Gloucester City Council

ARA Audit Risk Assurance

Gloucester City Council · Stroud District Council · Gloucestershire County Council

ANNUAL GOVERNANCE STATEMENT 2024-25 – DRAFT

JUNE 2026

CONTENTS

Section		Page
1	Scope of Responsibility	2
2	The Corporate Governance Framework	3
3	Review of Effectiveness	12
4	Update on Governance Issues from 2024-25	13
5	Overall Opinion of Gloucester City Council's Governance Arrangements	14
6	Governance Issues for the Council's Attention in 2025-26	14
7	Certification	16
8	Appendix A – The Council's Governance, Risk and Control Framework	18

Gloucester City Council – Annual Governance Statement 2024-25

Please Note: The main body of this Annual Governance Statement (AGS) was prepared in July 2025. However, due to the significant changes required to the 2023-24 AGS following the financial issues reported to members in September 2025. Along with a letter from the External Auditor (EY) – "Issuance of recommendations under Section 24 Schedule 7(2) of the Local Audit and Accountability Act 2014". Which stated that the Council had not published it Statutory Accounts for 2021-22, 2022-23, 2023-24 or 2024-25 on time.

The letter received on 30th October 2025 further made a number of statutory recommendations. In light of these, External Audit recommended that Internal Audit along with the Section 151 Officer review sections within this AGS which should be amended to reflect the position that is now known. It is not the intention to rewrite this AGS, rather issues that became known in 2025-26 will be reflected in this, original, version.

1. Scope of Responsibility

1.1 Gloucester City Council (the Council) is responsible for ensuring that its business is conducted lawfully and that public money is safeguarded and properly accounted for. The Council has a duty under the Local Government Act 2000 to continuously improve its functions, having regard to best practice, economy, efficiency and effectiveness.

1.2 In discharging this duty, the Council acknowledges its responsibility for appropriately governing its affairs, the effective exercise of its functions and the management of its risks. The Council and has developed a Code of Corporate Governance (the Code) which defines the principles and practices that underpin the Council's governance arrangements.

1.3 The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) produced the "Delivering Good Governance in Local Government framework (2016)". This emphasises sustainability and the need to focus on the economic, social and environmental impacts that actions may have on future generations.

1.4 The Code is reviewed annually and is consistent with the seven core principles of the CIPFA-SOLACE framework.

1.5 The Annual Governance Statement (AGS) has been prepared in accordance with the CIPFA-SOLACE framework. For the year ended 31 March 2025, the AGS shows the Council's compliance to the Code and the Accounts and Audit Regulations 2015, regulation 6(1).

1.6 The AGS describes how the effectiveness of the governance arrangements has been monitored and evaluated in 2024-25 and any changes planned for 2025-26.

Please note: as 2024-25 financial year has now passed, any improvements to the Council's governance arrangements will be highlighted as part of the 2025/26 AGS and implemented from 2026-27 onwards.

1.7 The Council's Statutory Officers are the Managing Director (Head of Paid Service), the Head of Finance and Resources (Section 151 or S151 Officer) and the Monitoring

Officer (the MO). They direct the annual reviews of the effectiveness of the Council's governance arrangements against the Code, providing oversight and robust challenge. When completed, the findings are reported to the Audit and Governance Committee (AGC), which identifies and monitors any improvement actions.

2. The Corporate Governance Framework

2.1 Corporate governance refers to how the Council is led, controlled and held to account.

2.2 Appendix A below shows the Council's Governance, Risk and Control Framework.

2.3 The Council's governance framework aims to ensure that in conducting its business it:

i. Operates in a lawful, transparent, inclusive and honest manner;

ii. Ensures that public money is safeguarded, properly accounted for and used economically, efficiently and effectively;

iii. Has effective arrangements for the management of risk; and

iv. Secures continuous improvement in the way that it operates.

2.4 The governance framework comprises the culture, values, systems and processes by which the Council is managed. It enables the Council to monitor its objectives and to consider whether these have led to the delivery of effective services and value for money. It enables the Council to monitor the achievement of its strategic objectives.

