

EAST MIDLANDS COMBINED
COUNTY AUTHORITY
DRAFT
ANNUAL GOVERNANCE
STATEMENT
2024/25



Scope of Responsibility

The Annual Governance Statement reflects the activities of the Combined County Authority for the year ending 31st March 2025 and up to the date of approval of this statement and the statement of accounts for 2024/25.

The East Midlands Combined County Authority (“the Authority”) 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 Combined County Authority also has a duty under the Local Government Act 1999 to arrange to secure continuous improvement in the way in which its functions are exercised.

In discharging this overall responsibility, the Authority is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions including arrangements for the management of risk.

The Authority was formally established on 28th February 2024 and continues to develop and refine its governance arrangements through regular review of its key documents. The latest copies of its constitution and assurance framework are available on its website. The monitoring and evaluation framework will be uploaded as soon as it has been approved.

The governance arrangements comply with the principles of the Local Code of Governance, which is consistent with the principles of the CIPFA / SOLACE Framework *Delivering Good Governance in Local Government 2016 and the National Local Growth Assurance Framework (January 2019)*.

This statement explains how the Combined County Authority has complied with the Code and meets the requirements of the Accounts and Audit Regulations 2015 Regulation 6.1 (b) in relation to the publication of an Annual Governance Statement.

The Authority acknowledges that good governance arrangements will enable it to establish effective policies and to deliver ambitious programmes for communities in the Combined County Authority area. The arrangements put in place must be both robust and adaptable to deliver its objectives in a dynamic and strategic environment.

The Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture and values by which the Authority is directed and controlled and how it engages with and leads the community in those activities for which it is accountable. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives to evaluate the likelihood and potential impact of those risks being realised and to manage them effectively.

To demonstrate good corporate governance, the Combined County Authority carries out its functions in a way that provides accountability, transparency, effectiveness, integrity and inclusivity; enabling it to pursue its vision and secure its agreed objectives in the most effective and efficient manner and in line with the approved Constitution.

The Governance Framework

Context

The East Midlands Combined County Authority Regulations 2024 were made on 27th February 2024 and came into force on 28th February 2024.

With the making of these Regulations, the Authority became the first Combined County Authority in the country as well as being one of the largest by both population and geographical area of any of the other Combined Authorities and Combined County Authorities. The Authority has a Mayor directly elected by the local population. Following the making of the Regulations, the Authority's first directly elected Mayor, Claire Ward, was elected on 2nd May 2024.

The powers which were devolved from Central Government to the Combined County Authority included:

- Control of a £38 million a year funding allocation, over 30 years, to be invested in the East Midlands Single Investment Fund to boost growth.
- A series of powers transferred from the Homes & Communities Agency (HCA) to be exercised concurrently with the HCA for the region, including the acquisition of land for housing, the provision of housing on that land and the provision of necessary infrastructure for the housing.
- The power to establish a Mayoral Development Corporation over specified areas of the region in support of the Authority's strategic objectives.
- Powers transferred from the local Transport Authorities (to be exercised concurrently during a transition period up to 31st March 2026) regarding the funding and operations of certain passenger transport services and wider transport functions.
- A duty to improve public health in the region, to be exercised concurrently with the Constituent Councils.

- A duty to prepare an assessment of economic conditions, to be exercised concurrently with the Constituent Councils
- Mayoral powers to levy a business rate supplement to raise money for projects that will promote economic development.
- Devolved powers for the Adult Education Budget and associated powers to deliver an adult education service that supports wider economic and social priorities.
- Powers to establish heat network zoning, evolve waste management in the region and exploit opportunities to re-use waste heat, and for flood alleviation.

Further secondary legislation has since come into force to increase its powers. This includes:

- The Constituent Councils' general power of competence for economic development and regeneration to be exercised concurrently with the Constituent Councils
- The power to borrow to fund functions relating to housing, regeneration and planning; transport and health.

As well as being strategic in nature, the Authority will also be an operational delivery body for functions including the provision of bus services and adult education. It will also become the local transport authority for the region. The Authority will mainly deliver through a commissioning model with delivery being undertaken by those best qualified to do so across the public and private sector. It has grown its staffing numbers since its inception and will increasingly deliver through the internal expertise of its employed officers across a range of disciplines.

