



**ANNUAL GOVERNANCE
STATEMENT 2023-24
FINAL
April 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 2022-2	13
5 Overall Opinion of Gloucester City Council's Governance Arrangements	15
6 Governance Issues for the Council's Attention in 2024-25	15
7 Certification	16
8 Appendix A – The Council's Governance, Risk and Control Framework	18

Gloucester City Council – Annual Governance Statement 2023-24

Please note – The main body of this Annual Governance Statement (AGS) was prepared in July 2024. This was approved by management and reported to the Audit and Governance Committee, who duly approved it on 15th July 2024.

On 30th October 2025, 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 its Statutory Accounts for 2021-22, 2022-23, 2023-24 or 2024-25 on time.

The letter further made three 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. These amendments are highlighted below in red. It is not the intention to rewrite the 2023-24 AGS but it has been updated to reflect issues that were discovered during 2025-26.

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 1999 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 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 2024, 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 2023-24 and any changes planned for 2024-25.

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 pictorially.

- 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 2023-24 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 four 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 develop 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, fair, promote high ethical standards 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 2024-24 AGS stated that the Council’s governance framework has operated effectively throughout 2023-24 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 2023-24.

- 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.
<p>Behaving with Integrity</p> <p>To ensure high standards of performance, Members should follow the <u>Code of Conduct</u>. The MO advises on the Code.</p> <p>High standards for officer behaviour are defined in the <u>Officers' Code of Conduct</u>. 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.</p> <p>The Codes are regularly reviewed to ensure they operate effectively. The Corporate Governance Group oversees ethical conduct.</p> <p>Demonstrating Strong Commitment to Ethical Values</p> <p>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:</p> <ul style="list-style-type: none"> - 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. <p>The Council seeks to prevent fraud, corruption and irregularity and, if suspected, this is thoroughly investigated.</p> <p>Respecting the Rule of Law</p> <p>The <u>Constitution</u> sets out the decision making powers of Members, Committees and officers.</p>
Principle B
Ensuring openness and comprehensive stakeholder engagement.
<p>Openness</p> <p>The <u>Gloucester City Council Plan 2022-2024</u> sets out key objectives, actions, projects, measures and targets. Following the local government elections of May 2024, the Council has a new Administration. Part of the work of this Administration will be develop a new Gloucester City Plan for 2024 onwards.</p>

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 will replace the Joint Core Strategy (JCS). This is a 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, part of the work of the new Administration will be develop a Gloucester City Plan for 2024 onwards.

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 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 its 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.”.

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 2023-24 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. Therefore principle D was not fully complied with.

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 its 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

capability within the Council's finance team and has procured additional support to prepare the 2023/24 statement of accounts.

In light of this the External Auditor has issued a statutory recommendation that "We recommend that the Council urgently review the Finance team to ensure that there is sufficient capacity and expertise to support the breadth of its activities, including the preparation of accurate financial information to support informed decision making and to meet statutory reporting obligations".

Given the above the Council now concludes in April 2026 that it had not fully complied with Principle 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.

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.

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 will formulate a Gloucester City Plan for 2024 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

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 2023-24.

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.

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:

"In the 2023/24 accounts, the Council recorded an overspend of £0.826 million, higher than the previously forecast £0.288 million. This has reduced total general fund and earmarked reserves available at 31 March 2024 from £3.925 million to £2.778 million. Therefore the 2024/25 and 2025/26 budgets were based on incorrect reserve balances. Updated forecasts project reserves to fall to £2.301 million in 2024/25 and to be at £2.838 million by 31 March 2026, down from a previous £4.265 million estimate. The Council has reported that without urgent intervention, general fund reserves could reach minus £0.241 million by 31 March 2027. In this scenario, the section 151 Officer will need to consider issuing a section 114 report under the Local Government Finance Act 1988".

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 April 2026 that it 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."

Given the above, the Council now concludes in April 2026 that it 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 2022-23

4.1 In the AGS for 2022-23, the following governance issues were highlighted:

Governance Issue	Actions taken in 2023-24
<p>Internal Audit Reviews with Governance Themes</p> <p>The following ARA activities will help to strengthen governance:</p> <ul style="list-style-type: none"> • Housing, Homelessness and Rough Sleeping Strategy; - This has been issued as a final report; <p>The following ARA activities will be undertaken in 2023-24:</p> <ul style="list-style-type: none"> • Marketing Strategy; • Climate Change and Carbon Reduction; • Asset Management Strategy; and • City Growth Strategies. 	<p>These audits were postponed at the request of management as the corresponding strategies were being developed when the audit was scheduled. It was therefore agreed by ARA to wait for those strategies to be developed and to have matured before an audit could be conducted.</p> <p>Audits for:</p> <ul style="list-style-type: none"> i. Marketing Strategy; ii. Climate Change and Carbon Reduction; and iii. Asset Management Strategy <p>have been included in the 2024-25 Internal Audit plan</p> <p>Following a risk assessment at the end of 2023-24, an audit of City Growth Strategies is no longer required.</p>
<p>ICT</p> <p><i>The Council has almost fully recovered from the cyber incident. Over the course of the last year the Council has maintained service delivery. Indeed,</i></p>	<p><i>There are no longer any impacts on the Council’s service delivery from the cyber incident.</i></p> <p>The wording in italics was believed to be the situation at the time the AGS was</p>