2.5 The framework brings together legislative requirements, best practice principles and management processes.

2.6 The system of internal control is a significant part of the framework and is designed to manage the Council's risks to a reasonable level. It cannot eliminate all risk of failure to achieve corporate objectives and can, therefore, only provide reasonable and not absolute assurance. The system of internal control helps the Council to:

i. Operate in a lawful, transparent, inclusive and honest manner;

ii. Ensure that public money and assets are safeguarded from misuse, loss or fraud, are accounted for and used economically, efficiently and effectively;

iii. Have effective arrangements for the management of risk;

iv. Secure continuous improvement in the way that it operates;

v. Enable human, financial, environmental and other resources to be managed efficiently and effectively;

vi. Properly maintain records and information; and

vii. Ensure its values and ethical standards are met.

2.7 The Council's financial management arrangements conform to the governance requirements of the CIPFA Statement The Role of the Chief Financial Officer in Local Government (2016).

2.8 The Code recognises that effective governance is achieved through the following seven CIPFA-SOLACE principles:

i. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;

ii. Ensuring openness and comprehensive stakeholder engagement;

iii. Defining outcomes in terms of sustainable economic, social and environmental benefits;

iv. Determining the interventions necessary to optimise the achievement of intended outcomes;

v. Developing the Council's capacity, including the capability of its leadership and the individuals within it;

vi. Managing risks and performance through robust internal control and strong public financial management; and

vii. Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

2.9 Key features of the Council's governance framework during 2024-25 included:

i. Council – this is the ultimate decision-making body for all matters and approves the Council Plan, the Constitution (including Standing Orders and Financial Regulations), key policies and the budgetary framework;

ii. Cabinet – comprises the Leader and Deputy Leader of the Council and five Cabinet Members. This is an executive body with authority to take "key" decisions. Its role is to formulate strategy and policy and make recommendations to Council;

iii. Audit and Governance Committee (AGC) – reviews the effectiveness of the internal control, risk and governance environment, receives reports from Internal and External Audit and approves the Council's statutory accounts and the Annual Governance Statement;

iv. Committees – support the work of Cabinet and the Council. There are four main Committees (excluding the AGC). The Overview and Scrutiny Committee develops proposed policy and scrutinises the Council's performance. The Planning Committee and Licencing Enforcement Committee oversee regulatory matters and the General Purposes Committee makes recommendations to Council on a range of matters including amendments to the Constitution and electoral issues;

v. The Managing Director (MD – Head of Paid Service). The MD has delegated authority to take operational decisions within the Council's policies and budgets and overall accountability for the governance framework. The MD advises on budgetary issues and the development and implementation of Council policy;

vi. The Head of Finance and Resources – promotes effective financial management, ensuring that public money is safeguarded and used economically, efficiently and effectively. The S151 Officer develops and maintains the Council's governance, risk and control framework and contributes to the effective management and governance of the Council;

vii. The Monitoring Officer – ensures that the Council's decisions are lawful and comply with the Code. The MO has overall responsibility for the operation of the Whistleblowing Policy and contributes to the effective management and governance of the Council;

viii. Internal Audit – deliver a programme of risk based audit activity, counter fraud and investigation services. They provide an annual opinion on the adequacy and effectiveness of the Council's governance, risk management and control framework and recommend improvements in the management of risk;

ix. External Audit – provide an opinion on the statement of accounts, but do not provide an opinion on the AGS but they are required to report by exception if they consider it is not consistent with their findings. The External auditors report by exception if they identify any significant weaknesses in value for money arrangements against the specified criteria.

x. Management – are responsible for developing, maintaining, implementing and owning the Council's governance, risk and control framework. They contribute to the effective management and governance of the Council;

xi. The Council Plan – which identifies and communicates the Council's vision, objectives and priorities;

xii. The Strategic Risk Register – reflects the objectives of the Council Plan and identifies the implications for the Council's governance arrangements;

xiii. The Constitution – sets out the Council's decision-making framework and is regularly updated. It defines the responsibilities of Members, committees, and the statutory officers (Head of the Paid Service, S151 Officer and the MO). It includes a scheme of delegation, financial regulations and contract standing orders. The Constitution defines codes of conduct for Members and officers; and

xiv. Whistle blowing policy and process - along with the counter fraud, bribery and corruption strategy outlines the Council's zero tolerance approach to fraud, bribery and corruption;

2.10 The original 2024/25 AGS stated that the Council's governance framework has operated effectively throughout 2024-25 and up to the date of approval of the annual statement of accounts and the AGS. However, following the Section 151 Officers findings reported to Members in September 2025 and December 2025 along with the External Auditor's letter in October 2025 issuing three statutory recommendations, it is now known that the Council's governance framework was not operating effectively during 2024-25. Improvements have been put in place during 2025-26 to increase governance arrangements.

