

# Public Document Pack



**COTSWOLD**  
DISTRICT COUNCIL

Wednesday, 22 November 2023

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## AUDIT AND GOVERNANCE COMMITTEE

A meeting of the Audit and Governance Committee will be held at Council Chamber - Trinity Road on **Thursday, 30 November 2023 at 5.00 pm.**

Rob Weaver  
Chief Executive

To: Members of the Audit and Governance Committee  
(Councillors Nigel Robbins, Helene Mansilla, Patrick Coleman, Jeremy Theyer, Chris Twells, Len Wilkins, Vacancy, Christopher Bass and John Chesshire)

Recording of Proceedings – The law allows the public proceedings of Council, Cabinet, and Committee Meetings to be recorded, which includes filming as well as audio-recording. Photography is also permitted.

As a matter of courtesy, if you intend to record any part of the proceedings please let the Committee Administrator know prior to the date of the meeting.

# AGENDA

1. **Apologies**  
To receive any apologies from members. The quorum for Audit and Governance is 3 Members.
2. **Substitute Members**  
To note details of any substitution arrangements in place for the meeting.
3. **Declarations of Interest**  
To receive any declarations of interest from Members and Officers, relating to items to be considered at the meeting.
4. **Election of Vice Chair**  
Purpose  
The Committee is invited to elect a Vice-Chair for the remainder of the 2023-24 Council year, following the resignation of the previous Vice-Chair.
5. **Appointment to the Standards Hearings Sub-Committee**  
Purpose  
For the Committee to appoint one Liberal Democrat Member to the Standards Hearings Sub-Committee following the resignation of Clare Muir as a Councillor.
6. **Minutes (Pages 5 - 12)**  
To confirm the minutes of the meeting of the Committee held on 18 October 2023.
7. **Public Questions**  
To deal with questions from the public within the open forum question and answer session of fifteen minutes in total. Questions or supplementary questions from each member of the public should be no longer than two minutes each and relate issues under the Committee's remit.
8. **Member Questions**  
To deal with written questions by Members, relating to issues under the Committee's remit, with the maximum length of oral supplementary questions at Committee being no longer than one minute. Responses to any supplementary questions will be dealt with in writing following the meeting
9. **Corporate Risk Register (Pages 13 - 22)**  
Purpose  
The report brings to members the current version of the Strategic Risk Register for information and assurance that risks to the Council are being managed and appropriate actions are being taken to mitigate risk.

## Recommendation

That the Audit and Governance Committee resolves to:

- I. Note the Strategic Risk Register.

## Invited

Cheryl Sloan, Business Manager for Business Continuity, Governance and Risk

10. **Treasury Management Mid-Year Report (Pages 23 - 36)**

Purpose

To receive and discuss details of the Council's Treasury Management performance for the period 01 April to 30 September 2023 and Quarter 2 Treasury Management Prudential Indicators.

Recommendation

That the Audit and Governance Committee resolves to:

- I. Recommend to Council to approve the Council's Treasury Management performance for the period 01 April 2023 to 30 September 2023 and Quarter 2 Prudential Indicators.

Invited

David Stanley, Deputy Chief Executive Officer

11. **Counter Fraud and Enforcement Unit Update Report (Pages 37 - 46)**

Purpose

To provide the Committee with assurance over the counter fraud activities of the Council. Direct updates will continue to be provided twice a year. Work plans are presented to the Committee detailing progress and results for consideration and comment as the body charged with governance in this area.

Recommendation

That the Committee considers the report and work plan at Annex A.

Invited

Emma Cathcart, Head of Counter Fraud and Enforcement Unit.

12. **Council Tax, Housing Benefit and Council Tax Support Penalty and Prosecution Policy (review) (Pages 47 - 60)**

Purpose

To present the Audit and Governance Committee with an updated Council Tax, Housing Benefit and Council Tax Support Penalty and Prosecution Policy for comment.

Recommendation

That the Committee:

Considers the Council Tax, Housing Benefit and Council Tax Support Penalty and Prosecution Policy to comment thereon to Cabinet, to aid its deliberations and decision making.

