



# Redcar and Cleveland Borough Council

## **Annual Governance Statement**

**1 April 2024 – 31 March 2025**

## Introduction

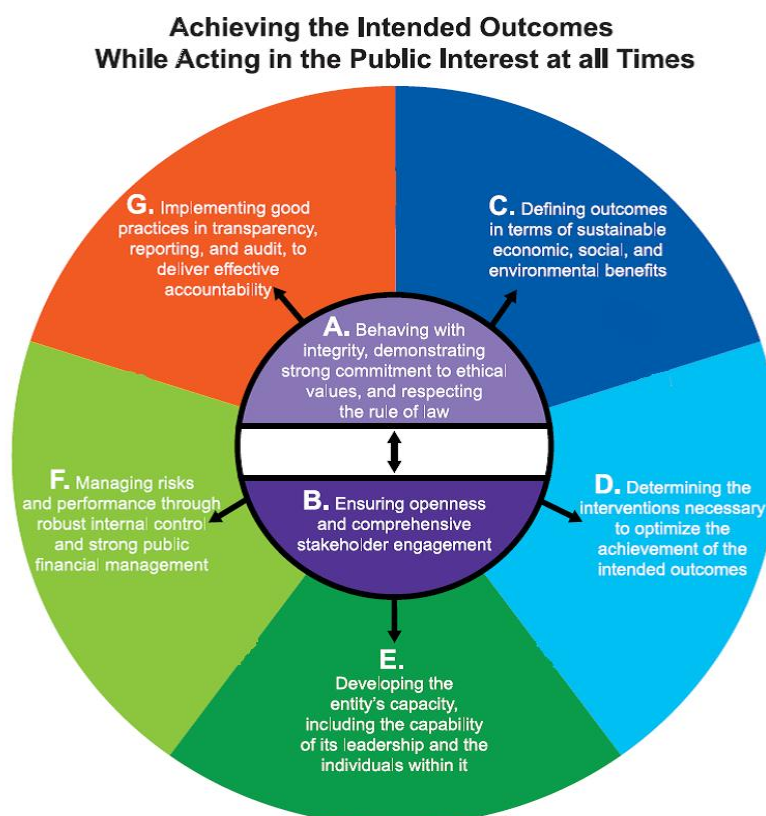
1. Governance is the general description given to the systems, processes, culture and values by which the Council is directed and controlled. CIPFA<sup>1</sup> has developed an International Framework: Good Governance in the Public Sector and defines Governance as follows:

*“Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.”*

2. In relation to public services, it further states:

*“To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity’s objectives while acting in the public interest at all times. Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for services users and other stakeholders.”*

3. The diagram from the International Framework, below, illustrates how the various principles for good governance in the public sector relate to each other. Principles A and B influence the implementation of principles C to G. The diagram also illustrates that good governance is dynamic, and that an entity as a whole should be committed to improving governance on a continuing basis through a process of evaluation and review.



<sup>1</sup> CIPFA – The Chartered Institute of Public Finance and Accountancy

4. The Accounts & Audit Regulations 2015 require the Council to prepare and publish a governance statement on an annual basis. This statement sets out:
  - the Council's commitment to delivering robust governance arrangements;
  - how the effectiveness of the governance arrangements is reviewed;
  - how the significant risks and issues faced by the Council and identified within last year's statement have been mitigated; and
  - key issues to be addressed in the coming year.
5. The Council has developed a Code of Governance, which is consistent with the principles of the International Framework and supports the Annual Governance Statement.

## **Scope of Responsibility**

6. Redcar & Cleveland Borough Council's purpose is to serve its citizens primarily through the provision of statutory services supported by an ambitious programme of work designed to improve the economic, social and environmental well-being of our communities. It is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Council also has a duty to constantly seek to secure value for money and continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In these challenging economic times, good governance is critical to enable the Council to deliver on its priorities.
7. In discharging its responsibilities, the Council must have in place a sound system of internal control and have proper arrangements for the governance of its affairs. These proper arrangements help the Council to effectively exercise its functions, including the management of its assessed risks.

## **The Governance Framework**

8. The requirement to have a robust governance framework and sound system of internal control covers all Council activities. The internal control environment within the Council operates consists of a number of different key elements which, when taken together, contribute to the overall corporate governance framework enabling the Council to monitor the achievement of its strategic objectives, its key priorities and deliver value for money for the citizens of Redcar & Cleveland.
9. The system of internal control is a significant part of the governance arrangements of the Council and is designed to manage risk to a reasonable and acceptable level. It cannot eliminate all risk and can therefore only provide reasonable and not absolute assurance of effectiveness. It is based on an ongoing process designed to identify and prioritise the risks of the Council, to evaluate the likelihood of those risks occurring and the impact they would have, should they occur, and to manage them effectively.

10. The overall Governance Framework described in this Statement has been in place within the Council for the year ended 31 March 2025 and up to the date of approval of the Statement of Accounts for 2024/25.