2.11 The Code is consistent with the principles set out in the CIPFA-SOLACE Framework and is reviewed on an annual basis. The table below is a summary of the Council's compliance to the CIPFA-SOLACE Framework:

Principle A **Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.**
Behaving with Integrity To ensure high standards of performance, Members should follow the Code of Conduct. The MO advises on the Code. High standards for officer behaviour are defined in the Officers' Code of Conduct. Leadership and staff 'behaviours' are embedded into the performance appraisal process. External service providers acting on behalf of the Council are required to comply with this. The Codes are regularly reviewed to ensure they operate effectively. The Corporate Governance Group oversees ethical conduct. **Demonstrating Strong Commitment to Ethical Values** Arrangements to minimise the risk of Members and officers being influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders. These include: - Register of disclosable conflicts of interests; - Declarations of disclosable conflicts of interests and disclosable other interests at the start of meetings; and - Registers of gifts and hospitality. The Council seeks to prevent fraud, corruption and irregularity and, if suspected, this is thoroughly investigated. **Respecting the Rule of Law** The Constitution sets out the decision making powers of Members, Committees and officers.
Principle B **Ensuring openness and comprehensive stakeholder engagement.**
Openness The Gloucester City Plan 2025-2028 sets out key objectives, actions, projects, measures and targets. Cabinet Member decisions and significant officer decisions are reported on the Council's website. The Council publishes an annual report on the activity of the Overview and Scrutiny Committee. Committee meetings are held in public.

The Council publishes data in accordance with the Local Government Transparency Code which enables residents to contribute to local decision making.

Engaging Stakeholders Effectively

Members are democratically accountable and this provides a clear leadership role in building sustainable communities.

The Council's planning and decision-making processes include consultation with stakeholders.

Members have the opportunity to scrutinise decisions by the Cabinet through the 'call-in' mechanism. This enables challenge of issues before implementation.

Residents unable to attend public meetings can feedback to the Council via a free email alerts service (Have Your Say) to remain updated on relevant issues within Gloucester.

Principle C

Defining outcomes in terms of sustainable, economic, social and environmental benefits.

Defining Outcomes

The Joint Strategic Plan outlines the partnership between Gloucester City, Cheltenham Borough and Tewkesbury Borough Councils, supported by Gloucestershire County Council and sets out a strategic planning framework for the three areas.

Gloucester City Plan (GCP): As mentioned above, the GCP for 2025-28 is in draft form.

A Budget and Medium Term Money Plan, Capital Programme and annual budget process direct financial resources to the Council's priorities and targets. These are overseen by the Senior Management Team, Scrutiny Committee and Cabinet. The financial issues reported in September 2025 highlighted weaknesses with the financial management processes operating during 2024-25.

The Council considers efficiency savings across its operations in a systematic manner.

The Council's considers 'sustainability' (economic, social and environmental) impacts on service provision. The Council aims to make all purchases under Best Value terms.

The Council collaborates with partners if there are shared objectives and clear economic benefits from joint working.

Project management arrangements consider political, environmental, societal, technological, legislative, economic and efficiency issues, risks, opportunities and value for money.

Please note: Gloucester City Council received of a letter from the External Auditor (EY) – "Issuance of recommendations under Section 24 Schedule 7(2) of the Local Audit and Accountability Act 2014". This stated that the Council had not published it Statutory Accounts for 2021-22, 2022-23, 2023-24 or 2024-25 on time".

EY's letter further states "Failing to prepare accounts in accordance with statutory requirements or to set a budget based on an accurate financial position represents significant weaknesses in

the Council's arrangements for securing economy, efficiency and effectiveness which we will report on under our value for money reporting responsibilities".

In light of this the External Auditor has issued a statutory recommendation that "We recommend that the Council sets out a clear timetable and project plan for the production of the 2024/25 and 2025/26 Statement of Accounts, including the Annual Governance Statement. In doing so the Council will need to ensure it has robust arrangements to actively monitor the delivery of the project plan." The improvements as recommended were put in place during 2025-26, but were not operating effectively during 2024-25.