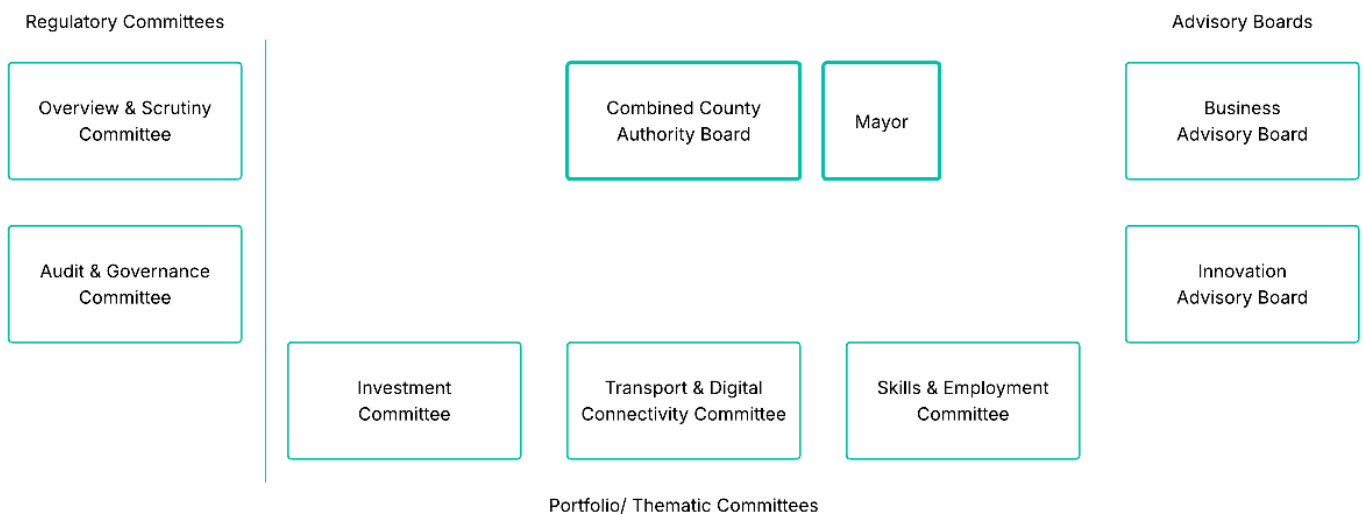
East Midlands Combined County Authority Structure

The first Mayor of the East Midlands Combined County Authority (EMCCA) was elected on 4th May 2024 and will remain in office until 2028, the Mayor is the Chair of the Combined County Authority. The Constituent Authorities of EMCCA are AS FOLLOWS:

- Derby City Council
- Derbyshire County Council
- Nottingham City Council
- Nottinghamshire County Council

The 15 District and Borough Councils across the EMCCA region are referred to as non-constituents, they are represented through 2 positions per governance body for each County area and are appointed by the designated bodies for each County area.

The diagram below demonstrates the high-level governance framework of the Authority.



Within the Constitution is a Scheme of Delegation which provides for the day-to-day management and oversight of the Authority including the responsibilities of the Head of Paid Service, the Chief Finance Officer and the Monitoring Officer.

The key elements of the governance framework, its systems and processes, are outlined below.

Combined County Authority Board

Each of the Constituent Councils appoints two nominated representatives to be Members of the Combined County Authority Board as well as substitute Members to act in their absence.

These 8 Board Members plus the Mayor, who Chairs the Board, are the voting Members of the Board.

The 15 non-Constituent Councils in the areas (eight in Derbyshire, seven in Nottinghamshire) select four representatives (normally the Leaders of the selected councils) to be non-voting Board Members. These representatives are split so two will come from Derbyshire and two from Nottinghamshire and are elected by the designated bodies for each County area (Derbyshire & Derby Strategic Leadership Board – Nottingham and Nottinghamshire Economic Prosperity Committee).

There are four additional co-opted non-voting Associate Board Members, these comprise of:

- Associate Member for Business
- Associate Member for Trade Union Movement
- Associate Member for Higher Education and Further Education

- Associate Member for Voluntary, Community and Social Enterprise Sector

The Board's role and powers are set out in Part 3 of the constitution. The Board provides strategic leadership for the Combined County Authority area, approving strategies, policies and budget allocation to ensure that the required outcomes are delivered.

Mayor

Certain functions are reserved to the Mayor as set down in the Order and in Part 3 of the Constitution. The Mayor has an overall leadership role and chairs the Board meetings. Both the Mayor and the Combined County Authority have a general power of competence.

