Annual Governance Statement



2025-2026

Tewkesbury
Borough Council

Annual Governance Statement

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Executive summary

Tewkesbury Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. Public money should be 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 and facilitating the effective exercise of its functions. This includes arrangements for the management of risk.

Regulation 6(1) (a) of the Accounts and Audit Regulations 2015 (and subsequent amendment regulations of 2020, 2021 and 2022) require an authority to conduct a review at least once in a year of the effectiveness of its system of internal control. This requires a statement, reporting on the review with any published Statement of Accounts. The requirement for a local authority, the statement is an Annual Governance Statement (AGS).

In England, the Accounts and Audit Regulations 2015 stipulate that the AGS must be 'prepared in accordance with proper practices in relation to accounts'. Therefore, a local authority in England shall provide this statement in accordance with the 'Delivering Good Governance in Local Government: Framework (2016)'. The AGS should also give consideration to the CIPFA addendum published in May 2025. The addendum is the first update of the guidance since 2016. Succinctly, it provides greater detail on the annual review and reporting requirements.

The AGS is an accountability statement. It provides an opinion on whether the governance of the authority was fit for purpose during the year it relates to, following a review of its effectiveness. It identifies any significant governance issues occurring during the year or from the review, and it provides a commitment to address those matters. It can also include any issues arising up to the date of producing the final document. It is signed by the Chief Executive and Leader of the Council to ensure top-level commitment to the improvement of governance and assurance.

In terms of an overall opinion for 2025/26 this has concluded that the effectiveness of the council's governance arrangements is satisfactory. This follows a high-level review by the Corporate Governance Group who took account of the sources of assurance provided during the year. This assurance arises through the work of internal audit, external audit, counter fraud and enforcement unit (CFEU), the council's finance team and corporate reporting processes such as risk management, data protection, complaints, and health & safety.

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 councils with their approach to governance.

The last few years have tested the governance framework of many councils. Pressures on financial resources, general customer demand, the necessity to transform and innovate coupled with an increased cyber threat, cost of living pressures and Local Government Re-organisation (LGR) means those charged with governance will have to continue to make difficult decisions. The robustness of governance arrangements is of paramount importance to enable councils to continue to make decisions with high quality and timely information, and with a good understanding of risk.

The impact of LGR cannot be underestimated upon the resources of the council. Maintaining an effective internal control environment, ensuring the council remains safe and legal, up to the vesting date of the new unitary council is a necessity. To support the council's transition to unitary status ensuring business continuity and service stability throughout the transition an internal 'Future Ready' program has been established. The work streams within the program have been aligned to the wider countywide 'Future Gloucestershire' programme of work.

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 officers and policies such as whistleblowing and anti-fraud and corruption and these are communicated effectively.
- Ensuring compliance with relevant laws and regulations, policies, and procedures. In addition, expenditure is lawful.
- A commitment to openness and transparency and action in the public interest.
- Developing and communicating a vision which specifies intended outcomes for residents and service users.
- 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 considers audit findings and recommendations.
- Ensuring there are effective governance arrangements in place for key programme delivery such as Local Government Reorganisation

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 diagram 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.

The CGG recognised the Council continues to operate in a period of significant change and uncertainty across the public sector generally. LGR represents a very difficult challenge, whilst also presenting the opportunity to re-wire local government for the ultimate benefit of our residents. Gloucestershire councils have invested major resource over the last 24 months to work collectively on proposals for future unitary arrangements. The Council has needed to maintain effective day-to-day governance whilst significant resource, particularly at senior office level has been deployed to LGR. This has been a significant challenge given the size of the council and its limited resource.