Following the Section 151 Officers findings reported to Members in September 2025 and December 2025 along with the External auditor's letter in October 2025 issuing three statutory recommendations, it is now known that the Council's budget and financial information was not operating effectively during 2024-25 and Principle C has not been fully complied with.

Principle D

Determining the interventions necessary to optimise the achievement of the intended outcomes.

Determining Interventions

Decision makers objectively and robustly analyse a variety of options. This includes information on the risks and opportunities of various options and help to inform decisions.

Consultation with residents ensures their views are fully considered when making decisions about service changes.

The Council's complaints process enables residents to convey any concerns, which allows the Council to review and enhance services.

The Council's service plans, contracts, service level and shared service agreements define outcomes, risks and measures to evaluate performance. These are aligned to the Council Plan, JCS and City Plan.

A strategic planning and performance framework and 'input to impact' methodology links service and strategic priorities. This considers the inputs, outputs and activities needed to achieve priorities and informs key performance indicators and targets.

Optimising Achievement of Intended Outcomes

The Money Plan shows how the Council's financial resources will be deployed to deliver the Council's priorities.

The Council considers "social value" (this is a consideration of the wider economic, social and environmental effects of its activities) when commissioning services and service planning.

Performance reports analyse trends and budget positions which are monitored at management and committee meetings. Mitigation strategies are applied to manage risks.

During 2025 it became apparent that there was not a clear and robust budget monitoring process in place and as such the quarterly financial information presented to Members did not reflect the correct outturn position leading to significant variations and impact on reserves. A budget

monitoring process was put in place in December 2025 to ensure that financial management and control improves and budget officers take ownership of their budgets.

Principle D was not fully complied with due to the lack of financial management and budgetary control.

Principle E

Developing the entity's capacity, including the capability of its leadership and the individuals within it.

Developing the Council's Capacity

The Council uses benchmarking and peer reviews to help inform resource allocation and how outcomes can be achieved effectively and efficiently.

Collaborative working and alternative service delivery models are considered to meet the Council's priorities.

The Council's workforce organisational development plan aligns to the Council's structure.

The Talent Management Programme supports succession planning. Talent is actively developed via apprenticeships and support for staff undertaking professional qualifications.

Council staff can access an Occupational Health Service that advises on health and well-being, attendance, performance and an employee assistance programme which provides counselling.

The Constitution defines the leadership roles of the Leader of the Council and the Managing Director. The Managing Director leads on implementing strategy and managing the delivery of services and other requirements set by Members.

A dedicated programme supports continued Member development.

Appraisals and talent management assess staff performance, what works well and where further development may be need. This includes leadership skills and behaviours needed to deliver key priorities, support savings targets, and is part of the Council's commitment to personal and professional development.

Staff training and development covers a range of core skills, leadership and management, including a bespoke programme for Senior Leaders and Team Leaders. A joint coaching offer has been successfully launched with the County Council.

Please note: Gloucester City Council received of a letter from the External Auditor (EY) – "Issuance of recommendations under Section 24 Schedule 7(2) of the Local Audit and Accountability Act 2014". This stated that the Council had not published it Statutory Accounts for 2021-22, 2022-23, 2023-24 or 2024-25 on time.

The letter further states that the recently appointed Head of Finance and Resources (Section 151 Officer) has identified that the Council's Finance team has insufficient capacity and expertise within the Council's finance team. A new structure was proposed and approved by members in March 2026 and this is being progressed. Additional interim support was procured to assist with preparing the 2024/25 and 2025/26 statement of accounts to meet statutory reporting obligations.

Given the above the Council concluded in February 2026 that it had not fully complied with Principal E. The budget approved for 2026/27 includes additional funding and Members have approved a new structure to ensure the finance service has adequate resources to meet the needs of the organisation in the future.

Principle F

Managing risks and performance through robust internal control and strong public financial management.

Managing Risk

The Risk Management Policy and Strategy defines roles and responsibilities for managing risk. It confirms that risk management is an integral part of the Council's business planning, option appraisal and decision making activities.