The functions of the Combined County Authority are grouped into portfolios. In accordance with the Combined County Authority's Constitution, the Mayor and the Combined Authority Board agree portfolio responsibilities in respect of those functions. The Mayor nominates Lead Members from amongst the Board Members who are formally approved by the Board. Each Lead Member leads on his/her allocated portfolio functions and is accountable for his/her allocated area. Lead Members do not have delegated powers.

Portfolio/ Thematic Committees

In March 2024, the Board set up three Thematic committees:

- the Transport and Connectivity Committee
- the Skills and Employment Committee and
- the Investment Committee

These Committees make recommendations on their area of focus to the Board. The intent is that these Committees move to having their own delegated authority for decision making up to a certain level in the future. This places responsibility for three of the largest portfolios into a committee system, with representation from each constituent council on each Committee, so enabling the Combined County Authority to meet challenges of resilience and volume.

The Chair of each committee leads the portfolio responsibilities of that committee and can distribute responsibility for delivering discrete areas of the portfolio amongst the members of the committee. By creating a division of the portfolio workload across the committee members, the Combined County Authority ensures a measure of continuity in the delivery of its key projects. A committee system also allows member oversight of the delivery of its programme of works against the Combined County Authority's Assurance Framework and Monitoring and Evaluation Framework.

The advantages of these arrangements include:

- Reducing the workload on the Combined Authority Board allowing it to remain more strategic.
- Increasing the profile of the Authority amongst the constituent councils.
- Increasing the understanding of the Authority amongst constituent councils.
- Sharing of knowledge and regional issues.
- Improving cross-boundary co-operation, and.
- Bringing in additional member expertise to the Authority in key areas.

Overview and Scrutiny Committee

The Combined County Authority has established an Overview and Scrutiny Committee to comply with the requirements of the Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017. The Committee comprises 12 elected councillors, two from each of the four constituent councils, plus one from four of the non-constituent councils, and reflects the political balance across the Combined Authority area. Its primary role is to review and scrutinise decisions of the Combined County Authority. They monitor the Forward Plan of forthcoming key decisions and may call-in any of these decisions where members consider that further scrutiny and challenge is required.

The committee undertakes other roles including pre-decision scrutiny where they can act as a “critical friend” to highlight key issues and challenge policies at the developmental stage. The Mayor and Chief Executive will attend meetings at least quarterly to update the committee and to answer any questions.

Audit and Governance Committee

The Board has established an Audit and Governance Committee in accordance with the Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017. It comprises 12 elected members reflecting the political balance across the area and an Independent Person who chairs the meetings.

The Chair of the Audit and Governance Committee presented his Annual Report to the Combined Authority Board at its Annual General Meeting on 6th June 2025. The Annual Report highlighted the work of the Committee for the Municipal Year and detailed the following:

- Background to the Committee, its roles, responsibilities and membership;
- An overview and coverage of its remit including Internal Audit, Accounts and Financial Management, External Audit, Risk Management, Control Assurance, Corporate Governance, and Fraud and Irregularities;
- Training provided to ensure that suitable challenge and scrutiny is adopted.
- Records of complaints, Freedom of Information requests and attendance levels for the committee to consider.

The Audit and Governance Committee has an Independent Chair, who was appointed for a period of four years in 2024.

Business Board

The Business Board is a voluntary partnership between constituent councils and the business community and plays a key role in determining local economic priorities and growth. The Partnership is a key interface with Central Government and the region and offers policy advice and strategic direction aligned to the Authority's objectives.

The current membership comprises 14 members from the private sector. Membership of the Business Board reflects two key priorities:

- (1) that the Business Board should be private sector led to provide the best possible platform for businesses within the area and that
- (2) the Board ought to be comprised of representatives of those key sectors which are driving economic growth in the area.

The Business Board is supported by staff from within the Combined County Authority.

The role and terms of reference of the Business Board were developed in 2024-25 to ensure its role within the Combined County Authority aligns with the national policy for LEPs and reflects the national abolition of specific funding for Local Enterprise Partnerships.

Senior Leadership Team

The Head of Paid Service (Chief Executive) is responsible for all staff and leading an effective Senior Leadership Team (SLT). During this period there has been a transition to a new corporate structure, with new Executive Directors appointed.

