

# Gloucester **City Council**



## **Annual Governance Statement 2025/26**

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## **1. What is the Annual Governance Statement**

- 1.1 This Annual Governance Statement sets out how Gloucester City Council has complied with its governance framework for the year ended 31<sup>st</sup> March 2026 and up to the date of approval of the statement of accounts and how it has reviewed the effectiveness of that framework.

In this document the Council:

- Acknowledges its responsibility for ensuring that there is a sound system of governance;
  - Summarises the key elements of the governance framework and the roles of those responsible for the development and maintenance of the governance environment;
  - Describes how the Council has monitored and evaluated the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period;
  - Provides details of how the Council has responded to any issue(s) identified in last year's statement; and
  - Reports on any key governance matters identified from this review and provides a commitment to addressing them.
- 1.2 The Council is required by the Accounts and Audit Regulations 2015, regulation 6(1)(a) and (b) to conduct a review of the effectiveness of its system of internal control each financial year and to prepare an Annual Governance Statement. The statement should be consistent with the principles of good governance set out in Delivering Good Governance in Local Government Framework (Governance Framework CIPFA and Solace 2016). This statement has been prepared with reference to the CIPFA/Solace Delivering Good Governance in Local Government Framework and the 2025 addendum applying to Annual Governance Statements from 2025/26 onwards.

