East Midlands Combined County Authority

Annual Governance Statement 2025/26

DRAFT

CLAIRE WARD
MAYOR OF THE
EAST MIDLANDS

EAST MIDLANDS
COMBINED COUNTY
AUTHORITY

Scope of Responsibility

This Annual Governance Statement reflects the activities of the Combined County Authority for the year ending 31 March 2026 and up to the date of approval of this statement and the statement of accounts for 2025/26.

The East Midlands Combined County Authority (EMCCA) 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.
EMCCA was formally established on 28 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 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 and investments.

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 EMCCA 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 27 February 2024 and came into force on 28 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 2 May 2024.

The powers which were devolved from Central Government to the Combined County Authority at the time 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 31 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 has become the local transport authority for the region from February 2026. Going forward further services will transfer to EMCCA. For example, it is expected that it will have taken on responsibility for Police and Fire Services by March 2028. 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 seen growth in its staffing numbers since its inception (and will continue to do so as it takes on additional responsibilities) increasingly delivering through the internal expertise of its employed officers across a range of disciplines.

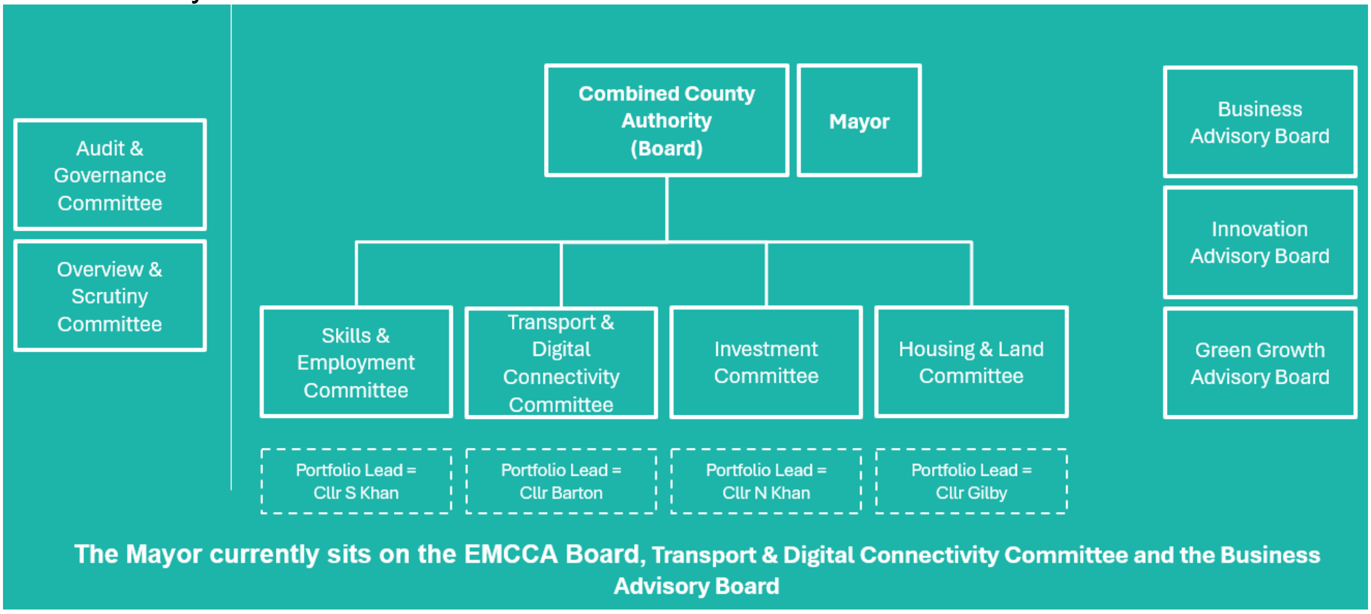
East Midlands Combined County Authority Structure

The first Mayor of the East Midlands Combined County Authority (EMCCA) was elected on 2 May 2024 for a four-year term in office until 2028. The Mayor is the Chair of the Combined County Authority. The Constituent Authorities of EMCCA are:

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

It subsequently established a Land and Housing Committee

These Committees make recommendations on their area of focus to the Board. The intent is that these Committees move to have 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 members 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

EMCCA 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 councilors, 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 Chair, who was appointed in 2024 for a period of four years.