Invited

Emma Cathcart, Head of the Counter Fraud and Enforcement Unit

13. **Update on Member Training and Induction (Pages 61 - 76)**

Purpose

To update the Committee on member training courses undertaken, including attendance figures and feedback.

Recommendation

That the Audit and Governance Committee resolves to:

- I. Note the report and the attendance summary at Annex A.

Invited

Angela Claridge, Director of Governance and Development

14. **Audit and Governance Committee Work Plan (Pages 77 - 80)**

Purpose

For the Committee to review its work plan.

Recommendation

That the Audit and Governance Committee resolves to:

- I. Note the work plan.

(END)

Audit and Governance Committee  
18/October2023



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## Minutes of a meeting of Audit and Governance Committee held on Wednesday, 18 October 2023

### Councillors present:

Nigel Robbins	Clare Muir
Helene Mansilla	Chris Twells
Patrick Coleman	Len Wilkins

### Officers present:

Robert Weaver, Chief Executive  
David Stanley, Deputy Chief Executive and  
Chief Finance Officer  
Michelle Burge, Chief Accountant

Angela Claridge, Director of Governance and  
Development (Monitoring Officer)  
Lucy Cater, Assistant Director (SWAP)  
Emma Cathcart, Head of Service, Counter  
Fraud and Enforcement Unit

### Observers:

Councillor Pete Barber

### **217 Apologies**

Apologies were received from John Chessire, an independent member of the committee.

No apologies were received from Councillors.

### **218 Substitute Members**

There were no substitute members.

### **219 Declarations of Interest**

There were no declarations of interest.

### **220 Minutes**

The Chair referred to the minutes on page 10, "It was also noted that there was a delegation from April's meeting to the Deputy Chief Executive and the Chair to approve the final accounts for 2021/22" and stated that this had been now completed.

The Committee raised the following corrections –

- Pg. 10 'triane vaultation', should be 'triannual evaluation'

**RESOLVED:** To approve the minutes of the meeting held on the 25<sup>th</sup> of July as an accurate record of the meeting.

Voting record- For – 6, Abstentions 0, Against 0

## **221 Public Questions**

There were no public questions.

## **222 Member Questions**

There were no member questions.

## **223 2021/22 Audit Finding Report and Annual Audit Letter**

The Deputy Chief Executive (Chief Finance Officer) introduced the item. The Deputy Chief Executive confirmed that the 2021/22 accounts had been approved by delegated authority, as stated by the Chair under the 'minutes' item.

The Deputy Chief Executive introduced the item, which was brought to the Committee for completeness and transparency, in light of the aforementioned delegated approval.

Members asked about the back-posted journals mentioned in the report and whether this was due to the lack of resource in the finance team. The Deputy Chief Executive stated that the back-posted journals were part of the normal reporting process, however, the Council had a higher than usual amount, as flagged within the report. The team was undertaking work to encourage reporting within the period.

Members asked about the indexation rate being 40%, and the representative from Grant Thornton explained the reasoning behind this.

There was a reference to West Oxfordshire in the report, which the Grant Thornton representative stated was an error in the draft opinion, that had been amended in the final opinion.

The Grant Thornton representative explained that their function was to provide an audit opinion, and a value for money assessment. The planning for the 2022/23 audit would start soon and they hoped that the value for money statement would be completed by Christmas 2023 and brought to the January meeting. This would therefore represent an improvement of six months in delivery timescales.

**RESOLVED:** To NOTE the Audit Findings Report for Cotswold District Council (Final) and the Annual Audit Letter.

Councillor Len Wilkins arrived at 5:18pm during this item. He later apologised to the Chair explaining that this was owing to an accident on his route to the Council offices.

## **224 Internal Audit Progress Report**

The Assistant Director for SWAP introduced the item, and addressed the errors in the listing of the annexes on the report front page, as had been pointed out by the Chair, but that the report contained the correct annexes.

The purpose was to present a summary of the audit work concluded since the last meeting of the Committee.