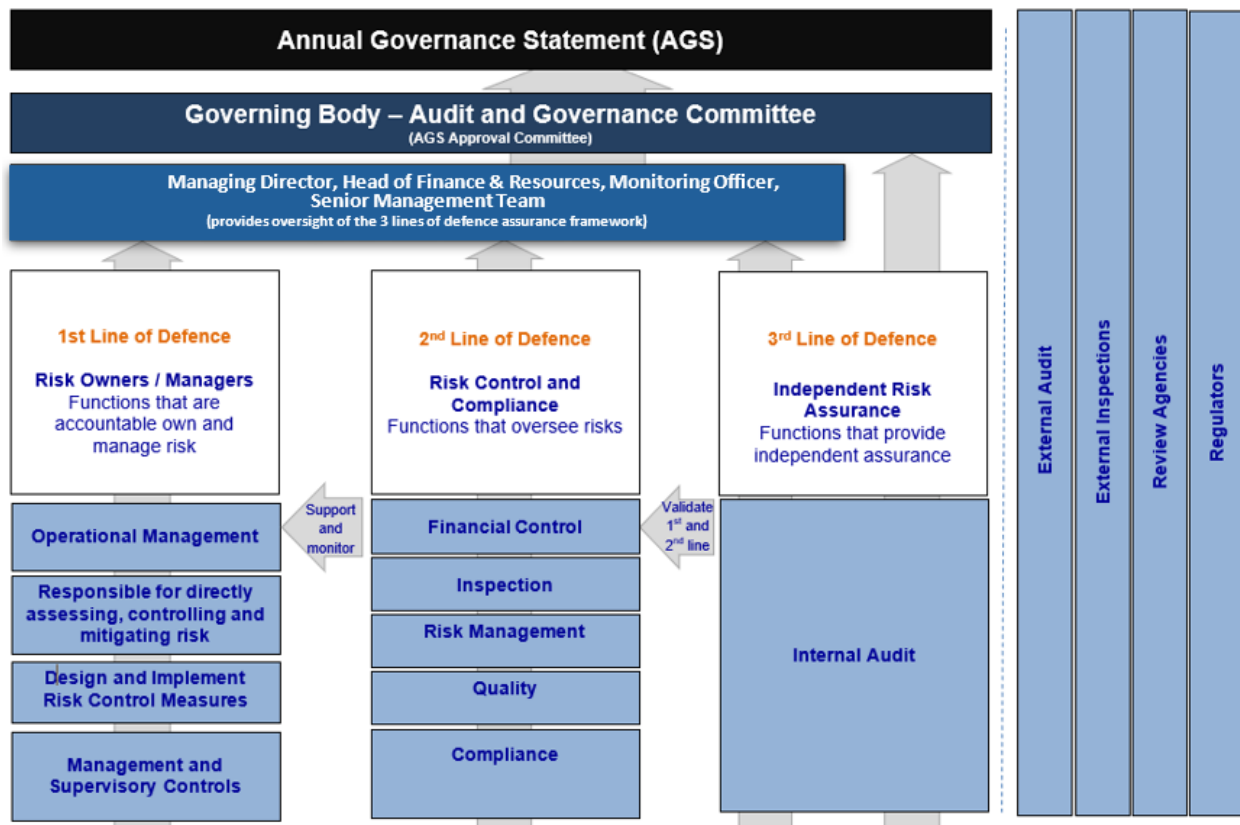
## **2. Scope of responsibility**

- 2.1 Gloucester City Council (the Council) is responsible for ensuring that its governance arrangements support the delivery of its priorities, protect public funds, manage risk and enable effective decision-making. The governance framework comprises the systems, processes, culture and values by which the Council is directed and controlled, and through which it accounts to, and engages with the community.
- 2.2 The framework is designed to manage risk to a reasonable level rather than eliminate all risk. It provides reasonable assurance that the Council's objectives are achieved in a lawful, transparent and accountable way. The AGS describes how the effectiveness of the governance arrangements has been monitored and evaluated in 2025-26 and any changes planned for 2026-27.
- 2.3 The Council's Statutory Officers comprising of the Managing Director (Head of Paid Service), the Head of Finance and Resources (Section 151 Officer) and the Monitoring Officer (the MO) have responsibility for leading and directing the annual reviews of the effectiveness of the Council's governance arrangements against the Code, and 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.

### 3 The Corporate Governance Framework

- 3.1 Corporate governance is about how the Council ensures that it is doing the right things, the right way, for the right people. The Council's governance framework aims to ensure that in conducting its business it:
- Operates in a lawful, transparent, inclusive and honest manner;
  - Ensures that public money is safeguarded, properly accounted for and used economically, efficiently and effectively;
  - Has effective arrangements for the management of risk
  - Secures continuous improvement in the way that it operates.
  - Enables human, financial, environmental and other resources to be managed efficiently and effectively;
  - Properly maintains records and information; and
  - Ensures its values and ethical standards are met.
- 3.2 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. The framework brings together legislative requirements, best practice principles and management processes.
- 3.3 The assurance framework provides confidence based on evidence that internal controls are in place and operating effectively. 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 provides a structure for members and Senior Management to identify the principal risks to the Council meeting its objectives, and through which they map out both the key controls to manage them and how they have gained assurance about the effectiveness of these controls. The assurance framework underpins the statements made within the Annual Governance Statement (AGS). It cannot eliminate all risk of failure to achieve corporate objectives and can, therefore, only provide reasonable and not absolute assurance.
- 3.4 In addition 'the three lines of assurance ' model is in place which helps members and Senior Management to understand where assurances are sourced, the level of reliance they place on that assurance and identify gaps in assurance. This model is detailed below. External Auditors are outside of the Councils structure but have an important role in the Councils overall governance and control structure.

## The Council's Governance, Risk and Control Assurance Framework



### 4 How does the Council monitor and evaluate the effectiveness of its governance arrangements?

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

- Consideration of Governance issues by Senior Management Team (SMT) including risk registers, internal audit reports and outstanding actions, counter-fraud updates;
- Corporate Governance Group meet quarterly to review relevant policies, specific governance issues;
- Preparation of a rolling plan of audit coverage provided by the Head of Audit, Risk and Assurance (ARA) in consultation with the Section 151 Officer.
- The Annual Audit opinion which is provided by the Head of Audit, Risk and Assurance (ARA)
- Ensuring the assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010)
- Review and Scrutiny of executive decision making by the Overview and Scrutiny Committee
- Assurance statements from senior management provide evidence that key elements of the system of internal control are operating effectively and any issues are identified and included within the governance action plan.
- Ongoing assessment of internal management processes, including performance management and compliance monitoring;
- The work of the External Auditor – including regular reports to the Audit & Governance Committee, and other reports in relation to financial and other aspects of the Council's

governance. In October 2025 the Council received three statutory recommendations from the auditors, these have been actioned and progress is monitored regularly by members of the AGC.