Whilst devoting resource to the LGR transition, this has not meant the council standing still in terms of governance improvements or overall ambition in the way it delivers services. Although not an exhaustive list, the CGG noted the following:

- The setting up of the 'Future Ready' LGR programme to ensure the organisational transition to the new unitary council.
- Consideration by Full Council of Devolution, Foundation Strategic Authorities and Spatial Development Strategies – strategic context and options for Gloucestershire.
- The Council Plan has been refreshed to provide a clear focus through to 2028, ensuring it remains relevant and deliverable against the backdrop of LGR.
- Endorsement of the single unitary council for Gloucestershire and the council's ongoing collaboration and commitment to the countywide 'Future Gloucestershire' programme.
- Approval of a Medium-Term Financial Strategy (2027/28-2029/30) to maintain financial stability to vesting date of the unitary.
- Community Infrastructure Levy (CIL) governance – approval of revised Terms of Reference for the Joint Committee and hosting arrangements.
- New recruitment for independent persons to the Standards Committee.
- The continued implementation of lessons learnt in relation to the cyber incident.
- Adoption of a new Artificial Intelligence (AI) policy.
- Adoption of a new Internal Audit strategy.
- Continued development of the effectiveness of the Overview and Scrutiny Committee and the committee's support to driving improvement.
- Tewkesbury Garden Communities Governance – refresh of appointments to the oversight board and early consideration of governance arrangements for the new development company.
- Adoption of a new climate change framework supported with an improved corporate approach to improving the climate change scorecard.
- Agreement of future delivery model for Ubico.

With regards to the significant governance issues reported within the 2024/25 AGS, the CGG considered the progress in delivering those actions. Any that remain outstanding, it was agreed these would be carried forward to the current year's AGS. A high-level overview as to the status of those actions are as follows:

Action 1 – Equality, Diversity and Inclusion

As reported to the Audit and Governance Committee on 25 March 2026 this action is **complete**. A draft policy and action plan was endorsed by the Audit and Governance Committee on 10 December 2025 and subsequently approved by Executive Committee on 7 January 2026.

Action 2 – Fraud Risk Registers

As reported to Audit and Governance Committee on 17 June 2026 this is fundamentally **complete** as draft registers have been produced for the higher risk service areas.

Action 3 – S106 Improvement Plan (incl reconciliation)

Whilst an action plan and project initiation document have recently been produced to set out the scope and milestones of the project, resource to deliver the project has yet to be ascertained. The Audit and Governance Committee at their meeting on 17 June 2026 requested an update of this project for their September 2026 meeting. The action therefore remains **outstanding** and will remain as a significant governance issue.

Action 4 – Building Control Governance

Progress is being made to improve the governance arrangements but not as quickly as expected. Whilst the Joint Management Liaison Group (JMLG) has been re-established and the membership refreshed the JMLG has not met regularly during 2025/26. The JMLG will have responsibility for providing oversight of the internal audit recommendations around a new a new S101 agreement and service specification. The service is also committed to an independent finance review that will be undertaken by the Local Authority Building Control (LABC). The action therefore remains **outstanding** and will remain as a significant governance issue.

Action 5 – Member Development

As a result of LGR and in the absence of a formal development plan, Members continue to be offered a range of development opportunities including briefings, seminars, and training sessions. Officers have met with Group Leaders to identify key areas for development to inform a scaled back plan. Over and above, the more routine type training and development sessions, only one new area was put forward i.e. Artificial Intelligence (AI) awareness. This session is currently being organised. The action is therefore **complete.** To note, the very recent government announcement on pausing the LGR process whilst it undertakes a review of proceedings. This also included confirmation that councils should prepare to deliver any location elections that were due in 2027. This inevitably means developing the new member intake through a formal induction programme.

Action 6 – Local Government Reorganisation

As reported to Audit and Governance Committee on 10 December 2025 the action to re-configure the Transform Working Group to a Future Ready Working Group is **complete.** A new Terms of Reference to reflect this was approved by Executive Committee on 8 October 2025. The purpose of the group is to oversee the delivery of the 'Future Ready' programme. Until there is clarification on the scope and timelines of the government's pause and review of LGR proceedings the 'Future Ready' programme remains relevant.