Members discussed FOIs throughout the item, and the following points were made;

- Members stated that the Freedom of Information rating, which was only rated as reasonable and expressed concern. The Assistant Director reassured members that there will be a follow up on agreed actions.
- Members discussed whether the different Channels that FOIs could be submitted through had the potential to be consolidated.
- An instance from April was raised where a Councillor had submitted an FOI through email, and an officer had responded to state that the online form had to be filled out. The Councillor in question asked that this be investigated, as this wasn't the correct procedure in their view, with the officer implying that email requests could not be processed. The Business Manager for Corporate Responsibility responded that the form could not be mandated.

The Business Manager for Corporate Responsibility added that the unpublished statistics were prior to their arrival, and a robust approach was being taken, with a good team in place. They were confident in their ability to deliver improvements.

Members asked whether the Committee had access to the Council's risk appetite scaling. The Deputy Chief Executive explained the rationale behind how the risk grading takes place. The Assistant SWAP director explained that a risk management audit would be undertaken, and a risk checklist included in future audits.

Members made reference to overdue actions in the report, and asked whether these remained deliverable, and whether any should be closed down. The SWAP Assistant Director stated that they were seeking advice on how to close these down and asked the Committee for their opinions. The Chair stated that further reflection was needed on this, and the Deputy Chief Executive stated that officers could review the annex in question and take an updated version of the annex to a future Committee meeting, and potentially close some of them, but this would depend the priority.

Members took the opportunity to thank the revenues and benefits team for their work.

Members expressed concern over the Climate Change Survey, the discussion included;

- The fact that 75% of survey respondents (6 officers) did not have any climate change key performance indicators, measures, or milestones to track the operational work being undertaken.
- Member concerns over the low survey response rate.
- The Deputy Chief Executive highlighted the improvements that were being made, including a commitment to resurveying staff, and ensuring that Climate Change issues are being dealt with. They stated that it was clear more work was needed.
- Members discussed that a cultural shift was needed to enforce climate change as a priority, and that processes will need to be promoted. The Chief Finance Officer

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agreed, stating that although Climate Change had been embedded at the top end of the organisation, there had yet to be a shift in how people behaved, and more work was needed.

- There were hopes that the follow up survey would reflect an improvement.
- It was stated that the Cabinet Member for Climate Change should review this, and be invited to a future Audit Committee meeting.

RESOLVED: That the Committee note the reports at Annexes A and B.

## **225 Draft 2022/23 Statement of Accounts**

The Deputy Chief Executive introduced the item. The Statement of Accounts for 2022/23 showed the financial position of the Council as of 31 March 2023 as well as the performance during the year. Under the Council's Constitution, the Audit and Governance Committee is charged with the responsibility of the approval of the accounts.

This report presented the published (unaudited) draft Statement of Accounts for the year ended 31 March 2023 to the Committee for consideration.

The Deputy Chief Executive stated that the accounts were in the public inspection period, which was due to end on 17 of November 2023.

The Deputy Chief Executive addressed national delays in delivering audit opinions, stating that only 5 local authorities had received their audit opinions on time, with over 900 accounts awaiting opinions. The problem was being looked at nationally.

Members discussed business rates, which were currently split between the District Council (40%), central government (50%) and the County Council (10%). Members made reference to proposed Government plans to allow Local Authorities to retain a bigger proportion of business rates. The Deputy Chief Executive explained that due to how the rates are worked out, in real terms the District Council actually retained substantially less than the 40% rate. The plans would likely be delayed until 2026.

Members asked about the financial assumptions in the narrative, and asked about the robustness of these, given the challenging and volatile economic environment. The Chief Accountant stated that the assumptions were based on the best available information at the time, but that variance was to be expected.

Members discussed the importance of focussing on the narrative in the report, due to the specific nature of public sector accounts.

As the accounts were unaudited, the Committee only noted them at this stage.

RESOLVED: To note:

1. The draft unaudited Statement of Accounts 2022/23 (as attached at Annex A).
2. Key highlights from the Statement of Accounts 2022/23 as set out within this report.
3. The position on Local Audit delays as set out in Annex B and Annex C

## **226 2023/2024 Treasury Management Indicators - Quarter One**



The purpose of the item was to report to the Audit and Governance Committee the quarter one Treasury Management Indicators as required by the CIPFA Treasury Management Code.