The Council's Business Continuity plans ensure critical services can be maintained and recovered during an emergency. An audit of the Council's Business Continuity Plans has been completed and will be presented to the AGC at their July 2025 meeting. Implementation of the report's recommendations will enhance the Council business continuity planning.

The AGC monitor the adequacy of risk management, and the effectiveness of the S151 Officer in ensuring an adequate internal and financial control environment within the Council.

Managing Performance

As mentioned above, the new Administration have approved a Gloucester City Plan for 2025 onwards. This will include its priorities and performance measures.

Officers hold bi-monthly performance meetings with their relevant Cabinet Portfolio Holder.

Priorities are monitored through the Council's performance, programme and project management framework and overseen by the relevant Committees and Cabinet.

Robust Internal Control

The Council takes fraud, corruption and maladministration very seriously and the Counter Fraud and Corruption Policy Statement and Strategy and Whistleblowing Policy prevent or deal with such occurrences.

Managing Data

Data is lawfully managed in accordance the Data Protection Policy, Freedom of Information Publication Scheme and Information Security Incident Management Policy.

Information Sharing protocols are in place with third parties.

Policy ownership rests with the Senior Information Risk Officer (SIRO) and the Information Governance Board Members who agree, monitor, promote and review Policy implementation.

Strong public financial management

Robust budget management arrangements are in place including monitoring and review by the Overview and Scrutiny Committee and Cabinet.
Following the Section 151 Officers findings reported to Members in September 2025 and December 2025 along with the External auditor's letter in October 2025 issuing three statutory recommendations, it is now known that the Council's budget monitoring process was not in place leading to issues with the quality of the financial information being presented during 2024-25. A budget monitoring process was introduced in December 2025 along with a revised budget exercise for services with significant variances.

External Audit report on the Council's financial statements and the AGS. They provide an opinion on the accounts and report by exception if they identify any significant weaknesses in value for money arrangements against the specified criteria.

In light of this the External Auditor has issued a statutory recommendation that " We recommend that the Council urgently undertakes a comprehensive review of its in year financial monitoring and reporting processes to ensure that the reported financial position during the year is robust and supports informed decision making including the setting of the Council's budget.".

Given the above, the council now concludes in June 2026 that the Council had not fully complied with Principal F.

Principle G

Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

Transparency

Agenda and minutes of Council, Cabinet and Committee meetings are publicly available on the Council's website.

The Freedom of Information Act publication scheme ensures residents have access to information held by the Council.

The Council regularly publishes data in line with The Local Government Data Transparency Code. This includes expenditure over £500, grants to community bodies and senior salaries. This enables residents to contribute to local decision making.

Reporting

The Annual Statement of Accounts provide information on the Council's stewardship of public money for the year.

The AGS reports on the effectiveness of the Council's governance arrangements against the key principles set out within the Code.

The AGC review and approve the Annual Statement of Accounts and AGS.

Assurance and effective accountability

Accountability and decision-making arrangements are clearly defined in the Council's Constitution. These include arrangements for delivering services with the Council's key partners.

Please note: Gloucester City Council received of a letter from the External Auditor (EY) – "Issuance of recommendations under Section 24 Schedule 7(2) of the Local Audit and Accountability Act 2014". This states:

"Timely, high-quality financial reporting and audit of local bodies is a vital part of the democratic system. It supports good decision making by local bodies and ensures transparency and accountability to local taxpayers. The Audit Committee, as the Council's body charged with governance, has an essential role in ensuring that it has assurance over both the quality of the draft financial statements prepared by management and the Council's wider arrangements to support effective and informed decision making by the Council and the delivery of a timely and efficient audit".

In light of this the External Auditor has issued a statutory recommendation that " We recommend that the Council urgently undertakes a comprehensive review of its in year financial monitoring and reporting processes to ensure that the reported financial position during the year is robust and supports informed decision making including the setting of the Council's budget.". A budget monitoring process was introduced in December 2025 and the 2024/25 Accounts were published 31 March 2026 with the 2025/26 Statement of Accounts on track to be published by the statutory deadline 30th June 2026.

Given the above, the council now concludes in June 2026 that the Council had not fully complied with Principal G.