The Chair of the Audit and Governance Committee presented his Annual Report to the Combined Authority Board at its Annual General Meeting on 8th June 2026. 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 are adopted.
- Records of complaints, Freedom of Information requests and attendance levels for the committee to consider.

Innovations Advisory Board

The Innovation Advisory Board acts as the Authority's strategic forum for the "innovation voice". The Board provides advice to the Mayor, EMCCA Board and its committees to support the delivery of inclusive economic growth. It serves as the regional lead on innovation, helping to shape strategy, identify priorities, and drive investment and activity across the innovation ecosystem.

The Board brings together partners from academia, industry and investment to strengthen collaboration, coordinate innovation initiatives, and develop a coherent pipeline of opportunities, while championing inclusive innovation and supporting engagement with stakeholders and government to maximise impact and align with wider thematic priorities.

Green Growth Advisory Board

The Green Growth Advisory Board acts as the Combined County Authority's strategic advisory forum on green growth, providing advice to the Mayor, Board and committees to support the delivery of inclusive, sustainable economic development.

It serves as the leading regional voice on decarbonisation, clean energy and the green economy, helping to shape strategy, identify and develop investment opportunities, and coordinate a coherent pipeline of green growth projects.

The Board convenes partners across sectors to drive collaboration, champion innovation, and support the delivery of the Inclusive Growth Strategy, while ensuring effective stakeholder engagement and alignment with wider thematic priorities and programmes.

Business Advisory Board

The Business Advisory 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 Advisory Board reflects two key priorities:

(1) that the Business Advisory 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 Advisory Board is supported by staff from within the Combined County Authority.

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

Leadership Team (CLT and ELT)

The Head of Paid Service (Chief Executive) is responsible for all staff and leading an effective Corporate Leadership Team (CLT) and Extended Leadership Team (ELT). The CLT representing the service clusters of Place, Strategy and Inclusive Growth, Resources, Programme Office and Corporate Affairs, and Legal and Governance. The ELT comprises CLT and Service Directors.

Both CLT and ELT comprise mainly permanent Executive and Service Directors, replacing the previous interim arrangements.

Strategic Direction

The Growth Plan sets a 10-year plan of action to deliver this mission, and the **Inclusive Growth Framework** defines six overarching ambitions for EMCCA's work with partners in the region over the long-term:

- economic growth and opportunity;
- green growth and a better environment;
- skills for good work;
- connected communities (including transport);
- housing and place;
- health, wellbeing and belonging.

Building on these ambitions, the **East Midlands Outcomes Framework** sets outcomes to drive collective action towards measurable change for people across the region.

The Corporate Plan 2026-29 (approved by EMCCA Board in March 2026) was developed as the organisation's first unified annual delivery plan. It is the framework for EMCCA's delivery on behalf of the region for the next three years, which sets commitments to the actions we will take to support long-term outcomes. It builds on the East Midlands Inclusive Growth Framework and East Midlands Growth Plan (both adopted in October 2025), and the EMCCA Corporate Plan from 2025-26.

These documents will be the foundation of EMCCA's strategic planning, partnership working and performance reporting, alongside the Single Assurance Framework.

The Medium-Term Financial Plan forms the financial and 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, and will continue to be, 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.

The **Single Assurance Framework** ('single' means that it covers all funding pots), approved by EMCCA Board in July 2025, sets out how EMCCA will use public money responsibly, openly and transparently to achieve value for money. A Single Assurance Framework (SAF) is a legal requirement. Combined Authorities must establish local assurance frameworks ensuring rigorous assurance, project appraisal, and value-for-money processes before receiving investment funds from Government. Developing a SAF approach is a key requirement set out in the English Devolution Accountability Framework and is best practice.

