to the meeting]</b>   |
|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|
| <b>1</b> | Good Governance to be embedded across all Directorates monitored and progress regularly reported and assessed.                                                                                       | Development of an assessment tool.<br>To include 12-month Forward Planning of decision making, rather than short term decision making, evidence of early engagement of legal, Finance and HR and procurement advice.                                                                                                                                                                                                                                                             | Chief Legal and Monitoring Officer                                                                                                                       | February 2027                                                                    |
| <b>2</b> | Transformation and savings delivery:<br><br>(1) Delivery of Transformation Plan<br>(2) Delivery of Savings Plan<br>(3) Implement Culture review including ethical culture.<br>(4) Capacity and skill | (1) Ensure there are appropriate programme management controls in place to achieve the forecast £5.75m savings from the Transformation Plan in 26/27<br>and to deliver future savings to address future years' required savings.<br>(2) Delivery of Savings Plan<br>(3) Facilitate internal challenge; deliver employee engagement framework / outcomes of culture review to be reported to Cabinet<br>(4) Strengthen capability to increase skills needed for end to end change | (1) Assistant Chief Executive<br>(2) Director of Resources (Section 151 Officer)<br>(3) Assistant Director HR and OD<br>(4) Assistant Director HR and OD | (1) February 2027<br>(2) February 2027<br>(3) December 2026<br>(4) December 2026 |

|          |                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                  |                |
|----------|----------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|----------------|
|          |                                                                                                                                              | (inclusive of business analytics and service redesign). Project management skills needed within services to ensure effective delivery of activities - with a key focus on savings.                                                                                                                                                                                                                                                                                                                      |                                                                  |                |
| <b>3</b> | Financial Sustainability – to ensure the Council delivers value for money in the delivery of all its functions and services.                 | <p>Management of the Dedicated Schools Grant High Needs Block budget, schools' deficit balances and the Home to School Transport budget</p> <p>Consider opportunities for services to increase net income, reduce third party expenditure and deliver savings. Ensure services have the right tools and operating environment to drive out efficiencies and increase productivity.</p> <p>Identify measures to reduce and manage demand, working collaboratively across services and with partners.</p> | Director of Resources (Section 151 Officer)                      | February 2027  |
| <b>4</b> | Review of capital schemes – to ensure the Council consistently and effectively manages the delivery of major capital programmes and projects | Review of project management guidance to provide greater clarity on roles, responsibilities including financial management, project governance, accountability and decision-making via the Capital Delivery Group                                                                                                                                                                                                                                                                                       | Assistant Director Corporate Assets, Fleet and Capital Programme | December 2026  |
| <b>5</b> | LGA Corporate Peer Challenge                                                                                                                 | Produce a position statement on progress made in response to the LGA Corporate Peer Challenge recommendations and the Council's Action Plan for September 2026.                                                                                                                                                                                                                                                                                                                                         | Assistant Chief Executive                                        | September 2026 |
| <b>6</b> | Development Risk Appetite Statement.                                                                                                         | Risk Appetite Statement has been drafted and under further revision. To be                                                                                                                                                                                                                                                                                                                                                                                                                              | Zurich and Senior Risk Officer                                   | July 2026      |

|    |                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                         |                                              |
|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|----------------------------------------------|
|    | Progressively embed Risk Appetite across risks and decision making.                                                                                                                                   | approved by CMT on 8 July 2026 and shared with Cabinet on 14 July 2026.<br><br>Embed Risk Appetite during 2026/27                                                                                                                                                                                                                                                                                                                                                                  | Senior Risk Officer.                    |                                              |
| 7  | Strategic partnerships, companies and trusts                                                                                                                                                          | Identification and review of key partnerships.<br><br>Review governance risk and control arrangements                                                                                                                                                                                                                                                                                                                                                                              | Assistant Chief Executive               | September 2026                               |
| 8  | ICT and digital resilience<br>(1) To continue the accelerated progress relating to system disaggregation,<br>(2) reduce legacy technical debt and<br>(3) embed consistent ICT resilience arrangements | Progress report to be brought                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Assistant Director ICT                  | November 2026                                |
| 9  | Customer experience insight                                                                                                                                                                           | To further strengthen how customer feedback, complaints insight and workforce intelligence are systematically shared and used to inform service redesign and decision-making.                                                                                                                                                                                                                                                                                                      | Assistant Director Customer and Digital | Refreshed approach in place by December 2026 |
| 10 | Prioritise the Deprivation of Liberty safeguard assessments;                                                                                                                                          | (1) Continue to implement and monitor the Deprivation of Liberty Safeguards action plan to ensure effective oversight, prioritisation and timely responses in line with statutory requirements and national best practice.<br><br>(2) Assess and implement the implications of the case of <u><a href="#">A Reference by the Attorney General for Northern Ireland of a devolution issue under paragraph 34 of Schedule 10 to the Northern Ireland Act 1998</a></u> [2026] UKSC 16 | Director of Adults                      | (1) February 2027<br><br>(2) September 2026  |

|           |                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                  |                                                    |
|-----------|------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|----------------------------------------------------|
| <b>11</b> | Procurement and Commissioning                                          | <p>Deliver the procurement and commissioning action plan</p> <p>Continue to monitor progress of Procurement and Commissioning Strategy implementation plans (25/6 action carried forward)</p> <p>Updating contracts register and improving the pipeline to support forward planning. (25/6 action carried forward)</p> <p>Strengthen the availability and timeliness of publishing contracts on the Council website. (25/6 action carried forward)</p> | Assistant Director Procurement and Commissioning | As outlined in Action Plan                         |
| <b>12</b> | Council Information Asset Register and Information Records Management. | <p>(1) Undertake the additional work required to improve the Council Information Asset Register.</p> <p>(2) Deliver the Information Records Management improvement plan.</p>                                                                                                                                                                                                                                                                           | Chief Legal and Monitoring Officer               | <p>(1) September 2026</p> <p>(2) December 2026</p> |