3. Review of Effectiveness

3.1 The Council has a responsibility for annually conducting a review of the effectiveness of its governance framework including the system of internal audit. The review of effectiveness is informed by the various sources below who contribute to the development and maintenance of the governance environment:

i. Review of executive decision making by the Overview and Scrutiny Committee;

ii. The Chair of the AGC formally reports on its work to Council;

iii. Assurance statements from senior management provide evidence that key elements of the system of internal control are operating effectively;

iv. The work of Internal Audit, including the Annual Report of the Head of Internal Audit Risk Assurance is overseen by the AGC;

v. The work of the External Auditor – including the annual Audit Results and other reports in relation to financial and other aspects of the Council's governance;

vi. A comprehensive risk management process captures the Council's strategic and operational risks which are reported to senior managers and the AGC; and

vii. Consideration of this AGS by the Section 151 Officer, the MO and the MD with reference to the wider aspects of governance;

4. Update On Governance Issues From 2023-24.

4.1 In the AGS for 2023-24, the following governance issues were highlighted:

Governance Issue From 2023-24	Action taken in 2024-25
Risk Management Governance framework Management is monitoring the implementation of the actions raised in the 2022 Risk Management assignment, which were followed up in 2024 (audit report issued in March 2024). The recommendations relate to the review of the Risk Management Strategy and Policy, the implementation of a risk management toolkit and	The Internal Audit plan for 2025-26 includes an audit of Risk Management. This will include a review of any outstanding actions. This audit commenced in February 2026 when it concludes the actions will be delivered.
Governance Issue From 2023-24	**Action taken in 2024-25**
Cont…..the provision of relevant training to staff. Overall, the responsibilities within the Council on risk management (such as the role of Risk Champions and the Risk Management Officer) need to be clarified.	No action taken due to delay in audit and capacity. This will be picked up in the
Risk Registers. Following the election of a new Administration, the Council should review its risk registers to ensure that risks from any changes in strategic priorities are suitably captured and being managed.	The risk register has been updated and is currently at draft before presentation to members.
Business Continuity Governance Framework. Some audits this year have highlighted the lack of documentation of the Business Continuity framework (such as a Business Impact analysis and Disaster Recovery Plan). The root cause may be a lack of oversight to ensure those documents are delivered and approved. Therefore, while management keep improving its documentation, an audit of Business Continuity is included in the 2024-25 Internal Audit Plan.	The Business Continuity Plans are updated annually and progress is monitored highlighting any issues to SMT.
Preparation of the AGS. Ideally the AGS should be prepared by the Council to which it relates. This is because the Council owns, operates and has accountability for the governance systems and processes. Detailed knowledge of these systems and processes resides with officers in the Council and they can, therefore, provide more nuanced	The S151 Officer will prepare the AGS going forward from 2025-26.

information for the AGS. It also demonstrates more complete ownership of the AGS by the Council. The Head of ARA is happy to provide guidance to Council officers on the preparation of the AGS.	

5. Overall opinion of Gloucester City Council's Governance Arrangements

5.1 The Council has maintained effective service delivery and governance arrangements. There has been no significant detriment on the Council's ability to deliver its statutory services although with the challenging financial situation the Council is reviewing the efficiency of services, fees and Charges and discretionary services.

5.2 The Strategic Risk register has been reviewed inline with the current activities/projects to accurately capture the Council's risks. These are reviewed and regularly monitored by the Senior Management Team (SMT). The risk register is currently in draft but will need to be presented for scrutiny by the AGC as appropriate.

5.3 Given the issues reported by the External Auditor (EY) in October 2025, Internal Audit consider that Council had not fully complied with CIPFA's and SOLACE's "Delivering Good Governance in Local Government framework (2016)".

6. Governance Issues for the Council's Attention in 2025-26.

6.1 In preparing this statement and reviewing the effectiveness of the Council's governance arrangements, the following areas have been identified for attention:

Issue	Action to be taken in 2026-27
Local Government Reorganisation (LGR)	The English Devolution White Paper sets out the government's plans to widen devolution across England. It outlines how the government will reform local government, as the foundation for devolution and reset the relationship between central and local government. At the time of writing, there are proposals for one, or two unitary councils for Gloucestershire. It is understood that the government Minister will determine in July before summer recess the preferred option. The risks for the Council going forward are: i. Uncertainty, which could effect short and medium term decision making, for example whether to invest in upgrades for IT and software;

