

# Annual governance **statement**

**2022-2023**



September 2023

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## Scope of responsibility

Tewkesbury Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. In discharging this overall responsibility, the council is responsible for putting in place proper arrangements of its affairs, facilitating the effective exercise of its functions, and which include arrangements for the management of risk.

The Accounts and Audit Regulations (2015) require an authority to conduct a review at least once a year of the effectiveness of its system of internal control and include an Annual Governance Statement reporting on the review with the Statement of Accounts. The Chartered Institute of Public Finance and the Society of Local Authority Chief Executives (CIPFA/SOLACE) 'Delivering Good Governance' publication (2016) describes principles of good governance to be applied in the public sector. This document is based upon the seven core principles that underpin the CIPFA/SOLACE governance framework.



## COVID-19

The impact on the council's internal control environment in responding to and recovering from the pandemic has been prominent within previous statements. This AGS will only touch briefly upon this as the council has successfully delivered the bulk of the corporate Covid-19 recovery plan. This is reflected upon the closure of this plan and the merging of the few outstanding actions back into the Council Plan.

As always, the AGS has been completed in accordance with relevant guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). In completing this year's AGS, it is recognised that during 2022/23 the council is in a stronger organisational position than when it was first exposed to the impact of the pandemic in early 2020. Therefore, aspects of previously issued CIPFA guidance are no longer relevant. For example, potential delay of the Chief Audit Executive's (CAE) annual audit opinion, related limitations of assurance and lessons learnt – all these were reported during 2021/22.

With regards to the CIPFA, April 2022 guidance (bulletin 10), the key point to note is that authorities should continue to consider the impact of the COVID-19 pandemic on their governance arrangements. They should refer to any significant impacts and adaptations in the year:

- Adaptation to reflect new ways of working or emergency arrangements
- changes to 'business as usual' activities
- longer-term changes to priorities, programmes, strategies, and plans.

## Post Covid-19

At the point of writing last year's statement, it was remiss not to mention other emerging factors that placed significant demand upon the council's resource. For example, the delivery in the first six months of the year of the government's 'Council Tax Energy Rebate Scheme'. Similar to the Covid-19 response a separate cell was set up involving officers from Revenues and Benefits, Finance, Customer Services and Communications. Over 30,000 payments were made to our residents through the core scheme with up to a further 1,000 residents being paid through the discretionary scheme. In addition, there is the ongoing delivery of the government's 'Alternative Fuel Grant' – over 500 payments have been made totalling in excess of £140,000.

In addition, resources have also been deployed to support the 'Homes For Ukraine Scheme'. A similar cell approach has been formed involving colleagues from Revenues and Benefits, Environmental Health and Housing, Finance, Customer Services and Communications. To date, the cell has facilitated the onboarding of nearly 70 hosts and processed over 770 payments totalling £240,000.

Impacting upon the council during the year was the 'Cost of Living Support'. This has directly impacted services, individual residents, communities, business and our own staff and Members. The rising costs of energy, food, mortgages and other essentials have put many households at greater risk of both immediate hardship and reduced opportunity and wellbeing. The financial impact of the rise in inflation upon the council's finances is significant.

Inflationary pressures will impact all aspects of the council's business from expenditure on providing services to reductions in income and on to the viability of future capital and revenue schemes which support our ambitions and priorities. In short, it will cost more to provide the same level of services and, without additional government support, which is considered highly unlikely, it will mean the council will need to recognise an increased gap between the resources available and the cost of services and will need to take the necessary steps to close that gap.

A report was taken to the council's Executive Committee on 5 October 2022 emphasising this impact and the council's response, particularly in relation to our residents and communities. The impact upon the council was also added to the council's corporate risk register. Quarterly financial reports have continued to be presented to Members during the year to ensure the Council's budgetary position is transparent.

## The purpose of the governance framework

The governance framework defines the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. The framework defines the principles that underpin good governance, providing a structure to help individual authorities with their approach to governance.

