Kirklees Council

Annual Governance Statement 2024/25

January 2026

Overall Conclusion & Opinion

We have carefully considered the effectiveness of the Council's governance framework and have been advised by the Corporate Governance and Audit Committee. We acknowledge responsibility for ensuring that there is a sound system of governance, which is particularly supported by the Authority's Code of Corporate Governance.

We are satisfied that the Council's overall governance arrangements are in accordance with our governance framework and Code of Corporate Governance.

We will continue to enhance our governance arrangements as recommended in the Action Plan that underpins this Statement. We are satisfied that these steps will address the need for improvements that were identified in our review and have monitored their implementation during 2024/25 and will continue to do so in conjunction with the Corporate Governance & Audit Committee.

Signed:

Cllr. Carole Pattison, Leader of the Council

Steve Mawson, Chief Executive

Kevin Mulvaney, Service Director Finance (S151 Officer)

Summary

All local authorities are required to produce an Annual Governance Statement. This shows how the Council is governed to achieve compliant, effective and efficient service delivery. Details of Kirklees governance controls are included in the report.
The Annual Governance Statement also identifies areas of governance that require attention.

The new item identified in 2024/25 was

Action required	Status (at January 2026)
Need to improve contract and project management	In progress

We also continued to progress actions identified in the 2023/24 Annual Governance statement, during 2024/25, and 2025/26

Actions required	Status
Need for review of the Local Code of Corporate Governance	Completed
Compliant accident reporting	Completed
Ensuring a sustainable medium term financial plan and annual budget	Completed
Housing property issues not compliant with requirements, with regulatory intervention	In progress
Implementation of a programme to address financial challenges caused by special education needs and disability (Department for Education “Safety Valve”)	In progress
Better governance, management and use of data to enhance services	In progress

Introduction

All local authorities must produce an Annual Governance Statement to demonstrate how the Council ensures effective, efficient, and compliant service delivery. This Statement outlines the Council's responsibilities, the governance framework, key components, a review of effectiveness for 2024/25, criteria for identifying significant governance issues, and an assessment of progress on previously identified issues as well as any new concerns arising during the year.

Statement Scope

Kirklees Council ensures its operations comply with legal and ethical standards, safeguarding public funds and promoting efficient, effective, and economical use of resources. In line with the Local Government Act 1999, the Council is committed to continuous improvement in service delivery.

The Council's Local Code of Corporate Governance aligns with the CIPFA/SOLACE framework, Delivering Good Governance in Local Government (2016). The Code was reviewed and updated in 2024/25, with approval at the Annual Council in May 2025. The current version is available on the Council's website: https://www.kirklees.gov.uk/beta/council-and-democracy.aspx#your-council

This Statement demonstrates the Council's adherence to its Code of Corporate Governance throughout 2024/25, confirming compliance with the Accounts and Audit Regulations 2015 and subsequent amendments. It provides assurance that robust governance arrangements are in place to oversee financial management and asset protection. Key ongoing and planned improvements are highlighted, ensuring transparency regarding areas of progress and continuing action in 2025/26.

The purpose of the governance framework

Corporate governance refers to the systems, processes, and values by which organisations are directed and controlled. For local authorities, it also encompasses how the Council engages with and is accountable to its communities. The governance framework enables the Council to monitor progress toward key objectives and evaluate the effectiveness and value for money of its services. Internal control is a core component of this framework, designed to manage risk to an acceptable level and provide reasonable assurance of effectiveness, though it cannot eliminate all risks.