Issue	Action to be taken in 2026-27
….cont	ii. Members' and officers' focus on the Council's strategic aims, service delivery, risks, internal control and governance processes is adversely effected; iii. The retention and recruitment of staff is impacted. This could lead to increased workloads, impacting on service delivery and staff wellbeing. The Council should consider its succession planning for key posts, especially those which could be a "single point of failure". The Council should recognise these and other risks posed by LGR and include these, along with mitigations, in its Strategic and service risk registers as appropriate.
Code of Corporate Governance	The latest version of Council's Code of Corporate Governance is dated 2017. It has also not been presented to the AGC for review and approval in 2024-25. The Monitoring Officer should review and refresh the Council's Code of Corporate Governance as appropriate. This should be added to the AGC's Work Programme to ensure that the Committee review and approve this on an annual basis.
Capacity	Manager Assurance Statements identified that during 2024-25 the Marketing, Finance and the Asset Management Teams had been short of capacity. Senior Management Team agreed in September 2024 to the recruitment of six staff for the Asset Management Team (with three of these being new roles), to boost resilience. Additional funding was also approved for Finance & Property in the 2026/27 budget. The Council should regularly review its capacity in key areas and ensure these are able to meet its strategic objectives. As stated above, the Council should consider its succession planning for key posts, especially those which could be a "single point of failure". This will become more challenging with the uncertainty of the impact of LGR.
Leasing	Manager Assurance Statements identified that one of the Council's contractors is undertaking operations without a lease being in place. It is understood that a leasing agreement is being prepared. The Council should expedite the agreement of the lease with the contractor.
Council tax procedures	A Manager Assurance Statement identified that council tax procedures need to be reviewed and refreshed. The Council will completed this by September 2025.

Issue	**Action to be taken in 2026-27**
Data sharing	A Manager Assurance Statement identified that there has been a delay in delivery against a plan of work to ensure the Council is compliant with the Department for Work and Pensions (DWP) Memorandum of Understanding for sharing of data. This will be completed early in 2025-26. The Memorandum of Understanding will be signed off by the Council at the beginning of July.
Governance Issue **Please note – Update following External Auditor's Letter to the Council received in November 2025**	**Actions to be taken in 2026-27**
Gloucester City Council received of a letter from the External Auditor (EY) – "Issuance of recommendations under Section 24 Schedule 7(2) of the Local Audit and Accountability Act 2014". EY's letter has identified areas of weakness in the Council's Finance team, its capacity and ability to prepare and publish accurate and timely Statutory Accounts and financial information.	Internal Audit worked with the Section 151 officer in consultation with SMT to ensure a number of audits were included in the 2026-27 Internal Audit Plan – that will review areas that the External Auditor identified in their letter as requiring attention. These audits will strengthen the Council's governance, internal control and risk management over these areas. The Statutory recommendations will be fully met in 2026-27. • Additional Capacity and capability in the Finance Service. • Robust budget monitoring process. • Statement of Accounts 2025/26 complete and published by the statutory deadline. The Council also has the Exceptional Financial Support (EFS) recovery plan to deliver this is monitored by MHCLG and includes improvements in governance arrangements.

7. Certification

7.1 The Council will ensure that the AGS is current at the time of signing (July 2026) and amendments have been included following the Section 151 Officers findings reported to members in September 2025 and December 2025 along with the External auditor's letter in October 2025 issuing three statutory recommendations. It is now known that the Council's governance and financial arrangements were not operating effectively during 2024-25.