<p><i>the Peer Review report commends the Council for its response to the cyber incident.</i></p> <p><i>The Council has put in place many measures (which have been reported internally and will not be mentioned here) that have improved the Council's resilience.</i></p> <p><i>These measures will enable the Council to better deliver services in many areas.</i></p> <p><i>ARA will continue to assist the Council where necessary to both full recovery and, beyond this, to provide assurance on the efficacy of its ICT arrangements.</i></p>	<p>compiled in July 2024. It has since transpired that there were still some effects from the cyber incident that effected the work of the Finance Team which had an impact on other services.</p>
<p>Governance Issue</p>	<p>Actions taken in 2023-24</p>
<p>Peer Review</p> <p>The report from the Peer Review team was positive regarding the Council's progress on its objectives, its recovery from the cyber incident and made recommendations for further improvements.</p> <p>ARA can assist to implement the recommendations as required.</p>	<p>ARA were not required to undertake any work on the implementation of the Peer Review recommendations.</p>
<p>Governance Issue</p> <p>Please note – Update following External Auditor's Letter to the Council</p>	<p>Actions taken in 2023-24</p>
<p>External Auditor Letter received in October 2025</p> <p>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".</p> <p>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.</p> <p>Given this Internal Audit have amended their opinion below in section 5.</p>	<p>Internal Audit had included the following audits in the 2023-24 Internal Audit plan:</p> <p>Debtors</p> <p>Main Accounting Systems, Budgetary Controls and Bank Reconciliations</p> <p>Asset Management Strategy and</p> <p>Fixed Assets and Capital Accounting.</p> <p>Following discussions with management these audits were deferred and did not take place in 2023-24.</p> <p>In addition, in 2023-24, Internal Audit started audits of Creditors (reported August 2024) and Treasury Management (reported April 2024). Both of these were given an Acceptable level of assurance.</p>

--	--

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

- 5.1 Despite the high level of inflation, utility price volatility and the cyber security incident, the Council has maintained effective service delivery. There has been no significant detriment on the Council's ability to deliver its statutory services.
- 5.2 Risk registers were refreshed to reflect the findings of the Review of Risk Management (see below) to ensure they accurately capture the Council's risks. These are reviewed and regularly monitored by the Senior Management Team (SMT) and 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 2024-25.

- 6.1 The Council identified weaknesses in 2023/24 when reviewing the effectiveness of the Council's governance arrangements, the following areas have been identified for attention:

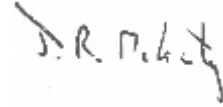
Issue	Action to be taken in 2024-25
Risk Management Governance framework.	<p>Management is monitoring the implementation of the actions raised in the 2022 Risk Management assignment, which were followed up in 2024 (audit report issued in March 2024).</p> <p>The recommendations relate to the review of the Risk Management Strategy and Policy, the implementation of a risk management toolkit and 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.</p>
Risk Registers.	<p>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.</p>
Business Continuity Governance Framework.	<p>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.</p>
Preparation of the AGS.	<p>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.</p>

	<p>Detailed knowledge of these systems and processes resides with officers in the Council and they can, therefore, provide more nuanced information for the AGS. It also demonstrates more complete ownership of the AGS by the Council.</p> <p>The Head of ARA is happy to provide guidance to Council officers on the preparation of the AGS.</p>
<p>Issue Please note – Update following External Auditor’s Letter to the Council</p>	<p>Action to be taken in 2026-27</p>
<p>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”.</p> <p>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.</p>	<p>Given the issues and the statutory recommendations raised by the External Auditor in October 2025, the Council will need to implement these in the manner laid out in EY’s letter.</p> <p>Internal Audit will support the Council in strengthening its governance, risk management and financial controls in 2026-27.</p>

7. Certification

- 7.1 The Council will ensure that the AGS is current at the time of signing (April 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 2023-24.
- 7.2 The Senior Management Team (SMT) will oversee this action plan over the coming year and report progress 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.
 - Review of the finance service capacity and capability.
 - New Finance structure approved with additional resources as agreed in the 2026/27 budget.
 - Comprehensive closedown timetable with resources allocated to each task to ensure the accounts for 2025/26 are published by the statutory deadline.

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 2023-24. 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.



Signe
d: _____

Jeremy Hilton
Leader of the Council

Jon McGinty
Managing Director

Date: 20.04.2026

20.04.2026

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