## 6. Conclusion and signatures

We are satisfied that the Council's corporate governance arrangements in place during 2025/26 were fit for purpose in accordance with the CIPFA / SOLACE Delivering Good Governance Framework 2016.

As senior leaders we recognise how critical an effective and robust governance framework is in ensuring the Council can continue to achieve its strategically agreed objectives and remain financially sustainable. We are committed to maintaining and enhancing an effective governance framework for the Council and ensuring that it can meet the challenges and opportunities arising from unitary status. The delivery of the action plan in Section 6 will be key in supporting us on that journey.

We accept primary responsibility for the content of this Annual Governance Statement and will over the coming year take steps to address the matters identified in Section 6 of the Statement to support further improvements to the governance arrangements of the Council.

We will monitor their implementation and operation as part of the next annual review of effectiveness. Reports on progress will be submitted to the Audit Committee.

Signed:

*J Brook*

Cllr J. Brook  
Leader of the Council

Date: 29<sup>th</sup> June 2026

*M Cannon*

Miranda Cannon  
Chief Executive

Date: 29<sup>th</sup> June 2026

I confirm the Audit Committee was satisfied on the basis of the information available to it that this Annual Governance Statement for 2025-26 has been prepared and approved after due and careful enquiry.

Independent Chair of Audit Committee

Date:

# Appendix 1 – External Reports

Findings of the external auditors and other review agencies and inspectorates

- External Audit Report 2026:  
Feb 2026 External Audit letter ([Public Pack](#))[Appendix 6 - Auditor's Annual Report 2024/25 Agenda Supplement for Audit Committee, 20/02/2026 10:00](#)
- Ofsted Children's services 22 April to 3 May 2024 rated Good overall Children's Services [50252261](#)
- Ofsted Send Inspection dates 3-7 Feb 2025 Report [10350480 Westmorland and Furness LArea Partnership 2733698 final clean-100850 amended -100118.docx](#)
- Ofsted Inspection 25/26 November 2025 – letter dated 12 January 2026 focussed on arrangements for care leavers [50293399](#)
- CQC Report 12 February 2026 on Part 1 Care Act 2014 [Governance, management and sustainability - Care Quality Commission](#)
- CQC reports: Care Homes [Westmorland and Furness Council - Services - Care Quality Commission](#)
- Regulator of Social Housing: [Westmorland and Furness Council \(5177\) - Regulatory Judgement: 25 February 2026 - GOV.UK](#)
- [LGA Corporate Peer Challenge: Westmorland and Furness Council | Local Government Association](#)
- [Westmorland and Furness Council - Local Government and Social Care Ombudsman](#)
- [An inspection of youth justice services in Westmorland and Furness](#) and
- [Youth Justice Service Plan 2025-2026](#)
- Ofsted - Further education and skills inspection report – Cumbria Adult Learning Service - [50282551](#)

Internal audit reports and recommendations

## Summary of Outcomes of Final Audit Reports Issued to 31 July 2025:

- a) Governance of Hosted Services - Follow up
- b) Section 38 / Section 278 agreements [insert link]
- c) Budget management – Adult Social Care packages (where part funded by Health partners)
- d) Deprivation of Liberty Safeguards (DOLS)
- e) Accountable body for Cumbria for HUG 2 grant
- f) Client Affairs
- g) Skelton Primary School
- h) Sandside Lodge Special School , Ulverston
- i) Alston Moor Federation

## Summary of Outcomes of Final Audit Reports Issued to 31 October 2025:

- a) Migration of legacy district payroll system to i-trent
- b) Social Care staff access to Children's services database
- c) Fraud Risk Assessment 2025/26

- d) Events and Festivals
- e) Adult Social Care Training
- f) Kirkoswald CoE Primary School

Summary of Outcomes of Final Audit Reports Issued to 31 January 2026:

- a) Cemeteries and Crematoria
- b) Community Power
- c) Accountable Body for Local Nutrient Mitigation Fund (LNMF) including Nutrients Neutrality Credits
- d) Bridges and Structures
- e) Compliance with social care standards - timescales (Children's Services)

Summary of Outcomes of Final Audit Reports Issued to 28 May 2026:

- a) Payroll
- b) Artificial Intelligence (AI)
- c) Governance Arrangements for officer decision making
- d) Council Tax - Second Homes Premium
- e) Progress on implementing CIPFA Financial Management Code
- f) Carbon Management Strategy
- g) Follow up – SProc.net Home Care Commissioning System
- h) Main Accounting System
- i) Management of Significant Contract - 0-19 Healthy Child Programme
- j) Climate Strategy – Phase 2
- k) Adult's Direct Payments and Individual Service Funds
- l) Follow up – Dalton St Mary's C of E Primary School, Dalton in Furness
- m) Safeguarding Partnership (Children)