Specifically, the SAF describes:

- The respective roles and responsibilities of the Combined County Authority Board, the East Midlands Mayor and other elements of the decision-making and delivery structure;
- The key processes for ensuring accountability, probity, transparency, legal compliance, and value for money;
- How potential investments will be prioritised, appraised, approved, and delivered;
- The process to monitor and evaluate projects and programmes to ensure that they achieve value for money and projected outcomes in accordance with the Mayor and Combined County Authority's priorities;
- How risk is effectively managed.

Project Delivery

The Combined County Authority operates a portfolio management approach for programme and project delivery. A single project register is maintained by the Portfolio Management Office (PMO) to track programmes and projects through the assurance process: from entry onto the pipeline, through the business case development and appraisal stages and into contracting, delivery, monitoring and evaluation. This ensures that project dependencies, timeframes, milestones and outcomes are recorded, monitored and managed effectively.

Project leads submit monthly monitoring reports which update on progress made, future planned activity, issues and risk. Reports are checked by Senior Responsible Officers.

Project and programme oversight are provided by five officer-led thematic Priority Boards, which are chaired by the Executive or lead Director:

- Corporate Resources
- Green Growth, Climate Resilience, Farming and Rural Affairs

- Spatial Development and Housing
- Strategy, Economic Growth and Skills
- Transport

The Priority Board meetings are held monthly and focus on performance, milestones, risk, resourcing and issues for escalation. Meetings and action points are recorded, with changes in risk and escalation points presented to the Corporate Leadership Team and Mayor as appropriate.

Portfolio oversight is provided by the Corporate Leadership Team. The Performance and Risk Board was established by the Corporate Leadership Team in January 2026 to strengthen monitoring of portfolio performance, corporate performance and economic performance in line with the 2026-2029 Corporate Plan and Outcomes Framework. Data on programme and project delivery is presented to ascertain the extent to which Corporate Plan priorities and outcome targets are being delivered.

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 has continued to be reviewed on a regular basis as the Authority develops and matures to inform budget setting and medium-term financial planning, recognising additional responsibilities being taken on by the Combined Authority including public transport.

Internal Audit

Central Midlands Audit Partnership (CMAP) provide the Chief Internal Auditor function for the Combined County Authority and presents annual audit plans for approval to the Audit and Governance Committee, together with regular updates. It also issues the annual audit opinion.

External Audit

Forvis 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 2025-26 accounts this date is the 31 January 2027.

There is nothing currently to suggest that Mazars won't be able to conclude the audit of EMCCA's 2025-26 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 has been developed that 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.

Managing Risk

The Risk Management Framework was approved by EMCCA Board in June 2025 and the authority's approach continues to mature. An updated Risk Management Framework will be implemented for September 2026, reflecting the authority's developing maturity and growing responsibilities.

Since approval in June 2025, the Corporate Leadership Team and Audit and Governance Committee have received updates on corporate risk, defined as cross cutting, chronic threats and uncertainties impacting upon strategic ambitions, objectives and outcomes. Deep dives into corporate risks reported to Audit & Governance Committee have covered, inflation, organisational development and cybersecurity.

In March 2026, the Authority began a substantial review of its corporate risks and risk management framework, to develop and implement a comprehensive and unified approach to risk management across the organisation. Audit & Governance Committee will approve the updated Risk Management Framework and receive an updated Principal Risk Register (previously Corporate Risk Register) in July 2026, ahead of Board approval and implementation in September 2026.