Strategic Direction

The Combined County Authority's Corporate Plan sets out the overarching strategic objectives for the Authority. The ten key strategic objectives for inclusive growth contained within the Plan approved by the Board in March 2025 are:

- Growing our economy
- Better transport links
- A greener future
- Fairer opportunities
- Better jobs, higher pay
- Healthier lives
- Skills for success
- More green spaces
- Stronger infrastructure
- More local control

The **Medium-Term Financial Plan** forms the investment plan for the Combined County Authority and allocates resources to deliver the next stages of these priority programmes.

The Corporate Plan and the Medium-Term Financial Plan set out at a high level the transformational investments that the East Midlands Combined County Authority will commit resources to, subject to the detailed consideration and appraisal of project business cases. Some are project ideas at an early stage, whilst others are in-progress. The Corporate Plan and the Medium-Term Financial Plan are not intended to be an exhaustive list of activity as new opportunities will arise during the financial year, but they identify the key activities that will need investment during the plan period to unlock the opportunities they could bring. Prioritisation has been undertaken to ensure that our investment goes into projects that will have a significant impact on growing the East Midlands economy.

The Combined County Authority is progressing key investment decisions in a range of transport and infrastructure, skills, housing and economic development initiatives.

Assurance Framework

The Assurance Framework complies with the National Local Growth Assurance Framework and the English Devolution Accountability Framework and was approved by the Board in March 2022 following feedback and sign off from CLGU (Cities and Local Growth Unit). The Assurance Framework sets out:

- a) How the seven principles of public life shape the culture within the Combined County Authority in undertaking its roles and responsibilities in relation to the use and administration of the East Midlands Investment Fund.
- b) The respective roles and responsibilities of the Combined County Authority in decision-making and ways of working.
- c) The key processes for ensuring accountability, including public engagement, probity, transparency, legal compliance and value for money.
- d) How potential investments to be funded through the East Midlands Medium Term Financial Plan will be appraised, prioritised, approved, signed off and delivered.
- e) The processes for oversight of projects, programmes and portfolios and how the progress and impacts of these investments will be monitored and evaluated.
- f) A refreshed Single Assurance Framework (SAF) is being developed and will be submitted to the Board for approval later this year (following sign off from MHCLG and other government departments). The new SAF will be fully implemented in a number of stages and is scheduled to be fully operational by the end of 2025-26 supported by staff and member training and development in the new process.

Project Delivery

The Monitoring and Evaluation Framework will provide assurance to the Combined County Authority Board, its Investment Committee and to Central Government through robust monitoring and evaluation arrangements for each of the commissioned projects. Monitoring and Evaluation (M&E) is a critical component of an effective

performance management regime. Monitoring supports the effective tracking of a scheme or series of policy interventions ensuring that intended outputs are being achieved. Evaluation quantifies and assesses outcomes, including how schemes were delivered and whether the investment generated had the intended impact and ultimately delivered value for money.

Decision Making

All agendas and reports produced for meetings of the Combined County Authority Board and its associated Committees are issued to members and published on the Authority's website in accordance with access to information requirements as set out in the 2024 Order. All Combined County Authority Board and Committee meetings are held in public, unless there are clear requirements to hold them in private (eg when interviewing applicants for senior roles), in which case the date of the meeting and its reason to be held in private will be publicised in advance.

A Forward Plan identifying strategic decisions that will be made by the Board over a four-month period is updated and presented to the Combined County Authority Board at each meeting. The Forward Plan also includes all forthcoming key decisions which require at least 28 days' notice.

Notice of decisions are also published no more than two days after the meeting and are not implemented until five days after they are published to enable the Overview & Scrutiny Committee to exercise its right to call-in decisions.

The Combined County Authority's constitution is updated throughout the year and sets out how the Combined County Authority operates. It states what matters are reserved for decision by the Board, the responsibilities of committees and the powers delegated to panels, committees and officers. Decision-making powers are not reserved for individual members. The Chief Executive, Monitoring Officer and Section 73 Officer ensure that all decisions made are legal and support the Audit and Governance Committee in promoting high standards of conduct amongst members.

Financial Management

A key responsibility of the Combined County Authority is determining, agreeing and monitoring appropriate budgets for it to be able to fulfil its strategic objectives.

The Combined County Authority is required to adhere to the CIPFA Financial Management Code.

A budget framework has been agreed for setting the budget in future years which takes account of the process laid down in the 2024 Order.

In summary, the draft Budget shall be submitted to the Combined County Authority Board for consideration and approval for consultation purposes before the end of December. The Board will agree the timetable for consultation and those to be consulted. The consultation period shall not be less than four weeks, and the

consultees shall include Constituent Authorities and the Overview and Scrutiny Committee.