Governance structures and partnerships should be tested against the principles contained in the framework by:



- Reviewing existing governance arrangements.
- Developing and maintaining an up to date local code of governance, including arrangements for ensuring ongoing effectiveness.
- Reporting annually on compliance with the local code and how the effectiveness of governance arrangements have been monitored.

Delivering Good Governance in Local Government 2016 identifies the following core principles (which are supported with a raft of sub principles): -

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- Ensuring openness and comprehensive stakeholder engagement.
- Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- Managing risks and performance through robust internal control and strong public financial management.
- Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

Examples of key elements of the structures and processes that comprise a council's governance arrangements include:-

- Codes of conduct that define standards of behaviour for members and staff and policies such as whistleblowing and anti-fraud and corruption and these codes are communicated effectively.
- Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.
- Documenting a commitment to openness and action in the public interest.
- Developing and communicating a vision which specifies intended outcomes for citizens and service users and is used as a basis for planning.
- Translating the vision into courses of action for the authority, its partnerships and collaborations.
- Reviewing the effectiveness of the decision-making framework, including delegation arrangements, decision-making in partnerships, information provided to decision makers and robustness of data quality.
- Defining and documenting the roles and responsibilities of members and management, with clear protocols for effective communication in respect of the authority and partnership arrangements.
- Management arrangements that conform with the governance arrangement of CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015) and the CIPFA Statement on the Role of the Head of Internal Audit (2019).
- Ensuring effective arrangement are in place for the discharge of the monitoring officer function and head of paid service function.
- Reviewing the effectiveness of the framework for identifying and managing risks and for performance and demonstrating clear accountability.

- Ensuring effective counter fraud and anti-corruption arrangements are developed and maintained.
- Ensuring an effective scrutiny function is in place.
- Undertaking the core functions of an audit committee.
- Ensuring that the authority provides timely support, information and responses to external auditors and properly considers audit findings and recommendations.

## The council's governance framework

The council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. A high level review is undertaken by the Corporate Governance Group (CGG) and is based on the sources of assurance that are demonstrated within the diagram in appendix 1 – the council's governance framework. The review of effectiveness is mainly informed by the work of senior management who have responsibility for the development and maintenance of the governance environment, internal and external audit reports plus third party assurance where relevant.

As reported previously, the council's strong footing across a number of areas saw a successful recovery from the pandemic and overall, the council's governance framework remained resolute. We have had to adapt and work flexibly to ensure good governance has been maintained as a result of factors such as organisational change. Although not an exhaustive list, these include the following:

- Successful recruitment of a new chief executive.
- The successful delivery of the council's COVID-19 Corporate Recovery Plan and transition back to one strategic Council Plan.
- Recent implementation of a new management structure including a new Audit and Governance team.
- Successful delivery of local elections and the induction of a new Council.
- In light of COVID-19, the review and refresh of current and key strategies such as the communication's strategy, customer care strategy, digital programme and Housing Strategy.
- The permanent deployment of new HR policies such as 'Agile Working' - in tandem with technology which supported the organisational development response to COVID-19. Moving forward, this supports the opportunities provided through hybrid working.
- Review and approval of governance related policies and strategies. For example, Data Protection policy, Management of Change policy, Counter Fraud and Anti-Corruption policy, Capability policy etc.
- The continued delivery of service-related reviews such as Development Management and Licensing (with governance related work streams).
- Project management governance has seen the delivery of significant transformational projects such as the solar canopy, planning application tracker, HR automation, Data requests and internal systems such as staff safety register and room bookings.
- Despite a backdrop of uncertainty over local government funding and a challenging economic landscape, the continued delivery of

sound financial management and financial reporting.

- The internal audit team became operational again.

