



**ANNUAL GOVERNANCE
REPORT 2022-23
– DRAFT
JULY 2023**

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Gloucester City Council – Annual Governance Statement 2022-23

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 2023, 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 2022-23 and any changes planned for 2023-24.
- 1.7 The Council's Statutory Officers are the Managing Director (Head of Paid Service), Director of Policy and Resources/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 2022-23 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 – 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 Director of Policy and Resources/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 Confidential Reporting Procedure (Whistleblowing) 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 accounts, the AGS and arrangements for securing economy, efficiency and effectiveness in the use of resources (the value for money conclusion);
- 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 Council’s governance framework has operated effectively throughout 2022-23 and up to the date of approval of the annual statement of accounts and the AGS.

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 Code of Conduct. The MO advises on the Code.</p> <p>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.</p> <p>The Codes are regularly reviewed to ensure they operate effectively. The Corporate Governance Group oversees ethical conduct.</p>

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 Council Plan 2022-2024](#) 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](#).

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. 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): Gloucester is a transforming, growing and regeneration City. The JCS and the GCP provide a development framework for the City's growth up to 2031.

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.

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.

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.

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

[Gloucester City Council Plan 2022-2024](#) outlines the Council's four clear priorities: Working to create a vibrant and prosperous city, to maintain a safe and attractive city, to build strong and resilient communities and to provide great services that ensure Value for Money.

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](#).

External Audit report on the [Council's financial statements](#) and the [AGS](#). They provide an opinion on the accounts and arrangements for securing economy, efficiency and effectiveness in the use of resources (value for money).

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.

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 is overseen by the AGC;
 - v. The work of the External Auditor – including the annual Audit Results and further 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 2021-22.

4.1 In the AGS for **2021-22**, the following governance issues were highlighted:

Governance Issue	Actions taken in 2022-23
Future Financial Sustainability and Efficiency Savings. Lead Officer – The Director of Policy and Resources.	This is business as normal.
Covid-19 Impact Lead Officer – The Director of Policy and Resources.	Covid-19 is no longer a significant risk to the Council.
Cyber Security and Resilience	The Council has almost fully recovered from the cyber incident. The peer review group praised the Council for its response and recovery to the cyber incident.
Office move in 2022-23	The Council’s office move was successfully completed.
Financial Resilience	The Council’s finances are monitored as part of normal business. The risk of the Council issuing a Section 114 notice is low.
Risk Management	ARA will undertake follow up work for the Risk Management audit that was undertaken in 2022 and report progress on implementation to the ASC. ARA have commenced work on the production of an Assurance Map which will be presented to management and the Committee.
Hybrid working	This is business as normal.

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 and governance arrangements. 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 Council staff have embraced hybrid working patterns and the risks arising from cyber security, of electronic document sharing and data protection (GDPR) legislation continue to be monitored. This is supported with regular staff awareness and training programmes.

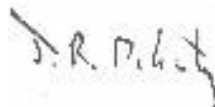
6. Governance Issues Requiring Attention in 2023-24.

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 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>ICT</p>	<p>The Council has almost fully recovered from the cyber incident. Over the course of the last year the Council has maintained service delivery. Indeed the Peer Review report commends the Council for its response to the cyber incident.</p> <p>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.</p> <p>These measures will enable the Council to better deliver services in many areas.</p> <p>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.</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>

7. Certification

- 7.1 To the best of our knowledge, the Council’s governance arrangements and the local Code of Corporate Governance have operated effectively throughout 2022-23.
- 7.2 The most important issue in 2021-22 was the cyber security incident. This was a highly sophisticated cyber-attack that any organisation could have succumbed to. Throughout 2022-23, the Council demonstrated its resilience by responding swiftly. Working with government agencies and IT experts, the Council promptly enhanced its IT security, and will be more resilient to such incidents in the future.
- 7.3 The Council will continue to be vigilant to IT and other risks, address these accordingly, and further enhance governance arrangements as appropriate.
- 7.4 The Council will ensure that the AGS is current at the time of signing. Should a different conclusion on the adequacy of governance arrangements during this period be necessary, then any potential impacts will be highlighted in the AGS.
- 7.5 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.
- 7.6 We, the undersigned, are satisfied that appropriate governance arrangements are in place. We propose over the coming year to continue to review and, where appropriate, enhance the Council’s governance arrangements.



Signed:

Richard Cook
Leader of the Council

Jon McGinty
Managing Director

Date: 30th June 2023

 30th June 2023

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