- The annual report on Risk Management activity captures the Council's strategic and operational risks which are reported to senior managers and the AGC;
- Where the Council is a member of an outside body or company it has appointed Directors to the Board of each company who are accountable alongside those appointed by the other partners for ensuring the Nolan principles are embedded into their governance.
- Governance arrangements in respect of partnerships and other joint working and ensuring that they are reflected across the authority's overall governance structures.

## **5 Key features of the Council's governance framework during 2025-26**

**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;

**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;

**Audit and Governance Committee (AGC)** – provides independent assurance to the Council on the adequacy and effectiveness of the governance arrangements, risk management framework and internal control environment. Receives reports from Internal and External Audit and approves the Council's statutory accounts and the Annual Governance Statement;

**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;

**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;

**Chief Financial Officer s151**– 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;

**The Monitoring Officer** – ensures that the Council's decisions are lawful and comply with the Code. To report on any maladministration or injustice where the Local Government Ombudsman has carried out an investigation. To establish and maintain registers for member interests and gifts and hospitality. To advise members on the interpretation of the code of conduct for members and co-opted members. The MO has overall responsibility for the operation of the Whistleblowing Policy and contributes to the effective management and governance of the Council;

**Internal Audit** – deliver a programme of risk based audit activity, counter fraud and investigation services. They provide independent assurance and 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;

**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.

**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;

## 6 What are the key elements of Gloucester City Council's Governance Framework?



The tables below is a summary of the Council’s compliance to the CIPFA-SOLACE Framework principles. The following pages include the actions, behaviours and known weaknesses raised by internal officers as part of the financial issues work first reported in September 2025 and the External Auditors recommendations issued October 2025.

<b>Principle A</b>
<b>Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.</b>
<p><b>Behaving with Integrity</b></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>The Council has an Audit and Governance Committee to promote high standards of member conduct.</p> <p><b>Demonstrating Strong Commitment to Ethical Values</b></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"> <li>- Register of disclosable conflicts of interests;</li> <li>- Declarations of disclosable conflicts of interests and disclosable other interests at the start of meetings; and</li> <li>- Registers of gifts and hospitality.</li> </ul> <p>A corporate complaints procedure exists to receive and respond to any complaints received. The Council seeks to deter and prevent fraud, corruption and irregularity and, if suspected, this is thoroughly investigated.</p> <p><b>Respecting the Rule of Law</b></p> <p>The <u>Constitution</u> sets out the decision making powers of Members, Committees and officers.</p> <p>The Council has a duty to appoint three of its staff to specific roles, these being:</p> <ul style="list-style-type: none"> <li>• The Head of Paid Service – Managing Director</li> <li>• The Chief Financial Officer(Section 151) – Head of Finance &amp; Resources</li> <li>• The Monitoring Officer – Head of Policy &amp; Governance (on an interim basis)</li> </ul>
<b>Principle B</b>
<b>Ensuring openness and comprehensive stakeholder engagement.</b>
<b>Openness</b>

The Gloucester City Council Corporate Plan 2025-2028 sets out key objectives, actions, projects, measures and targets. It is monitored through performance reports to Cabinet and Overview & Scrutiny, which are publicly available.

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 Comprehensively with institutional Stakeholders**

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.

### **Engaging Stakeholders effectively, including individual citizens and service users.**

The priorities for the Council are set out in the Corporate Plan, which was itself the subject of public consultation.

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. The JSP is being superceded by a Strategic Local Plan which is currently in the process of production by the same local authorities.

Gloucester City Plan (GCP): This sits beneath the JSP and provides a more detailed planning framework for the period 2025-28.