The CGG then considered progress on the delivery of the significant governance issues reported within the 2021/22 AGS. These are summarised below:-

### **Community Infrastructure Levy (CIL)**

Whilst CIL is 'live', and a number of recommendations from a previous internal audit report have been implemented, for example the approval of an Infrastructure Funding Statement, the proposed governance arrangements between the three partner councils have yet to be approved. The formalisation of arrangements between partners will lead to better negotiation of CIL priorities and delivery for communities. An internal audit conducted in April 2023 confirmed arrangements have yet to be formalised. **This action remains outstanding and will be carried forward as a significant governance issue.** A very similar recommendation on formalising governance arrangements was also made within the external auditor's 2020/21 annual report.

### **Local Code of Corporate Governance**

To achieve good governance, the council should be able to demonstrate that its governance structures comply with the core and sub-principles contained within the 'Delivering good governance framework 2016'. To achieve this, the

council's local code of governance should reflect these principles. The local code therefore needs to be updated to reflect these principles. Due to priority being given to the Covid-19 recovery this has yet to be undertaken. **This action remains outstanding and will be carried forward as a significant governance issue.**

### **Effective recovery of the internal audit function**

The internal audit team became operational for the whole of 2022/23 following re-deployment to the Covid-19 Business Cell for the previous two years. The team has an approved work plan approved by the Audit and Governance Committee. This will enable the Chief Audit Executive to issue an annual opinion and should enable the external auditors to place greater assurance on the adequacy of the council's internal control environment. As part of the new management structure, a new Head of Audit and Governance role has been created to provide organisational resilience in these areas. As a result, this is no longer deemed as a significant governance issue.

### **Implementation of the CIPFA Financial Code**

The Chartered Institute of Public Finance and Accountancy (CIPFA) published the Financial Management Code (the Code) in October 2019. The Code is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. Each local authority must demonstrate that the requirements of the Code are being satisfied.

Originally, local authorities were required to apply the Code with effect from 1 April 2020. After further considerations of the ambition within this Code, and the wider resource challenges facing local authorities, particularly during the COVID-19 crisis, CIPFA concluded that by 31 March 2021, local authorities should be able to demonstrate that they are working towards full implementation of the Code. The first full year of compliance with the Code would therefore be 2021/22. However, due to unprecedented pressures on the Council's services caused by COVID-19, the decision was taken to delay the full implementation of the Code until 2022/23.

As a first step towards ensuring that the council meets the Code in 2022/23, the Chief Finance Officer presented a draft Assessment of Compliance to Audit and Governance Committee on 24 March 2022 with an annual update thereafter. The assessment was very positive, with a high degree of compliance in many areas.

Inevitably, the impact of Covid-19 has tested financial resilience and sustainability over the last couple of years and will continue to do so in coming years. For this reason, it is CIPFA's viewpoint the implementation of the Code remains a critical task. CIPFA further state there are clear links between the Code and the governance framework. For these reasons, **the implementation of the Code will remain as a significant governance issue as there are areas of improvement identified through the assessment.**

## Licensing Service Review

The review commenced in 2021/22 with four key work streams; digital solutions, governance, finance and human resources. The review was considered a significant governance issue for 2020/21 as the service is a key component of the council's regulatory

framework and the service had experienced long term resilience issues. Additionally, systems and processes required major improvement as they were compromising the ability of the council to deliver effectively on its statutory licensing service obligations. The purpose of the licensing function is ultimately public protection and therefore significant reputational damage could arise should the planned improvements not be made. **The on-going review will continue to be included as a significant governance issue though it is recognised excellent progress has been made to date.**

## UK Shared Prosperity Fund

During 2022/23, the UK Government announced the creation of the UK Shared Prosperity Fund (UKSPF), as part of the Levelling Up agenda. The fund aims to target funding to build pride in place, support high quality skills training, support pay, employment and productivity growth and increase life chances. The UKSPF outlines an allocation of funding for Tewkesbury Borough of £1,011,978 over a three-year period. To access these funds the council was required to develop an Investment Plan to be submitted by 1 August 2022. In light of the tight timescale, a report to Executive Committee on 6 July, recommended to prepare and submit the plan through delegated authority given to key senior officers and relevant lead members. This recommendation was approved and a plan duly submitted within timescale.