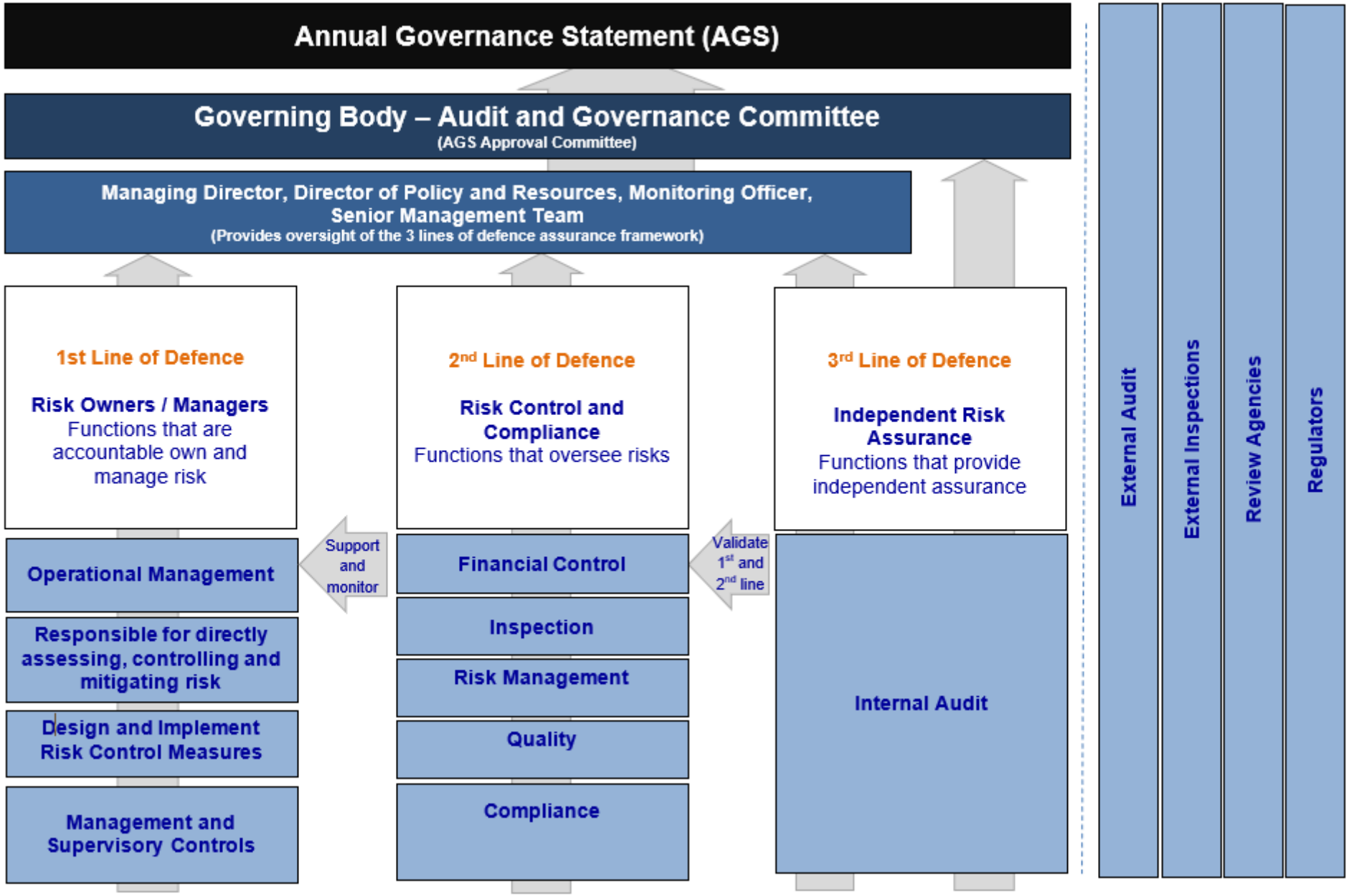
7.2 The Senior Management Team (SMT) are overseeing the action plan and progress is reported regularly to the AGC. SMT will ensure that governance issues continue to be promoted, addressed and monitored throughout the year. The AGS for 2025-26 will highlight the financial issues discovered along with the requirements of the statutory recommendations, a number of actions have already been implemented to address the issues. These include:

- Introduction of new budget monitoring process – Dec 2025.
- Review of the finance service capacity and capability – Completed Feb 2026.
- New Finance structure approved with additional resources as agreed in the 2026/27 budget.
- Comprehensive closedown timetable and additional interim resource to assist with delivering the Statement of Accounts by 30th June 2026 and to develop the inhouse team to ensure they can deliver in the future.

7.3 In light of the external auditor's letter of October 2025, we do not believe now that the Council's governance arrangements and the local Code of Corporate Governance operated effectively in 2024-25. Measures have already been put in place to address these issues and these will be part of the 2025/26 AGS and the delivery and improvements will be monitored closely.

Signed: _____ _____

Jeremy Hilton
Leader of the Council

Jon McGinty
Managing Director

Appendix A – The Council's Governance, Risk and Control Assurance Framework