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, Overview and Scrutiny Committee and Cabinet. The financial issues reported in September 2025 and the External Auditors Statutory Recommendations issued in October 2025 highlighted weaknesses with the financial management and reporting processes. These were addressed in part during 2025-26 with the Money Plan revised to include updated reserves position following the completion of the 2023-24 and 2024-25 Statement of Accounts. This led to an application for Exceptional Financial Support (EFS) for £15.5m covering 2024-25, 2025-26 and 2026-27.

### **Sustainable economic, social and environmental benefits.**

The Money Plan identifies and implements efficiency savings across the organisation in a systematic and considered manner. To deliver a balanced budget for 2026-27 EFS was required along with £1m in reductions/increased income.

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.

Following the Section 151 Officer's findings reported to Members in September 2025 and December 2025 along with the External auditor's letter in October 2025 issuing three statutory recommendations, the Council reacted immediately updating the Money Plan, applying for EFS, revising the budgets for the high risk functions and relaunching a budget monitoring process. This was not operating throughout 2025-26 but was introduced in response to the financial issues. Therefore it is the view of this Council that Principle C was 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.

Public Consultation is undertaken to ensure that feedback from citizens and service users are fully considered when making decisions about service improvements/changes.

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

#### **Planning interventions**

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. This was updated during 2025-26 following the financial management and reporting issues. This led to the application for EFS funding in December 2025.

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. This will continue to improve during 2026-27 to ensure budget officers take ownership of their budgets.

## **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. During 2025-26 capacity issues were identified in the Finance and Property Services. Additional funding was approved in the 2026-27 budget for increasing the capacity and capability in these services to deliver the improvements required in the EFS recovery plan and to meet the External Auditors statutory recommendations.

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.

### **Developing the capability of the Council's leadership and other individuals**

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. Members of the Audit & Governance Committee have requested additional training to assist them in delivering their role which is crucial with the recovery challenges for this Council. Training has been organised.

The Council's Performance Development review is an annual Appraisal, six-month review and regular 1:1 meetings for all leaders and employees. It is an opportunity to reflect on how the individual is performing, what is going well and also where the individual may need support or development. 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.

Capacity and capability issues were highlighted during 2025-26 and additional funding has been approved for the Finance and Property services. A new structure was proposed and approved by members in March 2026 and this is being progressed. Additional interim support has been in place to assist with preparing the 2024/25 and 2025/26 statement of accounts to meet statutory reporting obligations. Given the progress made Principle E is being met but further actions will be included in this statement to ensure this work is completed.

## 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 Risk Register has been reviewed to ensure it is fit for purpose and this was used to inform the Internal Audit plan.

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 was completed in April 2025 and implementation of the report's recommendations will enhance the Council's business continuity planning.

The AGC monitor the adequacy of risk identification, monitoring and control of strategic and operational risk within the Council.

#### **Managing Performance**

The Gloucester City Corporate Plan for 2025-2028 outlines the three strategic priorities:

- A vibrant and attractive city.
- Inclusive, thriving communities.
- An innovative and accountable council.

This plan include its priorities and performance measures. Priorities are monitored through the Council's performance, programme and project management framework and overseen by the relevant Committees and Cabinet.

Officers hold bi-monthly performance meetings with their relevant Cabinet Portfolio Holder. SMT hold quarterly performance clinics to monitor and manage performance.

#### **Robust Internal Control**

The internal audit service is provided by ARA and is 100% compliant with Public Sector Internal Audit standards.

Improvement areas have arisen during the year from IA activity, actions plans have been agreed with management and the recommendations are monitored to ensure they have been implemented. In response to the financial issues raised during 2025 IA were asked to complete an advisory review on the Management and Oversight of the financial position and this was reported to Cabinet and Council in December 2025. The plan was also changed to include a Financial Reconciliations and controls audit in response to the issues raised.