The Deputy Chief Executive introduced the item and explained that there had been changes to the CIPFA code around treasury management, requiring increased reporting.

The report set out the compliance with the amended CIPFA code.

The Chair asked that the latest Arlingclose report be brought to the next meeting, in order to facilitate comparison with other Local Authorities.

Members discussed the new requirement to report the indicators quarterly, and asked whether it could counterintuitively make concerns more difficult to identify due to over reporting.

The Deputy Chief Executive stated that Grant Thornton would be publishing a report looking at lessons learn from the Public Interest Report, and officers would be doing work on how to ensure the indicator reports are useful.

Members made reference to the Leader of the Council's statement at full Council, which had referenced the risk of the Council meeting a similar fate to Birmingham unless substantial savings were made. Although some members stated that there was no evidence for this statement, the Deputy Chief Executive highlighted that unless savings were made, at the current rate the Council's reserves would be depleted. However, it was stated that the Council was not in immediate risk of this.

RESOLVED: To note the 2023/24 Treasury Management Indicators (Q1)

## **227     Cotswold District Council Local Code of Corporate Governance**

The Business Manager for Business Continuity, Governance and Risk introduced the item. The purpose was to present the latest version of the Local Code of Corporate Governance for Cotswold District Council for adoption.

Members asked that going forward, changes are reflected through colour coding.

RESOLVED: To adopt the latest version of the Local Code of Corporate Governance.  
Voting record – For 6, Against 0, Abstentions 0, Absent 1

## **228     Annual Governance Statement Action Plan**

The Business Manager for Business Continuity, Governance and Risk introduced the item.

The purpose of the item was to provide the Committee with an update on progress against the Annual Governance Statement action plan for 2023/24.

Members suggested that completion dates be added to future reports.

RESOLVED: to note the action plan and associated progress updates

**229 Annual Summary of Complaints Statistics From The Local Government And Social Care Ombudsman - Year Ending 31 March 2023**

The Business Manager for Business Continuity, Governance and Risk introduced the item. A total of 10 complaints were escalated to the Local Government and Social Care Ombudsman about services provided by the Council during financial year 2022 - 2023. Of the 10 complaints received by the Ombudsman, one complaint was investigated, which was 'upheld'.

The purpose of the item was to present the Annual Complaints Statistics as provided by the Local Government and Social Care Ombudsman for the year 1st April 2022 – 31st March 2023.

The Chair highlighted the importance of reviewing complaints and the approach taken to dealing with them.

RESOLVED: To Note the content of the report and the Annual Review Letter 2022 – 2023.

**230 Appointment of Standards Hearings Sub-Committee**

The Chair introduced the item and highlighted the membership of the Committee as; Patrick Coleman (Liberal Democrat), Clare Muir (Liberal Democrat) and Len Wilkins (Conservative).

The purpose of the item was to invite the Committee to appoint members to the Standards Hearings Sub-Committee.

The Chair invited the Director for Governance to address the Committee. The Director for Governance explained that the Independent Person in the report was different from the Independent Member on the Audit and Governance Committee, and was to ensure independence and fulfil a 'critical friend' function.

RESOLVED: To;

1. Agree to establish the Standards Hearings Sub-Committee.

2. Appoint three members of the Audit and Governance Committee named in Annex A (Councillors Coleman, Muir and Wilkins) to the Standards Hearings Sub-Committee for the remainder of the current municipal year, in accordance with political proportionality (2 Liberal Democrat, 1 Conservative).

3. Delegate authority to the Director of Governance and Development to determine who will be the Independent Person at a Standards Hearings Sub-Committee meeting and, where relevant, who will be the Town and Parish Council representative attending in an advisory capacity.

**231 Work Plan**

The Committee discussed the work plan, and raised the following amendments:

- The Cabinet Member for Climate Change to be invited, as per the previous conversation, alongside a senior Publica officer.
- The Committee has typically held a 5<sup>th</sup> meeting, and asked that this arrangement be formalised.