The year end position of open Corporate Risks was as follows:

Residual Risk Score*	**Risk Description**	**Year End Position**
17 (stable) Appetite: 13	Inflation eats away at the spending power of EMCCA in the medium term as the Investment Fund of £38m per year is a fixed amount	As the Authority has grown, sources of income have grown, reducing the impact this risk has to our outcomes. However, inflation remains a much broader risk to strategy delivery and will be reframed in the updated Principal Risk Register. The residual risk score reflects this position.
13 (stable) Appetite: 9	The transfer of established cultures from various entities into EMCCA may result in the creation of distinct subcultures. This could eventually lead to siloed working practices, emphasising individual group identities over a unified organisational culture.	Alongside values, network development, away days and leadership visibility the development of HR capacity has led to implementation of leadership training, induction for new starters and appraisal processes to further establish values and desired culture. As the Authority continues to mature and grow its responsibilities, this risk

		will be refreshed within the updated risk management approach.
17 (increase) Appetite: 9	EMCCA suffers a cybersecurity incident that results in either the loss of key information or which denies access to critical systems for a period of time	The Authority has continued to takes steps to reduce the likelihood and impact of any cybersecurity incident. This risk will remain in the updated Principal Risk Register.

**Risks are assessed on a scale of 1 to 25 (based on likelihood and impact).*

Over the year, 11 corporate risks have either been closed or managed within appetite, due to project completion and organisational development, as the Authority transitioned from formation to delivery, underlining the need to conduct and update the risk management framework and approach in 2026.

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:

Internal Audit Opinion 2025/26

Based on the internal audit work undertaken during 2025-26, Reasonable Assurance can be given that the East Midlands Combined County Authority's framework of governance, risk management and internal control are generally adequate and effective in supporting the delivery of the organisation's objectives. Our internal audit work has identified scope for improvement within the governance and risk frameworks and the environment controlled. Where weaknesses were identified, there has been evidence of appropriate management action to address them within a reasonable timescale.

As well as assessing how well EMCCA is complying with the relevant legislation and good practice, our work has provided consultancy and advice around risks, controls and process.

In 2025-26, the East Midlands Combined County Authority's organisational structure has continued to develop and is now settling down, with permanent appointments to all Executive Director and Directorial roles, with lower-level structures continuing to develop accordingly. Following the introduction of key governance documents, policies and strategies in 2024-25, work has been ongoing to embed robust frameworks throughout 2025-26 to support effective governance and assurance. Key controls and decision-making processes are in place and operating, while several areas require further development to support a maturing governance framework.

In forming this conclusion, 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 have 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 conclusion having regard to the following:

- The level of coverage provided by Internal Audit was considered adequate.
- Sufficient work has been planned and performed to obtain satisfactory explanation and suitable evidence considered necessary to support reasonable assurance that the Council's control environment is operating effectively.
- My insight gained from interactions with the s73 Officer and the deputy s73 Officer on the overall governance, risk and control frameworks.
- Insight gained from our interactions with Senior Management and the Audit & Governance Committee during 2025-26.
- It has been noted that there remained a number of interim staff in post during 2025-26, although this is an improving situation.
- Assurances taken from third parties regarding the systems provided by constituent authorities.
- As far as I am aware, and according to the information available to me at this time, there have been no significant new governance failings arising at the Authority during 2025-26.
- An internal audit of the Governance Framework determined an overall assurance rating of Reasonable, with two moderate risk recommendations and four low risk recommendations, for which management have provisionally agreed to implement remedial actions.
- An IT Health Check audit was undertaken, focusing on the physical security of the EMCCA offices and access controls, monitoring processes and general security over assets and the securing of sensitive information. This audit attracted a Reasonable assurance rating, with three moderate risk recommendations and four low risk recommendations, for which management have agreed to implement remedial actions. While one recommendation has been addressed, the remaining issues have not yet reached their original expected date of implementation, details of the three Moderate Risk issues are recounted in the Key Recommendations Arising from Audits section of this report.
- An internal audit of the Risk Management Framework determined an overall assurance rating of Reasonable, with three moderate risk recommendations and three low risk recommendations, for which management have agreed to implement remedial actions. The implementation of these recommendations remains ongoing, details of the three Moderate Risk issues have been covered in the Key Recommendations Arising from Audits section in this report, all have an expected implementation date of 31st October 2026

