Audit and Governance Committee

15 July 2026

Reading Borough Council
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Title	Annual Governance Statement 2025-26
Purpose of the report	To make a decision
Report status	Public report
Executive Director/ Statutory Officer Commissioning Report	Louise Duffield, Executive Director of Resources Darren Carter, Director of Finance (S.151 Officer)
Report author	Mark Sanders, Chief Accountant (Deputy S.151 Officer)
Lead Councillor	Cllr Ruth McEwan, Lead Councillor for Corporate Services and Resources
Council priority	Not applicable, but still requires a decision
Recommendations	1. That the Committee agrees the Annual Governance Statement for 2025/2026. 2. That the Committee delegates authority to the Director of Legal and Democratic Services to make minor amendments, in consultation with the Leader and Chief Executive, prior to signature by the Leader and Chief Executive.

1. Executive Summary

1.1. The Council is responsible for ensuring that financial management is adequate and effective and that the Council has a sound system of internal control, which facilitates the effective exercise of the Council's functions, and which includes arrangements for the management of risk.

1.2. The Accounts and Audit Regulations require local authorities to prepare and publish an Annual Governance Statement (AGS) each financial year, which accompanies the authority's financial statements.

1.3. The AGS is a key record of the overall effectiveness of governance arrangements within the Authority. The statement reflects the latest guidance from CIPFA/SOLACE on a strategic approach to governance and demonstrates how the key governance requirements have been met.

1.4. The AGS incorporates the latest guidance in relation to the Council's Best Value duty and demonstrates the Council's continued commitment to maintaining robust governance arrangements while addressing emerging challenges and regulatory requirements.

2. Policy Context

2.1. The Council's proposed AGS for 2025/26 is attached at Appendix 1.

2.2. Essentially, it outlines for the Council:

- the scope of governance responsibilities
- the purpose of the governance framework

- a description of the governance framework against the CIPFA/SOLACE Framework for “*Delivering Good Governance in Local Authorities*
- arrangements for reviewing the effectiveness of the governance framework
- governance issues that need to be addressed

2.3. The preparation of the Statement has built on previously established arrangements, which involves the collating of information from a number of sources, both internal and external. The information is analysed, and a draft Statement is produced, discussed with key officers, and any amendments identified are then made.

2.4. To support the Annual Governance review, each directorate is required to complete a Directorate Governance Statement in relation to systems and processes operational within their areas during the year. These are signed off by the relevant Director. The Directorate Statements demonstrate that Directorates have evaluated and assessed their internal control environment.

2.5. The Council receives a substantial amount of assurance from the work that is undertaken by its Internal Audit Service and its External Auditors, KPMG. The role of Internal Audit is to provide independent assurance that the Council’s risk management, governance and internal control processes are operating effectively. The role of External Audit is to review the financial statements, obtain evidence that they are materially correct and provide an opinion as to whether these represent a true and fair view of the financial position of the Council. In addition, External Audit provide value for money commentary assessing whether proper arrangements are in place for securing financial resilience and challenging how the Council secures economy, efficiency and effectiveness.

2.6. The 2025/26 Draft Accounts and Draft Annual Governance Statement were published on time, in accordance with the statutory requirements on 30 June 2026 and the public inspection period is underway.

2.7. One of the assurance statements the Council receives is the annual opinion of the Chief Internal Auditor in respect of the control framework. The opinion of the Chief Internal Auditor in respect of audit work completed in 2025/26 is reported to the Audit and Governance Committee for its meeting tonight and gives Reasonable Assurance on the internal control environment based on the areas audited.

2.8. In 2025-26 the annual assurance report provides a comprehensive overview of internal audit activities conducted in the year, confirming that reasonable assurance can be provided on the Council’s internal control environment. This reflects a position where the majority of controls are operating effectively, but where improvements are required to strengthen consistency, oversight and resilience across some service areas.