### Political Management Arrangements

11. The Council comprises 59 elected members representing the 24 Wards that make up the Borough of Redcar & Cleveland. Elected members are democratically accountable to the residents, and are elected every four years. They have a responsibility to ensure the Council is properly managed, and to maintain proper standards of behaviour.
12. Borough Council is responsible for agreeing the overall policy framework and setting the budget. The Council operates a system of Executive Arrangements with a strong leader and Cabinet model. The current Cabinet comprises nine Members, including the Leader.
- Leader of the Council – Councillor Alec Brown
  - Deputy Leader of the Council and Cabinet Member for Climate and Culture – Councillor Carrie Richardson
  - Cabinet Member for Health, Welfare and Housing – Councillor Ursula Earl
  - Cabinet Member for Children – Councillor Bill Suthers
  - Cabinet Member for Resources – Councillor Christopher Massey
  - Cabinet Member for Adults – Councillor Lisa Robson
  - Cabinet Member for Growth and Enterprise – Councillor Lynn Pallister
  - Cabinet Member for Highways and Transport – Councillor Carl Quartermain
  - Cabinet Member for Neighbourhoods – Councillor Adam Brook
13. The constitution describes the various functions of the Council's decision-making structures, including the scheme of delegation, with Cabinet being the key decision-making body.
14. Scrutiny holds the Executive to account through constructive 'critical friend' challenge and its power of 'call in'. Through Scrutiny and Improvement Committees, elected members review progress against objectives through discussion with Cabinet Members and through quarterly monitoring of financial and performance information. This improves decisions and outcomes. These Committees manage their work to enable them to look in more detail at individual topics, occasionally through cross party task and finish groups or other working group arrangements, making recommendations to Cabinet or Council as appropriate. The current model comprises five Scrutiny and Improvement Committees:
- Adults, Wellbeing and Health Scrutiny and Improvement Committee
  - Children and Families Scrutiny and Improvement Committee
  - Corporate Resources and Governance Scrutiny and Improvement Committee
  - Growth Scrutiny and Improvement Committee
  - Climate and Environment Scrutiny and Improvement Committee
15. The Council continued to progress work through an informal working group, established jointly with neighbouring Councils, to work collaboratively with regards to the response to the mass mortality crustacean event that occurred in late 2021. The

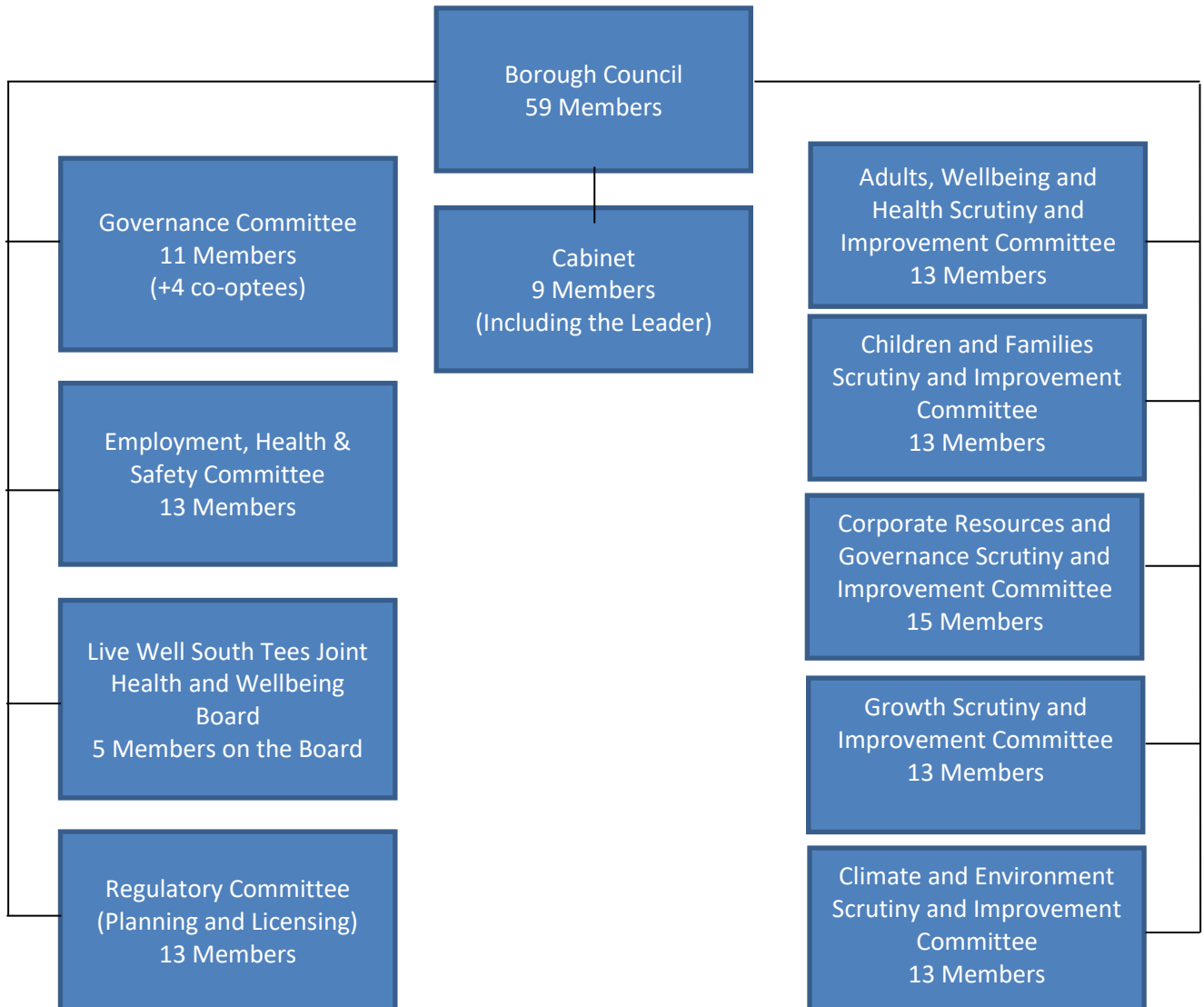
group concluded its deliberations and published its findings and recommendations in April 2025.