Action 7 – Artificial Intelligence (AI)

Following approval of the AI Policy by Council on 30 September 2025 raising awareness across the council on the benefits and risks of AI and developing a suite of acceptable use was identified as a significant governance issue. A number of actions have been completed during the year including the introduction of an AI approval process supported with an approved use register, rollout of internal communications and acceptable use. A current action is the setting up of training for both officers and members. This will be **carried forward** as a specific action within this year's AGS.

Emerging issues

The CGG undertook a high-level review of any new issues that arose during the year and may warrant inclusion as a significant governance issue. This included consideration of the annual audit opinion of the Chief Audit Executive. This opinion was presented to the Audit and Governance Committee on 17 June 2026.

In terms of this opinion, it was positive and confirmed twenty-six separate audit opinions were issued during the year. The majority of these opinions were either 'substantial' (15) or 'reasonable' (9). There were however 2 'limited' opinions issued, both of which related to the Ubico contract monitoring arrangements. Improvements are required to strengthen performance oversight, ensure that monitoring information is robust and timely and to provide clearer evidence that contractual obligations are being met.

Whilst internal audit follow up work during the year has confirmed progress in implementing the recommendations they are not yet complete. In particular, around the development of a common service agreement and supporting service specification. Given the profile and financial value of the contract the CGG considered this worthy for inclusion as a significant governance issue. The CGG did recognise however this has not been detrimental to general Ubico performance, as validated through their annual performance report presented to the council's Overview and Scrutiny Committee on 14 July 2026.

With regards to other issues, as detailed in the draft AGS which was published in May 2026, these are similar to the previous year.

Local Government Reorganisation (LGR)

The government decision of Gloucestershire becoming a one unitary council was made in July 2026 with an original implementation date of 1 April 2028. To enable this decision to be reached meant the countywide response to LGR implementation significantly gathered pace over the last 18 months. This included a substantial increase in resources across all councils being deployed into the countywide LGR programme. The programme currently has eleven workstreams working on the design and principles of what a new unitary will look like supported by a plethora of projects across those streams.

The workstreams have been replicated internally at Tewkesbury Borough Council. 'Future Ready' is our transition and transformation programme to ensure we are in the best possible position to join a new authority. It builds on the principles of high performance:- strong culture, data driven decisions, and continuous improvement, whilst focusing on our readiness for change. With resources deployed to both the external and internal LGR programmes this has an obvious organisational impact. At the time of writing the draft AGS, an estimated 20 full-time equivalents (FTE), at senior officer level were deployed to LGR transition. With over 50 projects within the workstreams now up and running, this resource has now stretched to below senior officer level. Key service groupings are yet to stand up which will require further resourcing. Resultant risks, which are not an exhaustive list, include:

- The ability to deliver council plan priorities (even with the council plan rationalisation)
- Risk to the delivery of core services
- Risk to the internal control environment
- The ability to backfill resource

- General recruitment and retention tensions
- Potential financial strain of LGR related costs
- Ability to rationalise and deliver procurement activity
- Staff morale and uncertainty of job roles

Although LGR related activity has a high profile and features widely across various council reporting streams the risk to the council's effectiveness of its governance arrangements should not be under-estimated. The government announcement on 7 September to officially pause and place under review the majority of LGR plans in light of new legal advice only adds to the uncertainty. The scope and timeline of the reviews are not yet known and leaves the programme in a state of flux. As well as now delivering a local election rather than a shadow authority election it is also likely a review of service-related activity and project work will need to be undertaken to determine what remains paused, what continues and what is re-instated. It would be remiss not to **retain** LGR as a significant governance issue.

Delivery of Council Plan

The council plan is a strategic document which outlines the priorities of the council. It is reviewed on an annual basis to ensure the actions which support delivery of the council's priorities remain relevant. The CGG discussed the ability to deliver priorities as more resource is allocated to LGR. To mitigate this, it was recognised the recent approval of a new rationalised plan will give focus on key actions that need to be 'across the line' by vesting date.

To enable the plan to be monitored and effectively delivered the performance tracker document which is presented at Overview and Scrutiny Committee has been improved. This gives a better understanding of what 'lies beneath' each action. This will provide a transparent overview of the key milestones of each action, the outcome (rather than output) the action is trying to achieve and provide a factual account if the action is on track or not.