The key parts of the governance framework

- A Local Code of Corporate Governance overseen by the Service Director Legal, Governance & Commissioning and the Corporate Governance and Audit Committee, to assess operational practice and behaviour, and help prepare this Statement.
- A Council Constitution.
- A Corporate Plan, *Our Council Plan 2025/26*, which outlines how officers will seek to run the Council to meet our community commitments and key objectives and quarterly performance monitoring of progress in doing so.
- A Leader and Cabinet model of governance.
- A corporate governance, audit and scrutiny process as set out in the Constitution.
- Oversight and delivery of the Council Plan, including several officer boards as described in the Constitution.
- Statutory officer roles performed by the Chief Executive as Head of Paid Service, the Service Director Legal, Governance & Commissioning as Monitoring Officer and the Service Director Finance as Section 151 Officer. The S151 Officer is a professionally qualified accountant and reports directly on financial matters to the Chief Executive as a member of the Executive Leadership Team (ELT).
- The Monitoring Officer who has responsibility for the Constitution and ensuring the legality of Council actions and decision making.
- The S151 Officer who has responsibility for ensuring that the financial management arrangements conform with all of the governance requirements of the five principles that define the core activities and behaviours that belong to the role in the CIPFA *Statement on The Role of the Chief Financial Officer in Local Authorities (2014*).
- Codes of conduct defining the standards of behaviour for Members and employees.
- A Counter Fraud, Bribery and Corruption Policy and arrangements that endeavour to comply with the CIPFA Code and best practice.
- A Risk Management Strategy.
- Systems of financial and business internal control.
- An internal audit section, which is compliant with the Global Internal Audit Standards and Code of Ethics.
- Whistle-blowing arrangements.
- A complaints system for residents and service users.
- Business continuity arrangements.
- A senior manager to act as the Caldicott Guardian to protect the confidentiality of patient and service-user information.
- A Data Protection Officer reporting directly to the Chief Executive and a Senior Information Risk Officer (Monitoring Officer).

2024/25 Review of effectiveness

Kirklees Council has a legal responsibility for conducting, at least annually, a review of the effectiveness of its governance framework. The review is informed by several sources including the work of the executive managers, the Head of Audit & Risk's annual report, the external auditor and other review agencies and inspectorates and Member Committees.

The Council believes that its processes and arrangements effectively deliver the key elements of the governance framework and continue to be regarded as fit for purpose.

The Council has four bodies / committees jointly responsible for monitoring and reviewing governance. These are:

- The Cabinet
- The Corporate Governance & Audit Committee (CGAC)
- The Overview & Scrutiny Committee; and
- The Standards Committee

The main parts of the review process are described below:

1. Annual Review of effectiveness of the system of internal control

   The Corporate Governance and Audit Committee, in compliance with the Accounts and Audit Regulations 2015 and Global Internal Audit Standards, approved the annual review of internal control and audit effectiveness in June 2025. The Head of Audit confirmed that audit practices remain fully aligned with current professional standards and ethical codes.

2. Risk Management

   The Council's governance framework remains effective and is continually strengthened across all departments. Significant or emerging risks are promptly identified and escalated to the Executive Leadership Team and Cabinet. Key areas addressed this year include financial stability, special educational needs and disabilities (SEND), public housing and property conditions, as well as workforce challenges - particularly in recruiting for hard-to-fill positions, which can affect operational performance.

3. Head of Audit's Annual Assurance Opinion

   The incidence of control issues was similar to the previous year, though below historical assurance levels. The Head of Audit has obtained sufficient assurance that the Council's governance, risk management, and internal control systems are robust and consistently applied across services. Notable concerns persist in contract and project management, as well as information management.

4. External Auditor's Review

   The audit of the Council's 2024/25 financial statements and Annual Report (VFM Review) is scheduled for approval by the Corporate Governance and Audit Committee (CGAC) in January 2026. The 2023/24 financial statements, approved on 31 January 2025, received an unqualified opinion, and the Annual Report was presented at the same meeting. Key recommendations focused on enhancing financial sustainability, aligning Dedicated School Grant expenditure with the revised Safety Valve management plan, and improving governance in areas such as budgetary control, district heating cost recovery, KSDL shareholder restructuring, Minimum Revenue Reserve charges, and contract management.

   The external auditor continued to identify the issues of financial sustainability, SEND and Housing regulatory compliance as valid at the end of 2024/25.

   Measures have been implemented to strengthen corporate oversight of these recommendations.

5. Cabinet

   No new significant governance issues arose from the Cabinet's work this year.