Funding is heavily weighted at the end of the three year programme (2024/25 allocation is £643,539) and the funding profile is split between revenue and capital expenditure (different % splits for each of the 3 years). Additionally, there is the



added complexity that various local partners and agencies will support delivery of the plan. The report eludes to a Local Partnership Group being set up to support delivery and that future governance arrangements will need to be agreed. **In light of the value of the fund, its profile and the necessity to ensure there is good governance this will be included as a significant governance issue.**

### **Equality and Diversity**

The review of the council's Equality, Diversity and Inclusion framework remains outstanding. It is the intention to use the Local Government Association's 'Equalities framework for Local Government (EFLG)' as the basis of an action plan to direct the review. Whilst the council is confident it complies with legislation it can always do more to make the whole agenda part of core business and actually demonstrate this compliance. **This will remain as a significant governance issue.**

### **Fraud Risk Registers**

The council has a zero tolerance attitude to fraud and corruption related activity. There are effective counter fraud arrangements in place through the work of the Counter Fraud and Enforcement Unit (CFEU) and internal audit, various policies are in place and reviewed regularly such as the counter fraud and anti-corruption policy, gifts and hospitality policy, whistleblowing policy and declaration of interests/other employment etc. The council also participates in national fraud initiatives.

Without resting on its laurels, these arrangements were to be strengthened further with the production of fraud risk registers for each service area. This was an action within the work programme of the CFEU

for 2022/23. This will include considering national and local emerging fraud risks, good practice in processes and procedure, and possible areas of risk mitigation. A service specific risk register will then be developed with overall risk scores that can be assessed, monitored and reviewed. **This work has yet to be delivered so will remain as a significant governance issue.**

In the overall conclusion of the CGG, there is an acknowledgement of responsibility for ensuring there is a sound system of governance (incorporating the system of internal control) and broadly the framework is sound and arrangements are considered to be fit for purpose. The framework is extensive, complex and given the changing environment, there will always be areas where governance can be strengthened. It would be unrealistic to expect all aspects of governance to be operating 100% effectively, 100% of the time. A further review will be undertaken by the CGG prior to submitting the AGS for final approval by the Audit and Governance Committee.

### **Emerging issues**

The CGG considered any emerging issues that should be considered for inclusion. The group were satisfied that the corporate risk register was a reasonably accurate reflection of the key risks facing the council. There is sometimes debate on whether individual risks could constitute a significant governance issue also. The CGG were keen to ensure these are simply not regurgitated into the AGS. There is equal merit in both documents being read alongside each other.

The CGG group also considered the annual audit opinion given by the chief audit executive. This was reported to Audit and Governance Committee on 19 July 2023. The assurance from the work undertaken during the year concluded that, overall, the council's governance, risk management and control environment for the areas audited is generally effective. This was on the basis that of 59 separate audit opinions issued during the year, the vast majority (55) were either reported as 'substantial' or 'reasonable' level of opinion. Of the four remaining recommendations, categorised as 'limited', only one had yet to be progressed at the time of the audit. This was related to the CIL governance which is a previously identified significant governance issue.

The CGG did however agree it would be remiss not to include within the AGS recognition of the governance improvements required to support the delivery of the Tewkesbury Garden Town programme. This was reflected within a gateway review undertaken by Cratus on three core elements of the programme and has made a series of recommendations to ensure the successful delivery of the next phase of the programme. Given the number (17) and significance of the recommendations made, in particular around governance, then for transparency **this should be included as a significant governance issue.**

Overall, in conclusion, whilst the council has a complex internal control environment, with varying nature of services, systems and processes the inclusion of the actions listed is proportionate for the size of the council. It is not a fully exhaustive list of every improvement action within the council.