16. Joint Scrutiny Committee arrangements are also in place with neighbouring authorities to provide oversight and accountability reflecting more collaborative approaches to service design and delivery, particularly in relation to health matters, and the key functions of the Tees Valley Combined Authority. Currently, the Council is the host authority for the Cleveland Police and Crime Panel, the body which holds the Police and Crime Commissioner to account for delivery against the Police and Crime Plan.
17. The Governance Committee is tasked with ensuring, amongst other things, good stewardship of the Council's resources and promoting proper internal control by reviewing the Council's control systems and monitoring its compliance with legislation, relevant standards, codes of practice and policies.
18. In addition to Elected Members, the Governance Committee includes two co-opted Independent Members who are not Councillors or Officers of the Council or any other body having a committee undertaking a standards function and two co-opted members of the parish Councils in the Council's area.
19. Independent Members work alongside the other members of the Governance Committee and provide a non-political perspective on governance and audit matters. Independent Members also provide an objective and impartial view on issues relating to Councillor behaviour. The Council also has an Independent Person who is not an Elected Member, co-opted Member or Officer of the Council, who may be consulted on conduct matters.
20. The Regulatory Committee has delegated powers to discharge some of the statutory functions of the Council, including planning and licensing.
21. The Employment Health and Safety Committee deals with employment and human resources matters and all functions relating to health and safety under any statutory provision relevant to the Council as an employer. It also acts as the Committee to deal with any matters reserved for full Council in the Constitution, but for which by reason of urgency, commercial sensitivity or other relevant reason it is not desirable to call a meeting of the full Council.
22. Live Well South Tees is the Health and Wellbeing Board which operates across both Redcar and Cleveland and Middlesbrough to discharge the functions required by the Health and Social Care Act 2012 and promote the health and wellbeing of local communities.
23. A Shareholder Committee provides general oversight of Local Authority owned companies and makes decisions on matters which are not delegated to the Council's shareholder representatives. The composition of this has recently been amended to consist of the full Cabinet, acting in the form of Executive Shareholder Committee, providing enhanced transparency with executive decisions being subject to the scrutiny process.
24. There are a number of Committees established through joint arrangements with other bodies/authorities, to which elected Members are appointed. There is also a range of

outside bodies on which one or more Councillors sit to represent the Borough's interests, seeking to exert influence to implement local priorities.

25. The diagram below provides a visual representation of the Council's political management arrangements operating during 2023-24.

Political Management Arrangements 2024-25



### Management and Decision-Making Processes

26. The Managing Director is the Head of Paid Service. He is assisted by chief officers (Executive Directors) who lead the Council's Directorates. Collectively, they form an Executive Management Team (EMT). Each Directorate has a number of teams within it with the heads of those teams (Assistant Directors) reporting directly to the Directors. Officers provide help and advice to elected Members and residents, and they implement decisions of the Council, managing the day-to-day delivery of its services.
27. The Council operates under four directorates: Adult and Communities, led by the Executive Director for Adult and Communities; Children and Families, led by the

Executive Director for Children and Families; Growth, Enterprise and Environment led by the Executive Director for Growth, Enterprise and Environment and Resources, led by the Managing Director.

28. The Council's constitution sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that governance arrangements are efficient, transparent and accountable to local people.
29. The Council publishes its Forward Plans on its website giving notice of key decisions to be taken by Cabinet and Council and key decisions to be taken using delegated powers. All decision-making reports consider legal, financial, human resource, equality, environmental, health & safety and social value implications.
30. Records of decisions taken through the delegated powers process are included in the Cabinet papers and published on the website for information and transparency. Agendas, reports and minutes of all key Council meetings are published on the Council website and meetings are open to the public except when personal and/or confidential matters are being discussed. Any use of special urgency provisions and disapplication of the call-in procedures where the usual Forward Plan notice requirements cannot be met are reported to Full Council.

#### Strategic Planning

31. The Council's Corporate Plan was agreed by Borough Council in December 2023. Given that the operating context of local government has changed in recent years, with ever increasing financial pressures, the plan sets a strategic direction which very much focuses on the Council's core purpose. The authority's priorities and specific pledges are as follows:

##### Start life well:

- We will strive to reduce child poverty in the borough.
- We will support children to thrive and fulfil their potential.

##### Live and age well:

- We will work hard to improve health and wellbeing.
- We will encourage community participation and volunteering.
- We will empower people to live independently.

##### Prosper and flourish:

- We will support the creation of good, well-paid jobs.
- We will help people get the skills and training they need for quality jobs.
- We will spend money with local businesses
- We will invest money to improve our towns and villages and lobby for better transport connectivity between them.

##### Clean and tidy:

- We will work with the local community to improve recycling levels.
- We will do our best to look after the environment
- We will reduce the council's carbon footprint.

32. The Corporate Plan is supported by our Organisational Plan which sets out the key strategies which will take forward the delivery of the Corporate Plan priorities. These strategies have been developed by the experts in service areas and include delivery plans set out in three distinct phases (survive, strive and thrive) to align with the Council's Financial Strategy. Taken together, these interconnected strategies, which are set out below, set the strategic direction for what the council will and will not do.
- Poverty Strategy
  - Children and Young People Strategy
  - Early Help Strategy
  - Education Improvement Strategy
  - SEND Strategy
  - Health and Wellbeing Strategy
  - Volunteer Strategy
  - Adult Care Strategy
  - Growth Strategy
  - Skills Strategy
  - Commercial Strategy
  - Housing Strategy
  - Tees Valley Joint Waste Management Strategy
  - Neighbourhood Management Strategy
  - Climate Change Strategy
  - Financial Strategy
  - Workforce Strategy
  - Asset Strategy
  - Digital Strategy
  - Local Plan
33. An annual report on the delivery of the Corporate Plan was reported to Cabinet in March 2024 and, through quarterly performance reports to Scrutiny and Improvement Committees, there is oversight of the delivery of these strategies and the measures of success therein, therefore ensuring accountability. Progress in the delivery of these strategies is also monitored at directorate level through directorate performance management meetings.
34. Council services are wide ranging in nature with staff in a variety of different professions, but all have shared purpose in delivering the Council's priorities. The Council has committed to the following pledges to communities which it will take into all of its work:
- To aim to provide clear, honest and helpful information
  - To do our best to provide excellent customer service
  - To be respectful and expect respect for all
  - To look at innovative ways to provide value for money
  - To reduce our carbon footprint
  - To bring people and organisations together to improve the area
  - To talk up the local area