6. Corporate Governance & Audit Committee

   In 2024/25, the Corporate Governance & Audit Committee (CGAC) reviewed the Council's Constitution and governance arrangements, making recommendations to Council or approving revisions as necessary. The Committee received assurance from annual reports covering key areas such as health and safety, emergency planning, business continuity, information governance, complaint handling, and whistleblowing. To ensure Members are equipped to fulfil their responsibilities, regular training - including treasury management - was provided. No new significant governance issues arose from the Committee's activities this year.

7 Overview & Scrutiny Management Committee

In 2024/25, the Overview & Scrutiny Management Committee and its four Panels underwent an internal review as part of the Council's ongoing assessment of governance arrangements and key challenges. The Overview & Scrutiny process identified no new significant governance issues during the year.

8. Standards Committee

Throughout the year, the Committee reviewed a higher volume of Member conduct complaints; however, none were deemed significant enough to report in this Statement. The Government's consultation on Standards concluded in February 2025 and has indicated it is planning to legislate for a whole system reform of the current regime. We await further details and intend to update Standards Committee at the next meeting in March 2026. The proposed legislation intends to feature a number of new measures. The legislation is intended as soon as parliamentary time allows. No dates have been provided.

9. Role of the Chief Financial Officer

The Service Director of Finance assumed the role in May 2024 and continues to adhere to the governance standards established in the CIPFA Statement, ensuring effective performance of statutory duties in accordance with the Council's Constitution. The Council's financial management practices remain fully aligned with these standards.

10. Role of the Monitoring Officer / Senior Information Risk Owner (SIRO)

The Service Director for Legal, Governance & Commissioning, acting as SIRO, has overseen information governance and security as Chair of the Information Governance Board, with a growing emphasis on enabling support and ensuring compliance with the Constitution. The Council maintains close collaboration with the Information Commissioner to address and reduce the backlog of subject access requests related to personal data.

11. Officer Governance

Officer Boards, as outlined in the Constitution, have advanced the Transformation Programme under the strategic direction of the Executive Leadership Team, with effective escalation of key issues. Notable progress has been achieved in revenue budget management, and improvements in capital expenditure governance are underway. These processes are overseen by both Cabinet and Scrutiny and are reflected in the Council's financial position. No significant officer-related governance issues were identified this year.

12. Significant Partnerships

The Council's partnerships—including joint ventures, thematic collaborations, and major contractual agreements—are subject to robust governance oversight. Each partnership's designated contact officer is responsible for evaluating governance arrangements and reporting any significant changes. Senior officers review this information to assess risks to the Council's reputation and financial position. Biannual reports to the Executive Leadership Team provide updates on key issues and risks across all major partnerships. While the enhanced governance framework is now established, the Council continues to identify and address areas for further improvement.

13. Corporate Financial Management and Corporate Performance Reports

Quarterly Corporate Performance reports were produced throughout 2024/25, aligned with Council Plan priorities and Administration expectations. The introduction of updated key performance indicators enhanced transparency and enabled more effective assessment of organisational performance and service delivery.

14 External Inspections, Regulatory Interventions, Judicial Rulings and Peer Reviews

A Peer Review conducted by the Local Government Association in 2024/25 confirmed that Kirklees Council's governance and operational arrangements are fit for purpose. The review identified several areas for improvement, which were addressed through an agreed Action Plan and next steps, noted by Council on 23 April 2025. A follow-up assessment was completed in autumn 2025.

The Corporate Planning and Co-ordination Team maintains a central repository for all external inspections, audits, accreditations, and reviews, enabling prompt identification and implementation of improvement actions and recommendations. This process will be further integrated into the Team's operations to ensure comprehensive oversight. No significant governance issues were identified from external inspections during 2024/25. All Executive Directors are required to participate annually in LGA Peer Reviews to promote organisational learning and best practice. The Council responds to judicial rulings and looks to address any concerns or learning need identified.

What would be a Significant Governance Issue?