Before mid-February, having considered the draft Budget, the consultation responses, and any other relevant factors, the proposed budget for the following financial year, including the Mayor's budget, will be submitted to the Board for final approval. There is also a process for determining the Mayor's budget where no agreement can be reached.

Budget update reports are presented quarterly at Combined County Authority Board meetings to provide information on income and expenditure for the year to date and the forecast outturn position against the approved budget. The reports also provide analysis of material variances for both Revenue Funds and the Capital Programme.

Developing Capacity

The staffing structure was reviewed during 2024 as part of the development of the Combined County Authority's first Medium Term Financial Plan and it will continue to be reviewed on a regular basis as the Authority develops and matures. This exercise is being repeated from June 2025 to inform budget setting and medium-term financial planning from 2026/27 and recognising additional responsibilities being taken on by the Combined Authority including public transport.

Internal Audit

Central Midlands Audit Partnership provide the Chief Internal Auditor function for the Combined County Authority and presented the audit plan for approval to the Audit and Governance Committee in October 2024 and has provided the Committee with regular updates since then. It also issues the annual audit opinion.

External Audit

Mazars LLP have been appointed as the External Auditors for the Combined Authority and either the partner or audit manager who link to EMCCA (or both) have attended all meetings of the Audit & Governance Committee.

Due to the critical state of delays to local audits, which is a national issue, the Government has implemented statutory backstop dates to address the audit backlog. For the 2024-25 accounts this date is the 27 February 2026.

Mazars are currently confident that they will conclude the audit of the Authority's 2024-25 accounts in advance of this backstop date

Managing Performance

Given the level of investment undertaken by the Combined County Authority, it is vital that it follows robust programme management processes for its programmes and for

collective consideration of outputs and outcomes. A Performance Management Framework is being developed and will be approved by the Board later this year, to monitor and report on programme delivery (time, quality, cost), the outcomes and impact of projects/programmes and more overarching performance for both outcomes and outputs within the Combined County Authority's control and those covering the wider East Midlands region. Regular Performance reports will be taken to Overview and Scrutiny Committee and Board meetings which will report on the performance of the Combined County Authority.

The Annual Internal Audit Opinion

The Chief Internal Auditor of a Local Authority is required annually to provide their opinion on the overall systems of internal control and their effectiveness. As the Combined County Authority has an external organisation (Central Midlands Audit Partnership - CMAP) undertaking its internal audit function, one of the senior staff of CMAP acts as the Chief Internal Auditor for the purposes of that reporting.

The annual internal audit opinion is based upon and limited to the work performed on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes.

For the 12 months ended 31 March 2025, the Chief Internal Auditor's draft opinion for the East Midlands Combined County Authority is as follows:

'Audit Opinion 2024/25

CMAP was appointed as the internal auditor for the East Midlands Combined County Authority at the Authority's Audit and Governance Committee on 4th October 2024. The internal audit work was formally started on 1st November 2024. As well as assessing how well EMCCA is complying with the relevant legislation and good practice, our work has providing consultancy and advice around risks, controls and process. The work that Internal Audit has performed over the 5 month period from 1st November has enabled me to assess the adequacy of governance, risk and control that EMCCA currently has in place to enable the Authority to fulfil its role and has enabled me to formulate an audit opinion on the progress that the Authority is making with its governance framework, its risk management framework and its control environment.

In 2024/25, The East Midlands Combined County Authority's governance, risk management, and internal control arrangements were very much in their infancy and were developing during the year and will continue to be developed over the coming months. In its first year, EMCCA has been reliant on interim staff and systems provided by its constituent authorities.

It has during the year produced its own key governance documents, policies and strategies – Constitution, Contract and Procurement Procedure Rules, Risk Management Framework and Risk Management Procedure (which between them contain all the components of a complete risk management strategy) and a

Corporate Risk Register. While progress has been made in key areas, further work is required to fully embed robust frameworks that support effective assurance.

Based on the internal audit work undertaken during 2024/25, I have reached the overall opinion that, at the East Midlands Combined County Authority, **I can provide Reasonable Assurance for the 2024/25 year that the Authority's framework for governance, risk management and internal control is sound and working effectively**. Our internal audit work has identified scope for improvement within the governance and risk frameworks and the control environment – particularly in the case of risk management and financial management.