Whether the actions remain deliverable as the council moves towards vesting date will depend on how much resource is left internally, which due to the unchartered territory of LGR is difficult to predict. As the delivery of the council plan is directly impacted by LGR this will be referenced under the LGR significant governance issue rather than reporting as a standalone issue. Until there is clarity around the government's announcement to pause and review LGR plans then the council plan remains relevant.

Procurement

The Procurement Act 2023 was a landmark piece of legislation. The objective being to create a simpler, more transparent, and flexible commercial system. This included enhanced efficiency, promotion of VFM, support for SMEs and enhancing social value. In response to the new legislation a revised set of contract procedure rules were approved by council on 10 December 2024.

Supporting the legislative requirements, a new Procurement Strategy was approved on 19 November 2025 by Executive Committee. This strategy sets out how the principles of the new act will be applied within the council's procurement activity. This will be subject to an annual report to Audit and Governance Committee.

In terms of general governance then the framework is established through the new policy and strategy. This was supported with officer training for those involved with the procurement process. Procurement is a key work stream within the LGR county programme and the council's Future Ready programme. A significant exercise currently underway is a review of the council's contract register.

This is a requirement across all councils so there will be a consolidated list of all contracts countywide. Part of the review is to ensure the register is complete, accurate, there is contract evidence and contracts have been procured compliantly. At the time of developing this AGS, work is in progress and from findings to date, will potentially lead to further lines of investigation around contract evidence and procurement compliance. In terms of procurement resource, additional support will be required to deal with business-as-usual

procurement activity and LGR driven requirements. Given the importance of complying with legislation and the reputational risk to the council of not providing a complete and transparent register then this warrants **inclusion** as a significant governance issue.

In considering issues that may warrant inclusion it is recognised the council has a complex internal control environment. This consists of varying services, systems, processes and policies. When finalising the AGS, the CGG gives consideration that issues identified should be proportionate for the size of the council. The CGG also considered the refreshed risk register. There is sometimes debate on whether individual risks could also constitute a significant governance issue. The CGG ensured these are simply not regurgitated into the AGS. There is merit in both documents being read alongside each other. Overall, the CGG accepts it would be unrealistic to expect all aspects of governance to be operating 100% effectively, 100% of the time.

2025/2026 Significant governance issues

The issues identified as outstanding from the previous year (including previously agreed timescales) and any new issues that have emerged are included in the table on page 8. The AGS will be presented to Audit and Governance Committee on 23 September 2026.

Significant governance issues

2025-2026 Actions

	Governance issue	Proposed action	Timescale	Responsible officer/group
1	S106 improvement plan	'End to end' review of the S106 process and procedures (incl implementation of internal audit recommendations).	~~December 2025~~ ~~December 2026~~ March 2027	Interim Director: Growth
2	Building Control governance	Review of S101 agreement (incl implementation of internal audit recommendations)	~~March 2025~~ ~~September 2026~~ March 2027	Interim Director: Growth
3	Local Government Reorganisation	Once there is clarity around the government's scope and timeline to review LGR plans ensure arrangements continue to support the effective delivery of good governance across council operations.	March 2028	Senior Leadership Team
4	Artificial Intelligence	Continue to raise awareness across both the Member and Officer cohort including the provision of training sessions.	June 2027	Director: Corporate Resources/Director: Transformation
5	Ubico Client Monitoring	Implementation of internal audit recommendations to improve the robustness in monitoring the Ubico contract.	March 2027	Head of Service: Waste & Recyling
6	Procurement – contract register	Implementation of an accurate contract register and to address any areas of non-compliance.	June 2027	Head of Service: Asset Management

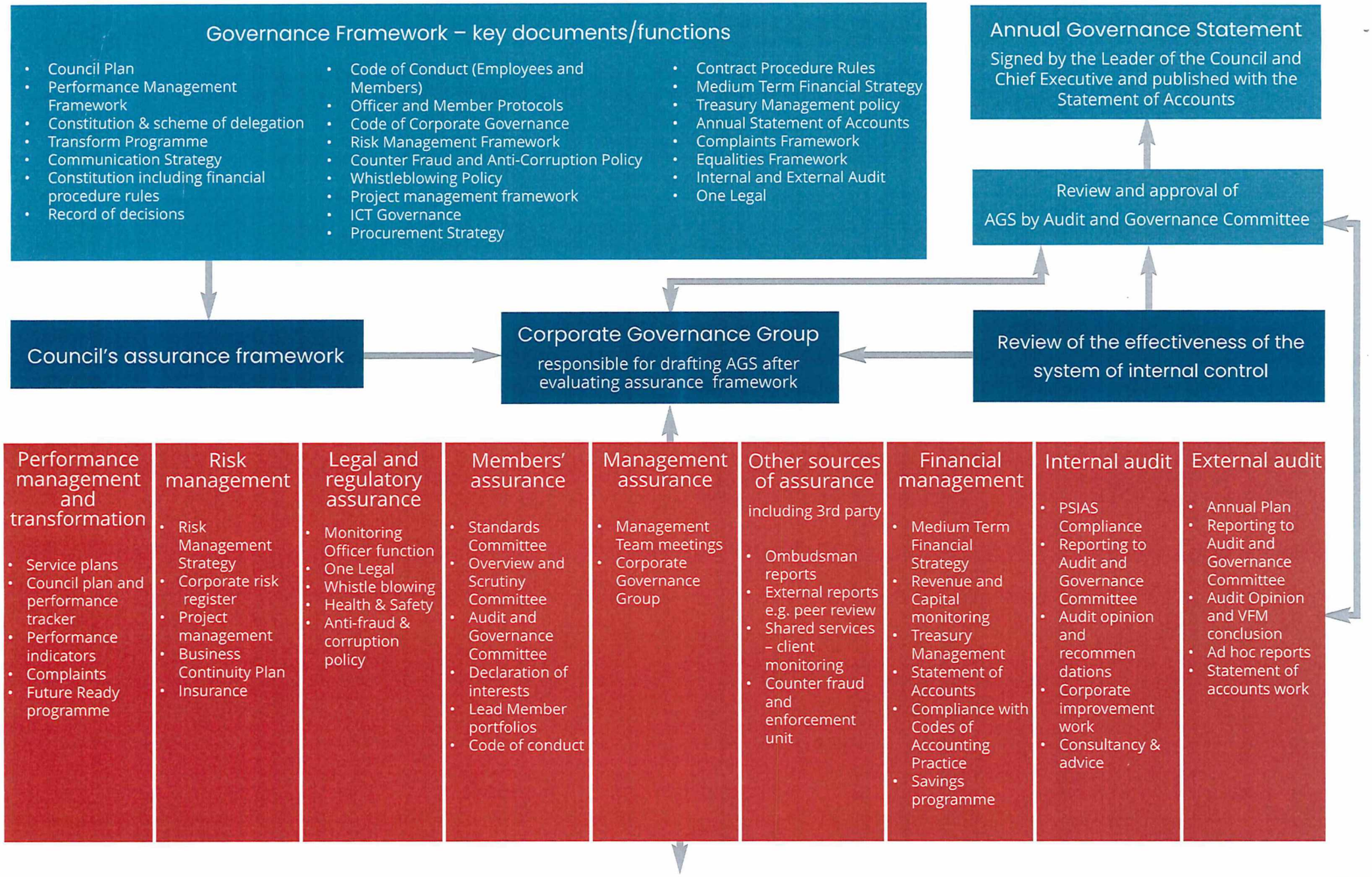
Signed on behalf of Tewkesbury Borough Council

Councillor Richard Stanley
Leader of the Council

Date: 23/9/26

Alistair Cunningham
Chief Executive

Date: 23/9/26


Governance Framework – key documents/functions
Council 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
Future Ready 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 sources 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