The annual corporate review process has identified and evaluated both progress with addressing ongoing issues from the 2023/24 Statement and some new areas. Those issues that meet one or more of the following criteria (suggested by CIPFA / SOLACE) have been regarded as *significant* and are included in this Statement:

A) It undermines / threatens the achievement of our four key Council priorities:
   - to address our financial position in a fair and balanced way.
   - to strive to transform council services to become more efficient, effective, and modern.
   - to continue to deliver a greener, healthier Kirklees and address the challenges of climate change.
   - to continue to invest and regenerate our towns and villages to support our diverse places and communities to flourish.

B) It is a significant failure to meet the principles of good governance.
C) It is an area of significant concern to an inspector, regulator, or external audit.
D) The head of internal audit, one of the statutory officers or the Corporate Governance & Audit Committee has recommended it be included.
E) It is an issue of public or stakeholder concern.
F) It is an issue that cuts across the organisation and requires cooperation to address it.

New Issues

The annual review of the effectiveness of our governance arrangements in 2025 considered potential areas of heightened concern, risk, or significant uncertainty that require a corporate response. In respect of the year 2024/25 one new issue was identified which requires action.

No	**Governance Issue / Theme**	**Reason for Inclusion**	**Action Taken to January 2026 and planned beyond**
1	Ensuring that the Council effectively manages contracts and projects. A, C, D, F	Both external and internal auditor's reports have highlighted concerns about the effectiveness of contract management arrangements in some areas. This relates to ongoing management of long-term contracts, and the effective commissioning and delivery of (typically) construction projects.	A project group was been established including key stakeholders to review and update arrangements in contract management to ensure best practice All senior leadership teams were attended to ascertain their views and steer around the project. The Contract Assurance Board have agreed the refreshed strategic governance framework. The work was concluded in October 2025, Contract Management Arrangements Update report.pdf A second phase will embed the contract management framework and learning, complete the data workstream and add a new workstream of resources to review. CGAC will continue to be updated. **Responsible:** Director of Legal, Governance & Commissioning

Progress with the Significant Governance Issues in last year's (2023/24) Statement

Previous Statements have acknowledged that many governance issues are complex and may extend beyond the Council's direct control, often requiring more than a year to resolve. As circumstances evolve, some issues may be retained in a revised form in subsequent Statements. Since the 2023/24 Statement, two such issues have been sufficiently addressed and are now considered part of routine operations and therefore are no longer included in this Statement.

Issues from the 2023/24 Statement which are completed.

2023/24	Action Taken
Need for review of the Local Code of Corporate Governance	The Code was reviewed earlier in 2025 and the CGAC approved the updated version in February 2025 which included adding further clarity as to how Kirklees measures its performance and demonstrates compliance with the Code. The revised Code was approved at the AGM on 21st May 2025.
Need for more prompt accident reporting internally by management and to the Health & Safety Executive where necessary by the corporate Health & Safety team.	Monitoring of the revised arrangements has confirmed this had been the case during 2024/25 and no concerns have been identified.
Robust governance oversight and management of progress in implementing the significant changes that underpinned the 2024/25 budget that is of key importance to ensuring the financial stability of the Council.	MTFS A review of the MTFS was undertaken in 2024/25 (for the period to 2029/30), with a further review in September 2025 to ensure that the MTFS fully reflects both the anticipated income and expenditure, based on sound assumptions, for the period 2026/27 to 2030/31 to achieve a more robust base budget going forward. Revenue Budget The approved budget for 2024/25 included savings of £42m and these were tracked each month as part of the suite of corporate reports.