- It was highlighted that the authority did not have a documented performance management framework for previous years, which was viewed to be a weakness in determining the approach to managing service performance and how the authority evaluated and reported efficiency, effectiveness and service improvements. During the later part of 2025-26 the authority has appointed a corporate Head of Performance Management & Risk and created a single Performance Management Framework, dated March 2026, along with formalised reporting to a newly established Performance Board. Although these revised practices are yet to be audited, provisional assurance has been taken from the establishment of this additional control function. An audit of Data Quality & Performance Management has been scheduled for Quarter 3, in the 2026/27 audit plan, when these systems have had some time to become embedded into standard practices.
- IT Systems in use during 2025-26 continued to be those belonging to constituent Councils, we have therefore had to rely on third party control assurances in this area. Concerns were raised at the April 2026 Audit & Governance Committee, and a request was made for additional assurance to be sought on the matter of cyber security. A paper has subsequently been tabled for the following committee from the Director of Digital, which confirms that cyber risks are being actively managed, with clear accountability arrangements established and defined recovery objectives in place.

This conclusion 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 Authority. The opinion is substantially derived from the conduct of risk-based audit work and takes into account known limitations to the scope of Internal Audit's work.
- No system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give absolute assurance.
- Full implementation of all agreed actions is essential if the benefits of the control improvements detailed in each individual audit report are to be realised.

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.

Workforce/Leadership Development

- All new starters undertake a 3 hour in-person induction workshop focused on our Values and are supported with our EMCCA Colleague Handbook and an Induction Checklist. All new starters are subject to a 6 month probationary period, as per our policy. In addition, we have designed and delivered tailored inductions for specific roles, such as Directors and graduates. Graduates also undertake a Level 7 in Leadership & Business whilst on scheme.
- We require all colleagues to complete 5 mandatory business compliance e-learning modules – these are:
    - GDPR – annually refreshed
    - Cyber Security – annually refreshed
    - Safeguarding – annually refreshed
    - EDI – annually refreshed
    - Fire Safety – refreshed every 3 years
- Our Learning Management System additionally offers a wide range of self-led learning (see attached catalogue of modules)
- We regularly design and deliver hybrid and in-person webinars and workshops based on learning needs identified by the organisation (examples are: reports-writing, responsible use of AI, contracts management, de-escalation and personal safety, HR policy, performance management)
- Colleagues are supported to access and undertake external learning, qualifications and apprenticeships, as identified through their 1-1s with their managers.
- Colleagues regularly attend conferences and away days to gain peer to peer learning and keep up to date with the latest in their specialist fields.
- We encourage “learning on the job” through shadowing, development moves, project-based work, mentoring, etc
- In collaboration with our constituent councils and partners, we are co-designing an East Midlands Development Academy where our first pilot courses have been focused on Systems-thinking for Impact, Coaching & Mentoring and Leading through Change. Colleagues from across the region have been attending these, with excellent feedback received so far.
- We offer work experience placements for young people and run employability workshops at schools
- In addition, there are policies and managerial guides on a wide range of topics, all housed on our intranet.

EMCCA Budget and MTFP 2026-27 stakeholder structured engagement

A period of stakeholder structured engagement on the EMCCA Draft Budget and MTFP 2026-27 ran from 25 November 2025 to 6 January 2026.

During that period, the Executive Director - Resources attended meetings/engaged directly with the Chairs of EMCCA’s Overview and Scrutiny Committee, Audit & Governance Committee, Business Advisory Board, Innovation Advisory Board and Transport Committee, on the draft budget and MFTP. In addition, the Executive Director - Resources attended meetings of constituent council Chief Executives, S151 officers, and Place Directors. All 4

EMCCA Associate Board Members for Business, HE & FE, the VCSE Sector and the unions, were engaged directly as part of this structured engagement, to ensure they had an opportunity to share their views and the views of those they represent, about the spending proposals in the draft EMCCA budget 2026-27.