35. Alongside the pledges to communities, communities are asked to reciprocate and:

- Let us know if they are worried about a vulnerable child
- Recycle as much as they can
- Keep the area tidy by putting litter in a bin or taking it home
- Get involved in the community and having their say
- Support local businesses
- Talk up the local area

#### Values and Behaviour

36. The Council fosters a culture of behaviour based on shared values, ethical behaviour and good conduct as defined through its values and reflecting the way we work to serve our communities.
37. The Council has formal codes of conduct for both Members and Officers and adopted the revised Local Government Association's Model Code of Conduct in December 2021.
38. Training on the code of conduct is a mandatory element of the member development offer with sessions having been arranged as part of the induction programme and repeated through the year. Current procedures reflect the most recent LGA guidance on arrangements for dealing with conduct matters and the application of sanctions.
39. Promoting equality is embedded within the Council's values. Equality Objectives were agreed by the Council in May 2022 following extensive consultation with a large number of groups and organisations. An officer Equalities and Diversity Group has been established consisting of volunteers from across the Council's services and following a self-assessment exercise against the LGA Equalities Framework, a refreshed Equalities Policy was approved in April 2023 with a refreshed set of objectives and policy due to be considered in December 2025. In the past year several staff networks have been established to progress equality in the organisation, these cover women, disability, LGBTQ+, race, parents and carers and neurodiversity.

#### Financial Management

40. The Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Finance Officer in Local Government (2014), and the Accounts & Audit Regulations 2015.
41. The Chief Finance Officer (Section 151 Officer) leads the annual development of the Council's Medium Term Financial Strategy. The Chief Finance Officer takes responsibility for co-ordinating annual budgets with all Directors of the Council before their formal agreement and adoption by Cabinet and Council. This ensures resources are appropriately allocated through a balanced and fully-funded budget.
42. There are clearly established capital expenditure guidelines and formal project management disciplines in place for investment projects. The capital programme is a major source of investment in the Council's services. The programme is clustered into individual spending themes which support the Council's priorities. The Capital Programme is managed by the Council's Programme Management Group, who

ensure that projects meet the strategic objectives of the Council, are commercially & financially viable and that the project can be effectively delivered. All capital projects need to have a robust business case in place which can be scrutinised to ensure the project represents value for money and delivers key project outcomes. The Programme Management Group also seeks to ensure that the revenue costs of any additional borrowing are factored into the medium-term financial planning process, and where possible, additional costs of borrowing are offset by revenue budget savings or efficiencies.

43. Comprehensive and robust budgeting and reporting systems are in operation. The Executive Management Team and Elected Members are regularly updated with forecasts of expected financial outturn against the budget. Where necessary suitable mitigation measures are agreed with key stakeholders to manage financial pressures. This information is provided alongside relevant performance information, including action plans to Cabinet, Scrutiny and Governance Committees. All budgets are risk-assessed, with additional support provided in areas of high financial risk such as children's social care, adult social care, waste management and neighbourhoods.
44. The Council established a Transformation Board during 2024/25 to support the setting of a balanced Budget for 2025/26. This board will remain in operation to oversee the delivery of the 2025/26 Transformation Programme whilst continuing to support the five-year planning cycle the Council currently utilises for its finance through the identification of potential savings, independent of the Medium-Term Financial Strategy, to provide greater financial flexibility and resilience in the event that financial pressures arise.
45. The Council has previously completed self-assessments against CIPFA's Financial Management Code. As part of the initial review, the Council referred to the positive findings on a number of external reviews on the Council's arrangements for financial management and governance. The Council was able to therefore show a good core level of compliance with the Financial Management Code's standards, with some areas of improvement planned, informed by the findings of independent reviews and assessment by the Chief Finance Officer. Following an Internal Audit review into Financial Resilience (for which reasonable assurance was declared), a refreshed self-assessment against the Code will take place during 2025/26. The Council also undertake regular benchmarking with other local authorities to compare its financial health.
46. Contract Procedure Rules are an integral part of the Council's constitution and relate to the buying of goods, services and works on behalf of the Council. Procuring officers are required to demonstrate value for money and consistency with corporate priorities and ensure that robust monitoring arrangements are in place. The rules are reviewed and approved on an annual basis.

#### Policies and Guidance

47. A variety of policy and guidance documents exist to support the corporate governance arrangements. The Local Code of Governance aims to bring all these together in a single reference document, published on the website, with readily accessible links to the relevant documentation.