	Quarterly reports to Members continued to highlight the in-year financial position and the need to further use short term reserves to balance the budget. The projected overspend of £9.9m was managed down to an Outturn position of £5.6m overspend, with 75% of the planned savings being achieved in year. A balanced budget for 2025/26 was approved by Council at the start of March 2025 with £50m to address budget pressures (to reduce the number and scale of budget variations in year.), and £29m of budgeted savings, £11m of which are new. Capital investment. Ongoing review of capital programme to ensure it remains affordable, with over £70m slipped into future years during 2024/25. The 2024/25 capital plan involved expenditure of £340m but this fell to £150m of actual expenditure. The capital slippage resulted in a £2.5m saving in the revenue budget in 2024/25. The Capital Plan was reviewed again in 2025/26 where over £50m of borrowing was removed. The Capital Plan is subject to continuous review. Report to CGAC on Minimum Reserve Provision policy April 2025. Regular monitoring of revenue and capital budgets with monthly updates to Executive Leadership, quarterly to Cabinet and annually to Council. Reports continue to highlight the 2025/26 in-year financial position and the need to further use short term reserves to balance the budget. The projected overspend is £5.1m at Quarter 2, with 78 % of the planned savings being achieved in year. SEND Finances (see also 2023/24 (3) below) The Statutory override (which permits overspending on SEND) has been extended to March 2028 and allows deficit to be classed as Unusable Deficit reserve, The deficit was c£78m at year end 2025/26. The estimated cost to the General Fund is £3.5m pa in interest charges.

Issues from the 2023/24 Statement where further work or time to embed improvements is still required.

No	Original Governance Issue / Theme & Reason for Inclusion	Direction of Travel / Progress to January 2026	Further Action Planned in 2025/26 and beyond, target date for implementation, and Person Responsible
1	A need to ensure there is corporate oversight of progress to address the health and safety issues raised in connection with housing properties and the complete buildings portfolio, ensuring that management and operational arrangements provide for the health and safety of all Council tenants, employees, and residents.	The Regulator of Social Housing issued formal notice in March 2024, identifying areas where the Council needs to improve its compliance, specifically for the treatment of damp, mould and condensation and fire safety. Since then, the Council has met with the Regulator each month and provides bi-weekly performance reports to provide assurance on progress against an agreed Action Plan. The Regulator has worked with the Council to secure delivery, rather than apply a statutory sanction. Work relating to damp, mould, and condensation is well progressed with the introduction of a multi-disciplinary team from March 2025 which has enabled a tenant-centred approach to both gaining access to properties and dealing with damp, mould, and condensation. The number of open cases reduced from 1,200 in March 2025 to 244 at the end of November 2025. The Council delivered its commitment to a business-as-usual position of 480 cases in June 2025 ahead of the August deadline. In relation to fire safety, the Council initiated a fire risk assessment programme across all blocks which concluded in November 2025 ahead of the target date	Continue to deliver the Action Plan agreed with the Regulator within the timescales specified (continuous). Assurance is provided to the Building Safety Assurance Board, Homes and Neighbourhood's The Regulator currently receives monthly performance reports, having stood down the need for bi-monthly reporting. A further progress report re Regulator matters is scheduled prior to the end of financial year 2025/26. The service is currently preparing for Phase 2 of Awaab's Law - anticipated in the autumn 2026. At the end of November 2025, there were 3,656 actions outstanding (37.6%). There is a programme of action to deliver all actions within a 5-year period and working with the Regulator will seek to accelerate delivery wherever possible.

No	Original Governance Issue / Theme & Reason for Inclusion	Direction of Travel / Progress to January 2026	Further Action Planned in 2025/26 and beyond, target date for implementation, and Person Responsible
		of January 2026, with 837 separate FRAs requiring 9,732 actions to be complete All actions arising from the FRAs are either dealt with by the Council's building safety team, or programmed for delivery through the subsequent fire work-programme. This work is governed by a core group comprising of H&N leadership, representatives from external contractors and the building safety team. The Council alerted the Regulator in July 2024, concerning the correct inspection, testing and assurance regime for water quality in all tenanted properties. The Council implemented the correct testing from October 2024), with properties prioritised according to a risk assessment, this work being completed in September 2025 The Council has delivered required preparation for Awaab's Law meeting legislative requirements consistently from September 2025 The new housing management system, Cx was delivered at the end of September 2025. This will enable both modernisation of delivery and enhanced information gathering to enable improved services to our tenants.	The Council is upgrading its repairs and assets information systems to enable improved reporting, data management, and agile working.
	A, C, E		**Responsible:** Director of Homes & Neighbourhoods
	A, C, E, F		