**Three lines of assurance risk assurance model in place as detailed in section 3 of the AGS.**

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 when sharing data 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**

Following the Section 151 Officer's 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 effective leading to issues with the quality of the financial information being presented. A new budget monitoring process was introduced in December 2025 along with a revised budget exercise for services with significant variances. This process engages with the budget officers with monthly meetings and reporting to SMT.

The money plan was also updated to ensure reserves matched the Statement of accounts and general ledger, this led to an application for EFS support in December 2025. The Council has an agreed recovery plan with the MHCLG which includes robust budget monitoring, ensuring the financial statements are completed within the statutory deadlines, surplus asset disposal and ensuring the capacity is in place in Finance and Property. All of these actions are being progressed and monitored closely by SMT and members.

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. Due to the backlog across the country and the issues with the cyber attack creating delays this Council has had disclaimed audits for 2021-22 to 2024-25. The plan is for the External Auditors to complete a full audit of the 2025-26 accounts before the backlog deadline 31<sup>st</sup> January 2027. This will assist with increased assurance and the recovery journey for this Council.

Principle F was not fully complied with due to the lack of financial management and budgetary control. This will continue to improve during 2026-27.

## **Principle G**

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

#### **Implementing good practices in 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.

## **Implementing Good Practices in reporting**

The Annual Statement of Accounts provide information on the Council's stewardship of public money for the year. The Council has published all SOAs for previous years and the 2025-26 SOA will be published on 30<sup>th</sup> June 2026 to meet the statutory deadline for the first time since 2020/21. This puts the Council back to the regular reporting timescales and a full audit will take place by the backlog deadline of 31<sup>st</sup> January 2027.

The AGS reports on the effectiveness of the Council's governance arrangements against the key principles set out within the Code. This will be published along with the accounts 30<sup>th</sup> June 2026.

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.

The AGC provide independent assurance to the Council on the adequacy and effectiveness of the governance arrangements and internal control environment operating within the Council.

Risk based internal auditing provides ongoing assurance that the key risks material to achieving the Council's objectives are being managed.

## **7. How has the Council addressed the Governance improvement Actions from 2024/25 AGS?**

Due to the delay with the Statement of Accounts for 2024/25 being published, and therefore the delay in the Annual Governance Statement being completed the actions identified were detailed as issues for the Council's attention in 2025-26 with a number being delivered in 2026/27. The list is detailed below:

Issue	Action to be taken in 2025-26 (into 2026-27)
Local Government Reorganisation (LGR)	<p>It is understood that the government Minister will determine in July 2026 before summer recess the preferred option.</p> <p>The risks for the Council going forward are:</p> <ul style="list-style-type: none"> <li>• Uncertainty, which could affect short and medium term decision making, for example whether to invest in upgrades for IT and software;</li> <li>• Members' and officers' focus on the Council's strategic aims, service delivery, risks, internal control and governance processes could be adversely affected;</li> <li>• 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".</li> </ul> <p>The Council should recognise these and other risks posed by LGR and include these, along with mitigations, in its Strategic and Operational risk registers as appropriate</p> <p><b>Action for review of risk register included in Section 8 key governance issues in 2025-26 with a target date December 2026.</b></p>
Code of Corporate Governance	<p>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 2025-26.</p> <p>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.</p> <p><b>Action included in Section 8 key governance issues in 2025-26 with a target date March 2027.</b></p>
Capacity	<p>Manager Assurance Statements identified that during 2025-26 the Marketing, Finance and the Asset Management Teams had been short of capacity. This was also identified during 2025-26 as part of the review into finance capacity and the external auditors statutory recommendations.</p> <p>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 &amp; Property in the 2026/27 budget. A recruitment process is in progress.</p> <p>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</p>