## Assurance and Compliance

48. The organisation seeks to foster a one council approach to corporate governance and strategy delivery, and has established a series of officer groups bringing together professions from across the organisation. These groups cover key areas including:
- Programme Management Group - oversees the delivery of the capital programme as set out in the council's budget, ensuring compliance with the organisation's project methodology 'In Control', providing robust assurance that projects are managed on time, to specification, to budget.
  - Risk Management Group - ensures that risk is being proactively identified and managed within the organisation. The group provides oversight that actions relating to risk are being progressed as required, in addition to providing oversight of the delivery of audit actions.
  - Information Governance Group – ensures the organisation is proactively managing its information assets within the organisation, is compliant with the appropriate legislation and procedures are owned and understood across the organisation.
  - Digital Delivery Board - the means through which funding is sought for the delivery of digital projects in the organisation. Business cases are considered by the group and supported with funding and/or resource from the IT service. The group seeks to ensure that there is alignment between digital development and the council's priorities.
  - Strategy groups – oversee the delivery of cross-cutting council strategy such as assets and climate change. These groups consider their relevant action plans which contribute to the overall delivery of the Council's corporate plan.
49. Membership of these groups is generally made up of service managers, Assistant Directors and Directors. Representatives from groups take actions away from meetings and feed them into their directorate management teams for progressing within their services as well as bringing issues into the groups to progress in a collegiate way. The products of these groups are reflected in a range of reports which are considered by senior officers and Elected Members including quarterly updates on risk, finance, performance and information governance.
50. Ongoing monitoring and review of the Council's activities and adherence to the various policies and guidance is undertaken by the following statutory officers to ensure compliance with the relevant policies, procedures, laws and regulations:
- The Monitoring Officer – who is a member of the Executive Management team. The Monitoring Officer ensures that decisions are taken in a lawful and fair way, agreed procedures are followed and all applicable statutes, regulations and procedure rules are complied with. Measures are in place for dealing with breaches of legal and regulatory powers.
  - The Section 151 Officer – who is also a member of the Executive Management Team. The Chief Finance Officer ensures that decision making

in respect of financial matters is lawful and financially prudent and that all statutory financial reporting duties are complied with.

### Risk Management

51. Risk exists in all forms of public life, especially when trying new things to improve quality of life or managing unforeseen circumstances. Managing those risks is a key element of effective corporate governance and supports the maintenance of a robust internal control environment. The Council has in place a Risk Management Framework supported and monitored by a Risk Management Group, chaired by the Governance Director. The Group considers various items of risk with the intention of identifying and seeking proactive remedial action for areas of concern. Risk management is used not only to avoid or mitigate against risks but to understand risk to enable appropriate opportunities to be taken.
52. The Corporate Risk Register is reviewed, updated and challenged regularly and presented to the Executive Management Team for their consideration and reported to Governance Committee. Directorate and corporate risk registers are reviewed at Directorate and Executive Management Team level and capture the potential risks facing the Council and the Directorates.
53. Formal arrangements are in place for Business Continuity Management to enable critical services to be maintained to citizens in the event of a major incident. These are regularly reviewed to ensure they remain appropriate to deal with service disruption due to either a physical or cyber event.
54. The Council has internal arrangements and dedicated resource in place to ensure compliance with data protection and information governance principles and responsibilities and has appointed a mandatory data protection officer.

### Audit and Counter Fraud Arrangements

55. The Council commissions Internal Audit and Fraud Investigation work from Veritau Public Sector Limited who provide assurance services to Redcar and Cleveland Borough Council and other councils and public sector organisations.
56. Veritau provides an independent and impartial audit assurance service which is designed to help clients manage their business and address the public service delivery challenges which have become more onerous with the combination of increasing demand, reduced resources, technological change and an ongoing redesign of services.
57. Since the inception of Veritau – Tees Valley in January 2020, the Council has benefited from increased resilience within the internal audit function and an enhancement of the counter-fraud and investigatory services.
58. Veritau operates and delivers internal audit and fraud investigatory services which comply with the Accounts and Audit Regulations, the Public Sector Internal Audit Standards and the CIPFA Statement on the Role of the Head of Internal Audit.
59. The Council has adopted an Audit Charter which defines the role and scope of internal audit work delivered by Veritau, setting out the right of access and

independence, reporting arrangements and the respective responsibilities of internal audit and management.

60. Veritau's internal audit and counter fraud teams deliver an annual programme of review covering financial and operational systems. These audits include systems, regularity and probity audits designed to give assurance to members and managers on the effectiveness of the governance, risk management and control environment operating within the Council. In advance of the start of a new financial year, Veritau consult with the Council's Governance Committee and senior management teams to gain their insight into areas of risk and audit prioritisation.
61. Through its work, Veritau provides assurance to the Council's Section 151 Officer and the Monitoring Officer in discharging their statutory review and reporting responsibilities. This includes the requirements of the Economic Crime and Corporate Transparency Act 2023 (ECCTA) and the new failure to prevent offences. In addition, Veritau:
  - Provides advice and assistance to managers in the design, implementation and operation of controls;
  - Supports the maintenance of the Council's counter-fraud arrangements; and
  - Supports managers in the prevention and detection of fraud, corruption and other irregularities.
62. Veritau Public Sector Limited maintains quality assurance processes to ensure internal audit work is undertaken to appropriate professional standards. Periodic external assessments of audit working practices are undertaken to peer-review these standards.
63. The Assistant Director of Finance meets with the Veritau Manager on a regular basis to review progress in delivering the Internal Audit Plan and ensure the Plan is prioritised to meet existing and emerging priorities. Throughout the year progress reports are presented to the Council's Governance Committee. The Audit Manager also provides an annual opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control. Any significant weaknesses in control identified through the internal audit work will also be identified as part of this review.
64. The overall opinion of the Head of Internal Audit on the framework of governance, risk management and control operating at the Council for 2024/25 was that it provides 'reasonable assurance'.
65. Governance Committee can request copies of reports by Veritau as it considers necessary.

#### Consultation and Communication

66. The Council's vision, priorities and outcomes are communicated directly to residents and through a variety of media to different audiences to encourage consultation and demonstrate accountability. Examples include:
  - Delivering 'This is Redcar & Cleveland' residents' magazine periodically to all households in the Borough.