Alignment with Best Value Standards and Intervention Guidance 2024

2.9. The 2025-26 AGS has been written to align with the Best Value Standards and Intervention guidance published in May 2024. The AGS was enhanced last financial year and continues to provide provide stronger evidence against the seven key themes:

- **Continuous Improvement:** Enhanced coverage of organisational-wide improvement approaches, including transformation programmes and external reviews
- **Leadership:** Expanded detail on leadership vision, priorities, and development initiatives
- **Governance:** Improved demonstration of governance effectiveness beyond formal structures
- **Culture:** Strengthened reporting on organisational culture, staff surveys, and ethical standards

- **Use of Resources:** Better integration of financial strategy with corporate planning
- **Service Delivery:** Enhanced performance management reporting
- **Partnerships and Community Engagement:** Improved coverage of partnership governance and community outcomes

2.10. The 2025-26 AGS incorporates responses to several significant external assessments:

- **Care Quality Commission (CQC) Assessment:** Governance arrangements maintained to monitor and action areas for improvement in Adult Social Care.
- **Social Housing Regulator Inspection:** Introduction of Provider Improvement Meetings and enhanced reporting to Housing, Neighbourhoods and Leisure Committee. A number of high-priority contracts have been secured within a rolling programme to manage Priority 1, 1a and 2 work.
- **Youth Justice Service HMIP Inspection:** Continuation of governance arrangements with positive progress recognised by the Youth Justice Board and Phase 2 of the Service Improvement Plan implemented following completion of the Rapid Improvement Plan.

2.11. The 2025-26 AGS demonstrates a number of key themes with:

- **Evidence-Based Reporting:** Stronger use of data and performance metrics to demonstrate governance effectiveness
- **Strategic Alignment:** Better integration between governance arrangements and corporate priorities
- **Risk-Based Approach:** More sophisticated risk identification and management reporting
- **Stakeholder Engagement:** Improved coverage of partnership working and community engagement

2.12. All of the above help to ensure alignment with the Best Value Standards and Intervention Guidance whilst still meeting the requirements of the Accounts and Audit Regulations and the CIPFA / SOLACE Framework.

3. The Proposal

3.1. The statement covers the period up to the publication of the accounts, but as the final version of the statement is signed by the Leader of the Council and the Chief Executive as Head of Paid Service, it would be sensible to authorise minor amendments that may be needed before the final document is confirmed. The need for material amendment is not currently anticipated.

3.2. External Audit will review the AGS for consistency with their knowledge of the Council but does not “audit” it as such.

4. Contribution to Strategic Aims

4.1. The Council Plan has established five priorities for the years 2025/28. These priorities are:

- Promote more equal communities in Reading
- Secure Reading’s economic and cultural success
- Deliver a sustainable and healthy environment and reduce our carbon footprint
- Safeguard and support the health and wellbeing of Reading’s adults and children
- Ensure Reading Borough Council is fit for the future

4.2. In delivering these priorities, we will be guided by the following set of principles:

- Putting residents first
- Building on strong foundations

- Recognising, respecting, and nurturing all our diverse communities
- Involving, collaborating, and empowering residents
- Being proudly ambitious for Reading

4.3. Full details of the Council Plan and the projects which will deliver these priorities are published on the Council's website - Council plan - Reading Borough Council. These priorities and the Council Plan demonstrate how the Council meets its legal obligation to be efficient, effective and economical.

4.4. The concept of Governance is cross-cutting and relevant to all Services of the Council and to all of our public facing services. As such it is relevant to the Council's ability to be able to deliver on all of its Council Plan Priorities. Good Governance is also strongly linked to the Priority of "Ensure Reading Borough Council is fit for the future".

5. Environmental and Climate Implications

5.1. The Council declared a Climate Emergency at its meeting on 26 February 2019 (Minute 48 refers).

5.2. There is nothing within this report which is of relevance for the Council's strategic priority of Climate Change.

6. Community Engagement

6.1. The AGS was published as a draft with the Statement of Accounts on 30 June 2025. Should any comments be received from stakeholders in response to this publication, then they will be reported to Committee. It is not anticipated that there will be a specific public consultation on the Annual Governance Statement. It will however be in the public domain (as above) and at this Committee, and is written in such a way to be accessible for members of the public to understand the Council's approach to Corporate Governance.

7. Equality Implications

7.1. Under the Equality Act 2010, Section 149, a public authority must, in the exercise of its functions, have due regard to the need to—

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

7.2. An Equality Impact Assessment (EIA) is not relevant to this report. There is no reason to think that any section of society will be adversely affected by the development of better Governance policies and procedures across the Council.

8. Other Relevant Considerations

8.1. There are none.

9. Legal Implications

9.1. Covered in the main body of the report.

9.2. These legal implications have been cleared by Jayne La Grua, Interim Assistant Director of Legal and Democratic Services.

10. Financial Implications

10.1. There are no direct financial implications arising from this report.

10.2. These financial implications have been cleared by Darren Carter, Director of Finance

11. Timetable for Implementation

11.1. Not relevant.

12. Background Papers

12.1. There are none.

Appendices

1. Annual Governance Statement 2025-26