	<p>will become more challenging with the uncertainty of the impact of LGR.</p> <p><b>Action included in Section 8 key governance issues in 2025-26 with a target date September 2026.</b></p>
Leasing	<p>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.</p> <p>The Council should expedite the agreement of the lease with the contractor.</p>
Council tax procedures	<p>A Manager Assurance Statement identified that council tax procedures need to be reviewed and refreshed. The Council completed this in September 2025.</p>
Data sharing	<p>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 was completed in 2025-26.</p>
External Auditors Statutory Recommendations.	<p>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 assist with the actions needed to strengthen the Council's governance, internal control and risk management over these areas.</p> <p><b>The Statutory recommendations will be fully met in 2026-27 as detailed in Section 8 of this AGS.</b></p> <ul style="list-style-type: none"> <li>• Additional Capacity and capability in the Finance Service.</li> <li>• Robust budget monitoring process introduced December 2025.</li> <li>• Statement of Accounts 2025/26 complete and published by the statutory deadline.</li> </ul> <p>The Council also has the Exceptional Financial Support (EFS) recovery plan to deliver this, which is monitored by MHCLG and includes improvements in governance arrangements.</p>

## 8. What are the key 2025/26 Governance matters identified?

The Council has identified the following governance issues and improvement actions for 2025/26, a number of these come from the manager assurance statements. Issues identified have commenced but will be completed during 2026/27.

Issue	Planned action	Lead officer	Target date
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Financial sustainability and medium-term planning	Continue to update the Medium Term Financial Strategy, deliver the EFS recovery plan. Strengthen savings delivery oversight and maintain transparent budget reporting to members.	Section 151 Officer	February 2027
Capacity and capability within the Finance and Property Teams	Progress the recruitment process to fill the approved posts within the structure. To ensure the improvements are delivered whilst recruitment takes place appoint interim support for closure of accounts, budget monitoring	Section 151 Officer/Director of Place, Assets & Regeneration.	September 2026
Risk Management	Complete the review of the strategic risk register and develop a clear process for risk management at the Council in line with the findings from the IA risk management.	SMT	December 2026
Financial Reporting	Complete the 2025-26 Accounts and publish 30 <sup>th</sup> June 2026. Work with the External Auditors to ensure a full audit is complete by the backlog deadline 31 <sup>st</sup> January 2027	Section 151 Officer	June 2026 January 2027
Financial Monitoring and reporting Processes	New Budget monitoring process introduced in December 2025. This process will evolve providing quality and timely data to budget officers, SMT and Members.	Section 151 Officer	September 2026
Delays with Data available in Techforge for monitoring repairs, H&S, compliance and landlord and tenant relationships.	H&S Officer in post and completed an audit. Actions have been taken and further actions are being identified by an independent audit. A new Asset Management team structure will provide resources and expertise required.	Property Investment Manager	September 2026.
Workforce capacity and organisational resilience across the Council (particularly with LGR)	Review workforce planning arrangements for priority services and strengthen succession, recruitment and retention actions.	Managing Director	March 2027
The Code of Corporate Governance needs updating	This will be updated and presented to members	Head of Policy & Governance	March 2027

During 2026/27 the Council will continue to develop its governance arrangements to respond to financial pressures, changing resident expectations, service transformation, partnership delivery, technological change and evolving regulatory requirements. The Council will ensure

that governance remains proportionate, transparent and focused on delivering outcomes for residents, businesses and communities.

Progress against the improvement actions in this statement will be monitored during the year and reported through the Council's management and member governance arrangements.

## **9 Certification**

The annual review has assessed the Council's governance arrangements in place during 2025-26. To the best of our knowledge, the governance arrangements as defined above and within the Council's Local Code of Corporate Governance have been operating effectively with the exception of the issues detailed within sections 6, 7 and 8 of this Annual Governance Statement. 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 has had a significant impact on the Councils governance arrangements and improvements were put in place immediately with some still being progressed, all of which are documented within this AGS.

We propose over the coming year to take steps to address the issues detailed to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified and we will monitor through SMT, AGC, Cabinet and Council to ensure they are delivered.

We will also ensure that the AGS is current at the time of publication and reflects any further impacts on governance.

Signed: \_\_\_\_\_

**Jeremy Hilton**  
**Leader of the Council**

**Date 30.06.2026**

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**Jon McGinty**  
**Managing Director**

**Date 30.06.2026**