General EMCCA stakeholders were invited to contribute to the engagement via a dedicated MS Form that was issued, together with the key budget documentation, in the Mayoral Stakeholder Newsletter that was sent out on 25 November 2025.

38 responses to the engagement were received via MS form.

The comments received covered the general principles of the draft budget. No changes were made to the draft budget and MTFP following the engagement.

The EMCCA Board approved the draft budget proposals at the Board meeting held on 26 January 2026.

EMCCA Procurement Strategy stakeholder structured engagement

A period of structured stakeholder engagement on the draft EMCCA Procurement Strategy ran from 17 February to 20 March. The engagement included targeted letters to leaders and CEOs of the constituent councils, members of the Audit and Governance Committee and targeted members of the VCSE sector. In addition, general EMCCA stakeholders were invited to contribute to the engagement via the Mayoral Stakeholder Newsletter that issued on 22 February 2026.

7 responses to the engagement were received via MS Form/email.

Following consideration of the feedback, EMCCA confirmed that the highlighted changes set out within the consultation document would be adopted. In addition, a minor wording amendment was made to the Procurement Strategy to remove ambiguity around the term "open competition". This clarification was intended solely to avoid confusion with a mandatory "open" tender process and does not represent a change in policy intent, ambition, or approach. No other material changes were made to the Strategy as a result of the structured engagement.

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 significant numbers of such requests. The Combined County Authority's business activities mean 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. The implementation of the Single Assurance Framework is now complete and will improve the internal system of control supporting project approval and delivery.

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 Internal Audit plan for 2026-27 will provide assurance over the Combined County Authority's actions agreed in response to their audit findings in 2025-26, as well as targeting key areas of risk around financial systems, risk management and business continuity.

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 2025-26 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.

Ethics and Standards

During 2025/26, the Authority has continued to embed its ethical framework proportionately, recognising its stage of organisational maturity. This has included:

- the continued implementation and oversight of the Members' and Officers' Codes of Conduct, including requirements to declare interests and manage conflicts appropriately;
- introduced regular review of the Register of Interests and Gifts and Hospitality

registers, supporting transparency and openness in decision-making;

- the provision of governance and standards advice to Members, officers and committees, particularly in the context of complex and high-value decision-making and partnership working;
- the development and ongoing review of protocols and guidance to support consistent and informed decision-making across the Authority; and
- support to the Audit and Governance Committee in its role in promoting high standards of conduct and oversight of governance arrangements.

One formal Code of Conduct complaints was received during the year. However, this was not accepted as being determinable under the code. This is consistent with a relatively new organisation but should be understood in the context of the Authority's size and stage of development. It does not in itself provide assurance that risks relating to ethical conduct are fully mitigated and continued focus on awareness, training and accessibility of reporting routes will remain important as the Authority grows. It is important to stress however that the authority has the farmwork in place to determine any member complaints received.

The Authority operates a Whistleblowing framework and arrangements for raising concerns, and work will continue during 2026/27 to ensure that these are well understood, accessible and embedded across the organisation.

Looking ahead, given the Authority's continued growth in scale, complexity and delivery activity, including expansion of its responsibilities and commissioning role, there will be an increased focus on:

- embedding a consistent organisational culture of integrity, transparency and accountability;
- strengthening awareness and training on standards, conflicts of interest and ethical decision-making;
- ensuring that governance and ethical considerations are built into programme design, funding decisions and partnership arrangements; and
- maintaining proportional but effective oversight arrangements that support both robust decision-making and pace of delivery.

Based on the assurances available, I am satisfied as Monitoring Officers that appropriate arrangements are in place to support high standards of conduct and ethical governance, noting that further embedding of these arrangements will continue to be a key priority as the Authority evolves.

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 was developed during 2025-265, and has continued to be revised as appropriate, in line with best practice in other Combined and Local Authorities and the effectiveness of these will continue to 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 has been 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	Amy Harhoff
Mayor of the East Midlands	Chief Executive
Date:	Date: