

## Annual Governance Statement: 2023-24

### Introduction

Gravesham Borough Council (GBC) is responsible for undertaking its business in accordance with the law and proper standards. In doing so, it needs to ensure that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively.

In discharging this overall responsibility, GBC has established its Code of Corporate Governance which sets out a commitment as to how the council undertakes its functions; the procedures, processes and control environment by which it undertakes to deliver its corporate objectives.

Approved by Full Council and adopted into the council's Constitution, the Code of Corporate Governance is designed to be consistent with the principles of the CIPFA/SOLACE Framework; Delivering Good Governance in Local Government, inclusive of established best practice e.g. the Seven Principles of Public Life (Nolan principles).

Assessed against the council's adopted Code of Corporate Governance, in compliance with section 6(1)(a) of the Accounts and Audit Regulations 2015, this Annual Governance Statement (AGS) presents the key themes and findings of an annual review into the effectiveness of the council's governance framework and system of internal control in 2023-24.

In its delivery, GBC has equally demonstrated its compliance with the requirements of section 6 (1)(b) of the Accounts and Audit Regulations 2015 in relation to the presentation of an AGS for the authority in 2023-24.

### Definition

The governance framework comprises the systems, processes, cultures and values that direct and control the council and its activities, through which it accounts to, engages with and leads the community. It enables the council to monitor the achievement of its corporate objectives and to consider whether those objectives led to the provision of appropriate, cost-effective services that delivered positive outcomes for local people.

The system of internal control is a significant part of that framework, designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives, and can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework outlined in this AGS has been in place at GBC for the year ended 31 March 2024.

## Environment

The council's policy-setting and decision making process is presented in our Constitution, with Full Council identified as the ultimate determining body. Cabinet is responsible for most day-to-day decisions within the policy framework, ultimately subject to scrutiny by the Overview Scrutiny Committee. The Constitution also details our internal financial control framework, including comprehensive contract procedure rules, financial procedure rules and the scheme of delegation. Essential to the discharging of the internal control environment are these appointed roles:

- **Chief Executive:** a full-time appointment and the Head of Paid Service, with overall responsibility for the management and coordination of council employees. The role is required to report to Council as appropriate with regard to the way in which the overall discharge by the authority of its different functions is coordinated.
- **Section 151 (s151) Officer:** the s151 officer is the Director (Corporate Services) and the Deputy s151 Officer is the Assistant Director (Corporate Services). The s151 Officer has completed a specific *Chief Financial Officer* assurance statement which sets out how the council has complied with CIPFA's Role of the Chief Financial Officer in Local Government in 2023-24, as well as how it has met its s151 obligations.
- **Monitoring Officer:** ensures the lawfulness and integrity of the council's decision-making processes, supports the work of the Standards Committee and the investigation and reporting on issues that embrace all aspects of the authority's governance.

Action 1: Guidance was issued by DLUHC in 2023-24 to address cultural and governance failings in local authorities, as identified by recent government interventions. A key indicator in the presented DLUHC framework is the requirement for a fully effective scrutiny function to ensure a robust operating environment.

As such, following a self-assessment, it is therefore recommended that the Member Training Plan agreed by Cabinet in 2023-24 be revised to accommodate an additional *Introduction to Scrutiny* session for all Members in 2024-25, alongside further specific scrutiny training for Overview Scrutiny Committee members to ensure they have the skills and independent mindset to hold the Cabinet to account.

## Vision

We have a clear ambition for the borough. As a clear statement of our intent to work towards this we have established a Corporate Plan 2023-27.

Designed on an extensive evidence base including; a community consultation; a community needs study; and the primary manifesto aims of the elected administration, the Corporate Plan presents three clearly defined strategic objectives that provide a framework for our activities:

- **#oneborough:** a safe, clean, and attractive living environment, enhanced by a sustainable and increasingly energised local economy.
- **#onecommunity:** an active, engaged, and culturally enriched population, built on the foundations of an affordable and quality local housing offer.
- **#onecouncil:** a well-run and innovative authority, defined by its skilled and valued workforce, committed to developing its local social impact.

Departmental business plans are established to translate the corporate objectives into appropriately planned and resourced strategies, projects and interventions. It is the elected Councillors who are ultimately responsible for the delivery of the council's corporate objectives, and this is facilitated through strong communication channels between Members and officers.

Action 2: It is identified that the authority requires a long-term expression and roadmap to support the borough's ambition and fully realise its potential. Bridging both the Corporate Plan and Local Plan, Gravesham 2040 will therefore present a formal strategic vision for the borough; from projects and initiatives happening now, and in the pipeline, new homes and regeneration, through to jobs and skills pathways, inclusive growth for businesses and the visitor economy, and a sustainable future in line with the strategic climate commitment.

## Performance

Our adopted Corporate Plan presented a new Performance Management Framework (PMF), allowing the authority to critically evaluate progress against its stated objectives, provide industry intelligence to drive service transformation and, for residents, it delivers genuine scrutiny in how successful the council is in administering its resources.

Central to the delivery of the PMF is a commitment to a transparent performance monitoring and reporting process at all levels, both in regard to the authority and the personal development of officers, an agenda successfully realised in 2023-24.

Formal qualitative and quantitative performance reporting takes place at different times and to different audiences to ensure fully informed policy decision making:

- Quarterly: Performance reports of all tiers of indicators to the Corporate Management Team (CMT). Subsequently reported to Cabinet and individual Cabinet Committees for consideration and scrutiny, prior to publishing to the council's digital platforms and *Your Borough* magazine.
- Yearly: Annual Performance Report against all performance indicators, including an outline of relevant achievements directly contributing to the council's corporate objectives. This is supported by individual services' own reports and thematic or project reporting e.g. the Climate Change Annual Report presented to Full Council.

More broadly, our business planning process specifically links in the activities of individual departments, and crucially those of individual officers, with the corporate objectives of the council, providing a *golden thread*; an understanding of how the performance of each officer contributes to the council's objectives and the delivery of its ambition for the borough, essential in the development of a 'people first' workplace culture.

Action 3: Underpinning the authority's efforts in the development of its workplace culture is a commitment to the liP accreditation and a pledge established through the Corporate Plan to be a *platinum employer*. Through this commitment, and in evaluating the corporate development programme implemented since the authority secured Gold accreditation in 2022-23, undertaking an liP reassessment will form an AGS recommendation in 2024-25.

## Finance

Section 151 of the Local Government Act 1972 requires that one officer has responsibility for the proper administration of its financial affairs. In 2023-24 this responsibility was held by the Director (Corporate Services), with a Deputy Section 151 officer also appointed. The council's financial management arrangements conform to the requirements of CIPFA's guidance on the *Role of the Chief Financial Officer in Local Government*.

In terms of our financial controls, we work to the principles and standards within CIPFA's Financial Management Code. To test and ultimately demonstrate our processes satisfy the code, a self-assessment was undertaken in 2023-24, concluding GBC was fully compliant in all 17 presented standards and that no significant improvements were required.

Since the start of the government's austerity programme in 2010, local government funding has been significantly reduced. In 2010-11 some 60% of council funding was received through Central Government Grant. Due to government policy changes, this has evolved to around 96% of funding being generated through council tax and retained business rates receipts. Moreover, the council continues to work within an environment of strategic financial uncertainty, making long term planning particularly challenging.

Against that backdrop, we have in place a 10-year Medium-Term Financial Plan (MTFP) which sets out the forecasted budget for the council over the period. In support, in February 2023 Council approved a revised five-year Medium Term Financial Strategy (MTFS) spanning 2022-23 to 2026-27. The MTFS outlines how GBC wants to structure and manage its finances in full consideration of the successful delivery of our corporate objectives. Crucially, the MTFS accurately presents the council's need to deliver £3.7m of base budget reductions. In response to the financial challenge, the MTFS also identifies a package of proactive measures intended to restore financial sustainability in the medium term. In 2023-24 corporate initiatives amounting to savings of £1.87m were delivered.

Regular monitoring took place in 2023-24 to manage the council's Net Revenue Budget, with reports presented to the Finance & Audit Committee and Cabinet on a quarterly basis. In addition to formal reporting, meetings are frequently held between officers and the Cabinet Portfolio Holders to discuss any specific budget queries. Key controls used by the council to manage its finances in 2023-24 include:

In 2023-24, the council utilised a number of short-term controls to directly manage its finances:

- An annually agreed Civic Budget Book which sets out the budgetary requirements for the year, with quarterly monitoring reports presented to the Cabinet and Finance and Audit Committee.
- A set of Financial Statements are produced for each financial year, in line with CIPFA's Code of Practice on Local Authority Accounting.
- A Capital Strategy intended to outline the principles used in our approach to capital investment over the long-term. Annually reviewed, the strategy sets out the framework within which the authority will plan, procure, prioritise and manage its capital investment and financing decisions, with intrinsic links to the Treasury Management Strategy.
- The council has adopted CIPFA's Treasury Management in the Public Services: Code of Practice 2021, producing an annual Treasury Management Report (including the Annual Investment Strategy Report) and an annual Treasury Management Review, with regular in-year treasury monitoring reports to the Finance & Audit Committee.

Action 4: Local audit is a key source of assurance and provides independent checks and balances within the local accountability framework. A significant number of local audits in England remain outstanding, with GBC having audit opinions outstanding from 2020-21. In 2024 proposals were issued by government to clear the backlog of audit opinions. As we await the outcome of the consultation, in 2024-25 the council will do what is within its control to produce the outstanding draft financial statements for 2021-22 and 2022-23 and conclude the agreed audit processes associated with these periods. We will also work with the external auditor to complete the audit of the 2023-24 financial statements by the agreed deadline, once confirmed.

## Audit

Internal Audit and Counter Fraud activity is delivered through a shared service with Medway Council, aimed at providing independent, objective assurance, investigation and consulting services to add value and improve the council's operations. In doing so, the team brings a systematic and disciplined approach to evaluating and improving the effectiveness of risk management, internal control and governance processes.

In undertaking its role, the service operates to the Public Sector Internal Audit Standards for which it was subject to an External Quality assessment in 2023-24, with the assessor identifying a green opinion and concluding; *"The Internal Audit Shared Service is delivering to a standard that generally conforms with the PSIAS"*.

In light of the audit programme of assurance reviews undertaken in 2023-24, the Head of Internal Audit was able to provide a full opinion, delivered in direct consideration of the CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations.

The responsibilities of the Finance & Audit Committee include the consideration of reports from internal and external audit, and inspection agencies, as well as monitoring internal audit performance. During 2023-24, the committee received and considered numerous reports from council officers and external bodies, enabling Members to obtain assurances of the internal control and governance arrangements of the council and to monitor action in addressing any issues identified by these reports.

The council is committed to continuously improving its governance framework. In doing so, the authority works to implement the findings and key recommendations of its external auditors and statutory inspectors where these further strengthen the existing controls and processes that drive the governance environment.

## Risk

GBC has a long-established process in place to identify the principal risks that may influence or impact on the delivery of our services. The process requires judgements to be made on the likelihood and impact of a potential risk and enables us to develop and implement appropriate controls to mitigate these and reduce their impact.

Monitoring risk is an on-going process and complements all council projects and day to day business. Central to our approach is an annually reviewed Risk Management Strategy, which outlines the adopted approach for identifying, evaluating, managing and recording risks to which the authority is exposed.

Against that framework, we prepare an annual Corporate Risk Register. This is prepared following a thorough review of the risks already identified by the council and in consideration to the identification of potential new strategic risks, including any relevant service-based risks recognised through the business planning process.

In seeking to provide broader corporate oversight of the operating risk environment, the council has further enhanced its internal controls with a Risk Management Working Group.

At a Member level the Finance & Audit Committee is responsible for monitoring the effective development and operation of these management arrangements, including a mid-year review of the Corporate Risk Register.

Alongside the listed controls delivered in 2023-24, all committee reports included an appendix that identified the 'implications' of any decisions being recommended through the report, including an assessment of risk.



## Partnerships

We are consistently seeking to identify innovative solutions in the design and delivery of our services. This can include consideration of partnership working opportunities with public bodies and local agencies, including identification of shared service opportunities. These options were fully considered and assessed during 2023-24.

To govern this agenda, the council has adopted a robust Working in Partnership Framework. Acting as the central point of reference in developing new partnerships, the framework links the formation of new opportunities to the delivery of our corporate objectives. The framework contains a number of key governance controls, including the financial threshold for a 'significant' partnership, and ensures our equalities objectives and climate change commitment form key considerations in the evaluation of any arrangement. A programmed review was undertaken in 2023-24, ultimately identifying the framework as fit for purpose.

In support of the framework, a comprehensive annual review of the council's Corporate Register of Partnerships was undertaken in 2023-24 to ensure partnerships demonstrate their continued effectiveness, value and alignment to the delivery of our corporate objectives.

## Accountability

As a publicly funded organisation, GBC is committed to openness and accountability. In 2023-24, the council published a series of datasets in line with the Local Government Transparency Code 2015 and other transparency commitments including; senior staff salaries, organisation chart, spending on items over £500, details of new contracts and the Pay Policy Statement.

A Code of Conduct for Employees is in place and is communicated to all officers. The Corporate Customer Service Charter establishes standards expected of officers, with our website hosting specific details of the Corporate Complaints Procedure alongside details of the Local Government Ombudsman, with feedback used to share improvement and good practice across departments. The Local Government Ombudsman's annual report is considered by the Finance and Audit Committee.

The council also has a Standards Committee in place, which includes an appointed *Independent Person*. This is underpinned by an adopted Member Code of Conduct which is regularly reviewed and establishes expected standards of behaviour. In view of these standards, the council's website provides details of the procedure involved for any persons with a complaint regarding a Councillor. As with the Constitution's Procedure for dealing with Member Conduct Complaints, the website provides contact details for our Monitoring Officer.

Constitutionally, where decisions are based on reports presenting confidential information the public are excluded from proceedings. However, in our commitment to openness and transparency in decision making, wherever possible the council seeks to overcome this restriction by developing 'Part A' agenda reports (i.e. accessible to all) that provide the background context, criteria and rationale to any confidential 'Part B' (restricted) item.

For the council, a culture of openness extends beyond published data and formal reports. In committing to delivering effective engagement opportunities with local residents and businesses, we have an established suite of specific forums (e.g. Gravesham Business Network) and, through our *Gravesham's Big Conversation* programme, we provide a variety of consultative opportunities promoted through the website and platforms such as Facebook, Twitter, Instagram and YouTube to enable engagement with the authority.

Action 5: Through the provisions of the Social Housing (Regulation) Act 2023, in 2023-24 the Housing Ombudsman introduced a new statutory Complaint Handling Code for landlords, with the Ombudsman itself statutorily required to monitor levels of compliance. The duty is specifically timed to align with the additional new requirement of the publication and submission of Tenant Satisfaction Measures outcomes. As a social housing landlord, and in delivering on our commitment to transparency and accountability, the undertaking of a self-assessment against the code and the publication of the results of the exercise will form an AGS recommendation for the council in 2024-25.

## Trading

As part of plans to diversify our income streams and ultimately address the continued uncertainty surrounding local government funding, the council has established a commercial structure, with a number of trading companies.

Rosherville Limited is the holding company for a group of entities consisting of; Rosherville Servicing Limited and Rosherville Property Development Limited, both incorporated in May 2020, and Rosherville Repairs & Maintenance Limited, which was incorporated in April 2022.

GBC is the sole shareholder of all entities. This enables the provision of commercial services to local residents and businesses, with profits and staffing recharges helping fund essential frontline services, whilst providing tangible social value e.g. local employment opportunities.

The companies were established to operate with a high degree of commercial freedom, underpinned by a commitment to the principles and best practice advocated by the Lawyers in Local Government guidance note; *The Governance of Council Interests in Companies*.

Using revised guidance issued by the LGA and CIPFA, as well as best value reports into other trading companies, a thorough review was undertaken during 2022-23 to ensure a robust governance framework was in place for the companies to operate within. This resulted in a revised Board structure and approval for the appointment of an independent non-executive director at the appropriate time. This in turn led to a subsequent review of the Articles of Association and Shareholder Agreement, both of which were approved by the Shareholder and Rosherville Boards and implemented from 1 April 2023.

The Articles of Association continue to follow the Companies (Model Articles) Regulations 2008 with the necessary modifications to reflect accountability to the council, the authority's requirements and importantly those matters of business which have been reserved for Shareholder Approval. Specifically the Articles:

- form the basis of its constitution;
- define the responsibilities of directors;
- outline core business; and
- identify how shareholders exert control over the board of directors.

As sole shareholder, there are also clear arrangements in relation to the council which are defined through the Shareholders Agreement, providing in detail the governance and approved decision making process. The Leader of the Council (or nominated representative) acts as the Shareholder's representative to provide a key link between the two parties.

To support the Leader in making decisions in relation to Rosherville Limited, other than those reserved for Cabinet, the governance review also replaced the previous Shareholder Group with a formal Shareholder Advisory Board, consisting of representatives from both political parties, to provide oversight to the Cabinet. Whilst specific decisions are delegated to Cabinet for determination, other matters can be undertaken by the Leader who will take advice from the Advisory Board, as required.

The companies have continued to prepare annual business plans to set out the scheduled activities for the forthcoming year, ensuring business is both in line with the council's corporate objectives and equally provides appropriate social and financial returns for the authority. The annual business plan for the holding company is approved by Cabinet, whilst the subsidiary Business Plans are approved by the Board of Rosherville Limited.

## Review

In compliance with the Accounts and Audit Regulations 2015, the council has responsibility for conducting an annual review of the effectiveness of its governance framework, including the system of internal control.

The review is undertaken using the established criteria of the CIPFA/SOLACE Framework; *Delivering Good Governance in Local Government*, as adopted in the council's Code of Corporate Governance. In support of the framework, the following have been considered in the 2023-24 review:

- The continued value and effectiveness of the council's governance framework as defined in the Code of Corporate Governance;
- Reviews carried out by Internal Audit, external auditors and other review bodies that scrutinise the systems of internal control;
- The opinion on the overall adequacy and effectiveness of the overall control environment from the Head of Internal Audit;
- The completion of control questionnaires by the Monitoring Officer, Chief Financial (s151) Officer and the Head of Internal Audit; and
- The completion of self-assessment control questionnaires by the Chief Executive, Directors, Assistant Directors, Heads of Service, and other key managers within the council.

Conclusion: In line with the council's statutory responsibilities, the conclusion to the annual review process for the year ended 31 March 2024 is that the arrangements in place are considered to be fit for purpose and in accordance with the council's governance framework, with no significant areas of concern.

The key findings of the annual review form the basis of the recommendations made in this 2023-24 AGS to further enhance the council's existing governance and control environment in 2024-25.

This AGS was considered by the Corporate Management Team on 25 June 2024 and presented to the Finance & Audit Committee on 16 July 2024.



## Plan

Although not presenting any significant governance and internal control issues, the annual review did present opportunities for enhancement of the council's governance environment. In endorsing this AGS, the Finance & Audit Committee therefore agree to the following activities being delivered in 2024-25:

Control	Action	Corporate Plan
Overview Scrutiny	<p>Guidance was issued by DLUHC in 2023-24 to address cultural and governance failings in local authorities, as identified by recent government interventions. A key indicator in the presented DLUHC framework is the requirement for a fully effective scrutiny function to ensure a robust operating environment.</p> <p>As such, following a self-assessment, it is therefore recommended that the Member Training Plan agreed by Cabinet in 2023-24 be revised to accommodate an additional <i>Introduction to Scrutiny</i> session for all Members in 2024-25, alongside further specific scrutiny training for Overview Scrutiny Committee members to ensure they have the skills and independent mindset to hold the Cabinet to account.</p>	<p><b>#onecouncil</b> <b>Corporate compliance:</b> <i>a responsible organisation, ensuring all constitutional, policy and legislative demands are met, and pro-active risk management practices adopted.</i></p>
Gravesham 2040	<p>It is identified that the authority requires a long-term expression and roadmap to support the borough's ambition and fully realise its potential. Bridging both the Corporate Plan and Local Plan, Gravesham 2040 will therefore present a formal strategic vision for the borough; from projects and initiatives happening now, and in the pipeline, new homes and regeneration, through to jobs and skills pathways, inclusive growth for businesses and the visitor economy, and a sustainable future in line with the strategic climate commitment.</p>	<p><b>#oneborough</b> <b>Vibrant Gravesham:</b> <i>with partners, secure a holistic programme of strategic regeneration and critical infrastructure that enhances quality of life, promotes civic pride, and acts as a catalyst for economic development.</i></p>
Investors in People	<p>Underpinning the authority's efforts in the development of its workplace culture is a commitment to the IiP accreditation and a pledge established through the Corporate Plan to be a <i>platinum employer</i>. Through this commitment, and in evaluating the corporate development programme implemented since the authority secured Gold accreditation in 2022-23, undertaking an IiP reassessment will form an AGS recommendation in 2024-25.</p>	<p><b>#onecouncil</b> <b>Platinum employer:</b> <i>advance our Investors in People standard by nurturing a progressive organisational culture, underpinned by a fully engaged, high performing, and truly valued workforce.</i></p>



Statement of Accounts	<p>Local audit is a key source of assurance and provides independent checks and balances within the local accountability framework. A significant number of local audits in England remain outstanding, with GBC having audit opinions outstanding from 2020-21. In 2024 proposals were issued by government to clear the backlog of audit opinions.</p> <p>As we await the outcome of the consultation, in 2024-25 the council will do what is within its control to produce the outstanding draft financial statements for 2021-22 and 2022-23 and conclude the agreed audit processes associated with these periods. We will also work with the external auditor to complete the audit of the 2023-24 financial statements by the agreed deadline, once confirmed.</p>	<p><b>#onecouncil</b></p> <p><b>Financial responsibility:</b> <i>a financially sustainable authority, driven by a strong Medium Term Financial Strategy, enforced by a suite of effective financial monitoring controls.</i></p>
Landlord Complaint Handling Code	<p>Through the provisions of the Social Housing (Regulation) Act 2023, in 2023-24 the Housing Ombudsman introduced a new statutory Complaint Handling Code for landlords, with the Ombudsman itself statutorily required to monitor levels of compliance. The duty is specifically timed to align with the additional new requirement of the publication and submission of Tenant Satisfaction Measures outcomes.</p> <p>As a social housing landlord, and in delivering on our commitment to transparency and accountability, the undertaking of a self-assessment against the code and the publication of the results of the exercise will form an AGS recommendation for the council in 2024-25.</p>	<p><b>#onecommunity</b></p> <p><b>Progressive landlord:</b> <i>an effective housing service, providing comprehensive tenant choice and protection, defined by positive, efficient, and supportive management and engagement.</i></p>

### Certification by Chair of the Finance & Audit Committee

I confirm that the 2023-24 Annual Governance Statement has been considered and approved by Gravesham Borough Council at the meeting of the Finance & Audit Committee on 16 July 2024.

Councillor Gavin Larkins – 31 July 2024

### Endorsement by the Leader of the Executive and the Chief Executive

Leader of the Executive Councillor John Burden – 1 August 2024

Chief Executive Stuart Bobby – 1 August 2024