No	Original Governance Issue / Theme & Reason for Inclusion	Direction of Travel / Progress to January 2026	Further Action Planned in 2025/26 and beyond, target date for implementation, and Person Responsible
		An Improvement Board has been established, independently chaired, and reporting directly to the Cabinet committee, which is meant to address all areas of activity subject to oversight by the Regulator. The Scrutiny Committee for Growth & Regeneration also has Homes and Neighbourhoods standards within its remit, and it receives timely updates as part of its annual work programme. A report, setting out progress against the Regulator's concerns, reported to the Cabinet committee twice annually (July 2025). The Service has confirmed the necessary financial and operational resources are in place to deliver programme sustainability for a minimum period of 3 years.	
2	The management, governance and use of data is not always effective, meaning that decisions are not necessarily informed by robust evidence, as well as creating unintended financial and operational risks.	The draft Data and Insight Strategy is under ongoing review, with priority activities being implemented alongside Technology and Information Governance Strategies. Performance dashboards and robust quarterly reporting on key indicators have been introduced. In early 2025/26, the Council committed to developing a comprehensive Digital Strategy, replacing the previous plan to embed the Data and Insight Strategy.	Finalise and approve the Digital Strategy in Quarter 4 of 2025/26, leading to a transformation programme from 2026/27

No	Original Governance Issue / Theme & Reason for Inclusion	Direction of Travel / Progress to January 2026	Further Action Planned in 2025/26 and beyond, target date for implementation, and Person Responsible
	A, F	This Strategy will guide digital transformation from 2026/27 onwards.	**Responsible:** Director of Strategy & Innovation
3	The effective implementation of the "Safety Valve" programme to address overspending and historic deficit on special education needs (SEND) budgets as part of the Dedicated Schools Grant (DSG).	There is an agreed plan with the Department for Education (DfE) to reduce the High Needs Block cumulative deficit by 2029/30. This requires the continuation of the DfE's annual safety valve contributions and funds from the Council (which is factored into the 2025/26 budget and the latest version of the MTFP). This Plan has been revised with agreement of DfE. Council Services will continue to work collaboratively with schools and other partners to effectively manage the High Needs Block expenditure. Woodley Moor, a Satellite to Woodley School and College opened on 1 October 2024 enabling an increased number of children to be placed in state funded provision (ahead of the new larger school being built). A similar plan is in train for Joseph Norton Academy to enable more places to be made available locally ahead of the new, larger school being built. However, increased demand for Education, Health & Care Plans, as well as complexity of need resulting in higher demand for specialist places alongside other difficulties means that achievement of the goals	The Safety Valve Plan includes. - New special school buildings (one to be completed by early 2027) with larger capacity to meet sufficiency pressures. - Further Additionally Resourced Provisions and Special School Satellite Provision. - More effective processing and resource allocation as a part of the initial EHC needs assessment. (first phase completed by 31/03/2025). - Additional Alternative Provision capacity by way of a DfE approved Free School. Alongside reviewing commissioned Alternative Provision, particularly for primary age children.
	A, E, F		**Responsible:** Executive Director of Children's Services

No	Original Governance Issue / Theme & Reason for Inclusion	Direction of Travel / Progress to January 2026	Further Action Planned in 2025/26 and beyond, target date for implementation, and Person Responsible
		requires, and is being given, substantial continued attention. Changes made to processes for EHC needs assessments have meant there is an improvement to timeliness, although issues of volumes, staff turnover and skill shortages across the partnership continue to impact on a full resolution of issues. This also includes Annual Reviews. The government has indicated sound progress under the Safety Valve arrangement but recognising a national issue in the cost of SEND provision, government has indicated that beyond 2027/28 it will look to resolve issues about the impact of this cost on all local authority budgets and additionally work to support Council's with historic deficits.	

The Executive Leadership Team and the Corporate Governance & Audit Committee will monitor progress of all significant governance issues during 2025/26 and beyond.