- Publishing key documents and strategies on the website, including the Annual Statement of Accounts and financial and performance out-turns
  - Undertaking statutory consultations on issues such as the budget
  - Promoting Council services and activities through social media
  - Conducting formal periodic residents' surveys.
67. The Council has an agreed communication strategy. It continues to develop its online presence and increase its engagement on social media channels and through video. This improves people's ability to interact with the Council online and identify new ways of working with the community through digital communications. Printed communications continue to be reviewed and improved to give residents the information they want in the format they prefer.
68. A new corporate website was implemented during 2021/22 making it easier to use for local people and businesses and enable more services to be delivered online, at times that are more convenient to residents. All available digital services have been reviewed during that past year to ensure efficiency. There remains the opportunity to contact the council by phone where needed.
69. Dedicated democracy webpages make information about Councillors and Committees more accessible and easier to navigate.
70. The Council has focused communications to help residents through the cost-of-living crisis. This has been useful in helping people to know what help is available to them (e.g. warm spaces, advice on benefits and hints about how to cook healthily and efficiently). The council will promote its priorities through the strategies agreed by Cabinet, including work through the Poverty Strategy. Other long running campaigns include recruiting additional foster carers and promoting recycling.

#### Partnership Working Arrangements

71. Working in partnership to deliver the Council's priorities has been the norm for many years. The Council is proud to work with local communities, volunteers, voluntary and community organisations, the NHS, care providers, police, probation, schools, colleges and universities, businesses and many more.
72. The Council is one of the five local authorities which combine to make up Tees Valley Combined Authority. The Combined Authority which is overseen by the Tees Valley Mayor leads on economic growth and job creation in Tees Valley. This partnership has resulted in vast investment in Tees Valley, which has, and will continue to benefit Redcar and Cleveland and the residents who live here.
73. The Council works proactively with a wide range of outside bodies, on which the organisation is represented by senior officers and/or elected members. Across the directorates and professions within the council there is a plethora of Tees Valley and North East groups which the organisation actively participates and contributes to including Regional / Tees Valley Chief Executives, Directors of Resources, Chief Legal Officers, Directors of Children's Services and Directors of Adult Services. The Council is outward facing, actively participating in events such as the LGA Conference where the organisation seeks to represent the people of Redcar and Cleveland at a national level.

74. The overall governance framework contributes to effective partnership and joint working arrangements. Live Well South Tees, the joint Health and Wellbeing Board, sits at the heart of collaborative working with partners to improve health and wellbeing outcomes for citizens across South Tees.

#### External Review and Inspection

75. The Council welcomes review and challenge from external peers and regulating bodies such as Ofsted, CQC and seeks to drive improvement through learning from these and sector-led improvement opportunities.
76. In the last year, the Council's Adult Learning Service was inspected by Ofsted and has been rated as good in all areas. The authority also hosted an inspection by the Care Quality Commission in respect of Adult Services, with a result pending. The organisation also hosted a Joint Targeted Area Inspection with Ofsted in the spring of 2025. As is the case with all inspections and reviews, strengths and areas for improvement were identified which are helping to inform further improvements, with action plans developed as appropriate.

### **Review of Effectiveness**

77. The Council has responsibility for reviewing annually the effectiveness of its governance framework including the system of internal control. The review is informed by the work of Scrutiny & Improvement Committees, the Managing Director, Executive Directors and Assistant Directors within the Council who have responsibility for the development and maintenance of the governance arrangements, the Audit & Assurance Manager's annual report, and also by outcomes from external audit reports and other review agencies and inspectorates.
78. The means by which assurance is sought with respect to the governance framework include:
- The Scrutiny & Improvement Committees recommend updates and changes to the Constitution, and these will be overseen by the Governance committee and Borough Council. The Monitoring Officer reports to the Governance Committee any changes to the Constitution which they have found necessary to make;
  - Scrutiny, through its Corporate Resources and Governance Scrutiny & Improvement Committee, can "call in" decisions which have been made but not yet implemented, to enable them to consider whether the decision is appropriate and properly made and where there may be concerns they have not been made in accordance with agreed principles.
  - Through its Governance Committee, and the Cabinet, the Council is able to review the organisation of the Council and its internal structures, and is able to monitor any actions which are identified as being necessary to address any issues;
  - The Council's Governance Committee has delegated responsibility for reviewing the adequacy of internal controls, validating the Internal Audit Annual Plan, monitoring the performance of internal audit, accepting the external audit

plan, agreeing the Annual Governance Statement and approving the annual Statement of Accounts;

- Veritau Public Sector Limited is responsible for monitoring and reporting on the quality and effectiveness of internal control. The content of the Annual Audit & Assurance Plan is based on the Council's corporate risk register, consultation with Directorate Management Teams, national and local risks and areas where issues have previously been identified. The Audit & Assurance Plan is subject to consultation with EMT and the Governance Committee.
- An internal assessment of Veritau, based on a self-assessment against the Public Service Internal Audit Standards, is conducted each year and an external review of that assessment is carried out every five years;
- Veritau prepares an annual report each year which sets out the overall opinion of the Audit and Assurance Manager on the controls operating in the Council. The opinion of the Head of Internal Audit on the framework of governance, risk management and control operating within the Council for 2024/25 was that it provides 'reasonable assurance'.
- Each directorate regularly reviews its own risk registers at team and directorate level. Risks with a high residual value are included within the Corporate Risk Register which is reviewed quarterly by EMT, monitored by the Risk Management Group and reported to Governance Committee;
- Progress and issues arising in relation to all aspects of corporate governance are routinely reported to EMT through performance meetings at directorate and corporate level. These reports are presented quarterly and at other times outside this cycle as necessary. Performance reports for each directorate are also reviewed by Cabinet and Scrutiny & Improvement Committees;
- The annual budget is monitored through a quarterly cycle of financial monitoring and reporting, initially to DMTs and then subsequently to EMT before onward transmission to Scrutiny and Cabinet;
- The Chief Finance Officer keeps the financial performance of the Council and each directorate under constant review and if necessary, is able to intervene in the financial affairs of any given directorate, including the placing of temporary finance representatives within a directorate to instil financial probity and address emerging issues.
- Across the Council, capacity building, financial management training and a disciplined approach to budget management have delivered efficiencies. There is rigorous financial management with support from financial services. Budgets are managed more accurately, with frontline managers taking responsibility for service quality and financial delivery;
- The Council strives to manage its business in a legally sound way, this is reflected in the fact there have not been any adverse judicial judgments against the Council in the last year.



## Risks identified for 2024/25 and progress

79. The significant risks to the Council, which were identified in last year's Annual Governance Statement, are set out below along with a summary of the actions that have been taken to address those risks.

### **Risk 1: Balancing the Medium Term Financial Plan**

Description of risk: There are increasing pressures on the costs of delivering council services, particularly statutory duties like adults and children's social care, driven by increased demand and high inflation. With funding levels not keeping pace, significant savings are required to ensure the councils finances are sustainable over the medium term. The main driver of the financial pressures is increased placements costs for children needing to come into care due to increased demand and complexity of need and market insufficiency.

#### **Progress Update:**

The 2025/26 Budget catered for known pressures at the time it was set, along with estimates of some further growth and inflation. The budget report highlighted that the next two years were a critical period where the Council must be extra vigilant regarding its financial position, recognising the very low levels of reserves the Council had, the risks it faced with statutory services encountering demand and cost pressures, and the level of savings and business rates growth required to be achieved to deliver the budget.

The Transformation Board, established last year to complement the Member Budget Task & Finish Group in developing the 2025/26 budget proposals, has continued to operate to oversee the delivery progress of the 2025/26 Transformation Savings Programme. It will also provide an opportunity to explore further savings into 2026/27.

Pressures in Children's Social Care continue to be the main source of concern and whilst these pressures are common across many councils, councils like Redcar & Cleveland have been particularly affected in their ability to fund these due to inequities in the current local government funding system. Initial analysis of the new funding system announced as part of Fair Funding Reform, following the Chancellor's Spending Review in June 2025, whilst positive, are not as beneficial as initially hoped for either Redcar & Cleveland or the Northeast as a whole.

The regeneration of the Teesworks site continues to offer some respite in future years through increased business rate income, though risks remain on assumptions and forecasts.

The initial forecast for this financial year indicates a projected overspend of £2.674 million, which represents an improvement compared to the £6.468 million projected overspend at this point last year. However, it remains a significant concern, particularly in the context of ever-decreasing reserves.

The projected overspend is primarily driven by increased pressures within Children's Services. Additional pressures are also emerging from an increase in adult residential placements. These cost pressures are being partially offset by savings and contingencies within Corporate Allocations. The most significant financial impact stems from the growing demand for the most expensive types of children's placements, exacerbated by both the overall increase in children entering care and the escalation of needs following existing placement disruptions.

Directorates will be doing all they can to mitigate current pressures across the remainder of the financial year, with a continued focus on cost control, demand management, and identifying further opportunities for in-year savings.

Considering the Council's present financial standing and the challenging landscape continuing to face local government for the foreseeable future, it is imperative to adopt a pragmatic approach in the short to medium-term while maintaining our commitment to achieving the objectives outlined in the Council's Corporate Plan and priorities. In the short-term, mitigation measures initiated in 2024/25 will remain in place in 2025/26 such as spend controls, flexible use of capital receipts and application of corporate contingencies.

## **Risk 2: Exclusions and lack of inclusivity of young people in education**

There are a high number of young people being excluded both for short periods (suspension) and permanently. This high level of exclusion places extra pressure upon other schools and upon the Pupil Referral Unit. Factors impacting inclusion and young people's outcomes include poverty, contextualised safeguarding, SEND, mental health and emotional wellbeing. The outcome, if not addressed, will be poor attendance, social isolation, higher numbers of electively home educated young people, children not in full time education as there are not suitable placements, not being ready for school in the early years, and more young people not remaining in education or employment beyond 16. The impact of this will be poor attainment levels of young people impacting on being able to achieve their best outcomes leaving school.

### **Progress Update:**

Work is continuing to tackle the root causes of exclusions and suspensions and to increase attainment levels. The Strategic Education Board (SEB), with an independent chair, has been in place for one year. Engagement from CEOs and headteachers of maintained schools is positive. Inclusion/SEND is one of the priorities of the board. A specific task and finish group has been established reporting to SEB looking at creative ways to support our children at the earliest stage sharing best practice across our system.

Key areas of work that are supporting children to attend school and meaningfully engaging include:

- Suspensions/ exclusions - Work with schools to reduce escalating suspensions and permanent exclusions has been a specific focus since September 2024,

with some key changes to how we have worked with schools. Positively this has seen a reduction in both permanent exclusions and suspensions down by 18 and 525 respectively. In line with a drive for continuous and sustained improvement Inclusion officers will continue working with schools to support them with identifying patterns so that timely interventions can be introduced, which this past year have shown impact particularly with early identification work which has been a significant factor in reducing incidents in schools. This forthcoming year there will be a focus on capturing pupil and parental voice; research is ongoing to understand the lived experience of pupils who are at risk of or have been excluded and this will be shared with schools in the appropriate forums.

- SEND – a wide range of work continues to support our schools to improve inclusion:
  - Delivering the transition project – an excellent piece work that involved genuine co-production with partners and has been highlighted by external partners and the DfE as a powerful opportunity for change. The transition booklet for Y6 parents is a highlight, especially as it involved all 10 secondary schools. This project highlights the importance of belonging to support children thriving in their school communities. We have developed a set of agreed standards at the three transition points, Early Years, Primary to secondary and secondary to Post 16.

Ofsted rating for secondary schools have continued to go up. 80% of schools are now good or better. Data for KS4 shows that attainment levels are below national averages, but they are improving. The gap between disadvantaged and non-disadvantaged has grown. This group are disproportionately represented when looking at the data for suspensions and PEX. SEND bases will take between 12-24 months to open. No impact yet, as one has only just opened in September.

### **Risk 3: Increased numbers of children in our care**

There is a potential risk to the council if the number of children requiring care due to complex safeguarding needs increases. There is a need to make sure that the measures in place remain robust in supporting children and young people to stay at home or within their family network when it is safe to do so. There is a risk that if the needs and demands cannot be fully met, it could lead to poor outcomes for our children and our ability to fulfil our statutory duties, which may result in significant safeguarding concerns which adversely impact our children. This could include a lack of adequate and suitable placements, locally or regionally to meet the needs of children who require care and the risk that demand cannot be met through regulated provision.

#### **Progress Update:**

A transformation plan is in place which focuses on a reduction of children in care. It needs to be noted this area can be volatile as there may be some children that either move into area with specialist needs, or circumstances change in a family which mean that children unknown to the department need urgent support. The following actions have been put in place to support a reduction in the number of children in our care. These actions, in isolation, cannot reduce these numbers

significantly, however, when undertaken together, they should start to have impact. This is currently being monitored. There are a number of activities in place to support a reduction in spend which includes preventing children coming into care and then if children do need to come into our care that costs are kept as low as possible.

The transformation work includes:

- Pre-birth team – supporting first time parents that we have worries about and parents-to-be who do not have their previous children in their care.
- Safeguarding Adolescents From Exploitation (SAFE) – intensive work with our young people who at risk of/ or being exploited to support them to engage in more positive activities and reduce harm.
- Children's Social Work Academy – supporting newly qualified social workers in a nurturing environment that offers the foundations for a long career in social work in Redcar and Cleveland. Third cohort of 12 social workers in place from Sept 2025.
- Family networks – network co-ordinator in place working with family networks (family/ friends) to provide support to families who are struggling to care for their children safely which leads to more children staying with their birth family.
- Ongoing recruitment campaign for foster carers and working with Fostering With North East (Regional fostering hub)
- Development of in-house children's homes – to enable our children in care to live in Redcar and Cleveland which means they can continue to go to their local school, sustain their friendships, have contact with family as appropriate. This is also more cost effective than the high-cost placements we often have to commission. One home has been purchased, and we are now going through the Ofsted registration process.
- Partnerships with children's homes providers – this will allow the Council to block beds which is often more cost effective than spot purchasing. It also allows us to work in partnership with high quality providers. Work is ongoing with a number of providers.
- Implementation of Regional MOU for agency social workers – this can incentivise agency workers to transfer to permanent contracts and prevents agency social workers to keep moving between local authorities. The costs are also lower than agencies were previously charging. A number of agency workers have transferred to permanent contracts.
- Regional work with all Directors of Children's Services which includes Fostering with North East and the development of a Regional Care Co-operative – it is expected to be a requirement within the next year. It is hoped that with the influence of twelve local authorities that we can have better strategic partnerships with providers which will lead to placements within the region that can meet the needs of our children at a lower cost. A review of fostering allowances and fees is also being progressed.
- Partnerships with national organisations – Thrive at Five and SHiFT.

## **Risks and Governance issues identified for 2025/26**

80. We continue to monitor risks, which involves careful scrutiny of information provided by each of the Council's Directorates and information provided by the Council's

partners. The Council's Corporate Risk Register was inspected and reviewed, and the views of Members, the Managing Director, Executive Directors, Officers, and Internal Audit were sought.

81. The key risks identified in 2024/25 continue to be rated as red corporate risks, however there is positive improvement and progress with the risk relating to school exclusions and education attainment, particularly around secondary level attainment, with a range of projects, schemes and interventions underway to continue to make progress with this risk. Taking this into account and through careful analysis of our current risk register and other available intelligence sources, the risks to monitor most closely as having the broadest impacts across the organisation and our ability to deliver our key priorities are the risks related to balancing the Medium Term Financial Plan and Children in our Care. Consequently, we consider the following to be two most critical risks to address in the coming year:

- **Risk 1: Balancing the Medium Term Financial Plan**

There are increasing pressures on the costs of delivering council services, particularly statutory duties like adults and children's social care, driven by increased demand and high inflation. With funding levels not keeping pace, significant savings are required to ensure the councils finances are sustainable over the medium term. The main driver of the financial pressures is increased placements costs for children needing to come into care due to increased demand and complexity of need and market insufficiency.

- **Risk 2: Increased numbers of children in our care**

There continues to be significant rises in children coming into our care that require safeguarding, support, and care, particularly those with unprecedented levels of complex needs. There is a need to ensure that all measures and steps are taken to reduce the number of children coming into care, to address the volatility in demand and increasing cost of children's social care, particularly for those with complex needs. There is a risk that if the needs and demands cannot be met fully, this could lead to poor outcomes for children and our ability to fulfil our statutory obligations, which may result in significant safeguarding concerns and children are adversely impacted. This could include lack of adequate and suitable placements, locally or regionally, there is also the risk of having no alternative other than use unregulated placements/provision.

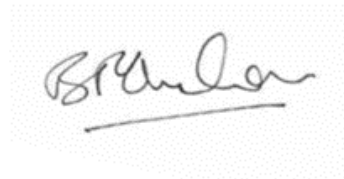
## **Statement of assurance**

82. We are satisfied that this statement accurately reflects our review of effectiveness and identifies the major issues facing the authority in the coming year. Our effectiveness in addressing these issues will be monitored as part of our next annual review.

## Signatures

A handwritten signature in black ink, appearing to be 'H. Khan', written on a light blue background.

**Leader of the Council**

A handwritten signature in black ink, appearing to be 'B. Anderson', written on a light blue background.

**Chief Executive (Head of Paid Service)**