**Significant governance issues**

2023-2024 Actions

Governance issue	Proposed action	Timescale	Responsible officer/group
<b>1</b> Community Infrastructure Levy (CIL)	Overall governance arrangements to be formalised between partners.	March 2024	Executive Director: Place
<b>2</b> Local Code of Corporate Governance.	Develop and approve a new code of governance.	June 2024	Director: Corporate Resources
<b>3</b> Compliance with the CIPFA Financial Code	Deliver outstanding actions identified within the self - assessment.	March 2024	Associate Director: Finance
<b>4</b> Licensing Service Review	Deliver the work streams identified within the service review project plan.	May 2024	Licensing Operations and Development Team Leader
<b>5</b> UK Shared Prosperity Fund	Ensure there are sound governance arrangements in place to oversee and support delivery of the investment plan.	March 2024	Head of Service: Economic Development and Tourism
<b>6</b> Equality and Diversity	Review and update the current policy and produce a supporting action plan.	December 2023	Associate Director: People, Culture, Performance Director: Corporate Resources
<b>7</b> Fraud Risk Registers	Produce service specific registers for high-risk areas.	March 2024	Counter Fraud and Enforcement Manager
<b>8</b> Tewkesbury Garden Town programme	Develop and embed governance arrangements for the programme.	March 2024	Executive Director: Place

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Signed on behalf of Tewkesbury Borough Council

Councillor Richard Stanley  
Leader of the Council

Date: September 2023

Alistair Cunningham  
Chief Executive

Date: September 2023

### Governance Framework – key documents/functions

- Council Plan & Covid-19 Recovery Plan
- Performance Management Framework
- Constitution & scheme of delegation
- Transform Programme
- Communication Strategy
- Constitution including financial procedure rules
- Record of Decisions
- Code of Conduct (Employees and Members)
- Officer and Member Protocols
- Code of Corporate Governance
- Risk Management Framework
- Counter Fraud and Anti-Corruption Policy
- Whistleblowing Policy
- Project management framework
- ICT Governance
- Procurement Strategy
- Contract Procedure Rules
- Medium Term Financial Strategy
- Treasury Management policy
- Annual Statement of Accounts
- Complaints Framework
- Equalities Framework
- Internal and External Audit
- One Legal

### Annual Governance Statement

Signed by the Leader of the Council and Chief Executive and published with the Statement of Accounts

### Review and approval of AGS by Audit and Governance Committee

### Council's assurance framework

### Corporate Governance Group

responsible for drafting AGS after evaluating assurance framework

### Review of the effectiveness of the system of internal control

### Performance management and transformation

- Service plans
- Council plan and performance tracker
- Performance indicators
- Complaints
- Transform programme

### Risk management

- Risk Management Strategy
- Corporate risk register
- Project management
- Business Continuity Plan
- Insurance

### Legal and regulatory assurance

- Monitoring Officer function
- One Legal
- Whistle blowing
- Health & Safety
- Anti-fraud & corruption policy

### Members' assurance

- Standards Committee
- Overview and Scrutiny Committee
- Audit and Governance Committee
- Declaration of interests
- Lead Member portfolios
- Code of conduct

### Management assurance

- Management Team meetings
- Corporate Governance Group

### Other source of assurance including 3rd party

- Ombudsman reports
- External reports e.g. peer review
- Shared services – client monitoring
- Counter fraud and enforcement unit

### Financial management

- Medium Term Financial Strategy
- Revenue and Capital monitoring
- Treasury Management Statement of Accounts
- Compliance with Codes of Accounting Practice
- Savings programme

### Internal audit

- PSIAS
- Compliance Reporting to Audit and Governance Committee
- Audit opinion and recommendations
- Corporate improvement work
- Consultancy & advice

### External audit

- Annual Plan
- Reporting to Audit and Governance Committee
- Audit Opinion and VFM conclusion
- Ad hoc reports
- Statement of accounts work

on-going assurance on adequacy and effectiveness of controls over key risks



**Alistair Cunningham**  
**Chief Executive**  
Tewkesbury Borough Council