In forming this opinion, I am satisfied that no conflicts of interest have occurred which would have any bearing on my independence or objectivity. Also, my organisational independence and objectivity has not been subject to any impairment in fact or appearance; nor has the scope of our work been restricted in any way.

I have arrived at this opinion having regard to the following:

- I consider that the level of coverage provided by Internal Audit work since 1st November 2024 is sufficient to provide me with evidence to form an opinion on how well the Authority's governance, risk and control environment is operating.
- My insight gained from my interactions with the interim s73 Officer on the overall governance, risk and control frameworks.
- Assurances taken from third parties regarding the systems provided by constituent authorities.
- CMAP's organisational independence and objectivity has not been subject to any impairment in fact or appearance; nor has the scope of our work been restricted in any way.

Factors influencing the opinion.

- The majority of staff in post during 2024/25 were interim staff.
- IT Systems in use are those belonging to constituent Councils.

My opinion is provided with the following caveats:

- The opinion does not imply that Internal Audit has reviewed all risks, controls and governance arrangements relating to the organisation.

No system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give absolute assurance.'

Governance Arrangements

There is a dedicated Governance team and Information Governance team to ensure the Combined Authority complies with its regulatory responsibilities and to advise Members, employees and partner organisations. The team oversees several areas including supporting the Board and committees, transparent decision making, Declarations of Interest, Whistleblowing and Freedom of Information request handling.

Freedom of Information and Environmental Information Regulation Requests

The Combined County Authority is subject to the Freedom of information Act 2000 and the Environmental Information Regulations 2004, and the Governance team processes such requests. Over the last financial year, the Combined County Authority has received and responded to several such requests for information. The Combined County Authority's business activities means that there are ongoing information governance risks, including cyber security and IT network security, which continues to require careful management. Cyber security is an issue that is regularly monitored and plans put in place to mitigate risks.

Review of Effectiveness

The Combined County Authority is responsible for conducting, at least annually, a review of the effectiveness of its governance framework. The review of effectiveness is informed by the work of the officers within the Authority who have responsibility for the development and maintenance of the governance environment, assurance work undertaken by Internal Audit, and by comments made by the external auditors and other review agencies and inspectorates. Any areas for review will be overseen and coordinated by the Chief Executive, Section 73 Officer and Monitoring Officer and any findings reported to the Audit and Governance Committee, as appropriate.

The Authority is aware and is planning for 2024-25 that:

1. The Internal Audit plan for 2025-26 will provide assurance over the Combined County Authority's actions agreed in response to their audit findings in 2024-25, as well as targeting key areas of risk around financial systems, risk management and business continuity.
2. The implementation of the Single Assurance Framework will be completed, improving the internal system of control supporting project approval and delivery.

Code of Conduct

All Combined Authority employees and members should be subject to a formal Code of Conduct. Employees sign a code of conduct form which includes a commitment to declare interests and conflicts. A Members' code of conduct has been adopted by the Authority, which forms part of the Authority's Constitution, and an Officers' code of conduct has been developed.

During 2024-25 there were no concerns raised under either the Members' or Officers' Code of Conduct.

Declaration of Interests

The Authority holds a Register of Interests for members which is reviewed annually. In the interests of transparency, the declarations are reviewed by both the Chief Executive and Monitoring Officer and published on the Authority's website.

Gifts and Hospitality

The Combined Authority has implemented a register of offers of Gifts and Hospitality made to members and officers of the Combined Authority, even if these offers are declined.

Conclusion

The Combined Authority recognises its responsibilities for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively, alongside a duty to make arrangements to secure continuous improvement in the way in which its functions are exercised.

The governance framework and critical processes and systems to support good governance have been developed during 2024-25 in line with best practice in other Combined and Local Authorities and the effectiveness of these will be kept under regular review.

Our overall assessment is that the Annual Governance Statement is an accurate reflection of the governance environment.

CERTIFICATION

We have been advised on the implications of the review of the effectiveness of the Combined County Authority's governance by the Monitoring Officer and Section 73 Officer and changes that are being proposed to further strengthen governance during 2025-26.

The Annual Governance Statement will be reviewed by the Audit & Governance Committee at its meeting on 11 July 2025

Our overall assessment is that the Annual Governance Statement is a balanced reflection of the governance environment and that the Authority has the culture, systems and processes in place to ensure its ability to deliver its strategic objectives and to ensure Best Value.

This will be signed following consideration by Audit & Governance Committee.

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Claire Ward

Mayor of the East Midlands

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Amy Harhoff

Chief Executive