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RESOLVED: To note the work plan

The Meeting commenced at 5.00 pm and closed at 7.10 pm

Chair

(END)

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# Agenda Item 9



**COTSWOLD**  
DISTRICT COUNCIL

Council name	<b>COTSWOLD DISTRICT COUNCIL</b>
Name and date of Committee	<b>AUDIT AND GOVERNANCE COMMITTEE – 30 NOVEMBER 2023</b>
Subject	<b>COTSWOLD DISTRICT COUNCIL CODE OF CORPORATE GOVERNANCE</b>
Wards affected	All
Accountable member	Cllr Joe Harris, Leader of the Council Email: <a href="mailto:joe.harris@cotswold.gov.uk">joe.harris@cotswold.gov.uk</a>
Accountable officer	Robert Weaver, Chief Executive Officer Email: <a href="mailto:Democratic@Cotswold.gov.uk">Democratic@Cotswold.gov.uk</a>
Report author	Cheryl Sloan, Business Services Manager, Governance, Risk & Business Continuity Email: <a href="mailto:Democratic.Services@Cotswold.gov.uk">Democratic.Services@Cotswold.gov.uk</a>
Summary/Purpose	The report brings to members the current version of the Strategic Risk Register for information and assurance that risks to the Council are being managed and appropriate actions are being taken to mitigate risk.
Annexes	Annex A – Risk register
Recommendation(s)	That the Audit and Governance Committee resolves to: I. Note the Strategic Risk Register.
Corporate priorities	<ul style="list-style-type: none"> <li>All</li> </ul>
Key Decision	No
Exempt	No
Consultees/ Consultation	NA

## **1. EXECUTIVE SUMMARY**

- 1.1** To present to the Audit and Governance Committee the Strategic Risk Register for Cotswold District Council.

## **2. BACKGROUND**

- 2.1** The strategic risk register is presented to the Audit and Governance Committee to provide assurance that risks to the Council are being managed and appropriate actions are being taken to mitigate risk.
- 2.2** Presentation of the risk register also provides an opportunity for members of the Audit and Governance Committee to raise questions and highlight any risks which they feel should be referenced and mitigated.

## **3. RISK REGISTER**

- 3.1** Risk Management is the process used to identify, evaluate, and manage the whole range of business risks facing an organisation.
- 3.2** A risk can be defined as the potential of something happening which may have a negative impact on a council's ability to deliver services or projects and achieve its objectives. By being alert to this and putting in place mechanisms to manage risks, a council will be in a better position to continue to deliver services, remain viable, continue to innovate, and use resources more efficiently.
- 3.3** Risk Management is not necessarily about being 'risk averse', it is about being 'risk aware'. Through Risk Management we proactively identify potential risks to our businesses, which could include service delivery risks, financial risks, people risks or projects risks, and then assess what the impact would be should that risk happen, what the likelihood is of that risk occurring and what we can do to manage or mitigate that risk. As a council, we then have to consider whether that risk is worth taking and if yes, do we accept it, put in place mitigations to lower the risk, pass or share the risk e.g., outsourcing the risk, or avoid the risk.
- 3.4** The risk register presented to the Audit and Governance Committee is the Strategic Risk register for the Council. This captures the high-level risks that the council is currently facing. All Council partners such as Publica have their own Strategic risk register, along with individual services areas and project risk registers, which feed into this high-level strategic risk register.
- 3.5** To ensure risks are captured, mitigated, and clearly reported, the Cotswold District Council Risk Register has been recently reviewed and a new Risk Register is reported to this Audit & Governance Committee.

- 3.6** This new template should be clearer and easier to see the high-level risks for the Council, the mitigations which are currently in place and the direction of travel. This will continue to be developed over the next few months, and any feedback from the Audit and Governance Committee is welcomed.
- 3.7** The risk register includes a scoring based on impact and likelihood of the risk occurring before mitigation and then the residual risk after mitigation. The arrow shows the direction of travel since the last time the risk was reviewed and reported.
- 3.8** Risks which have recently increased include: -

**CDC IR 5 Shareholder Review of Publica:** This risk has been increased to reflect the recommendation to in-source the majority of services from Publica whilst there is still more detailed work to undertake around the transition plan, governance, and due diligence.

**CDC PR 3 Partnership deliverables (Publica):** This risk has been increased to reflect the potential impact on savings achievement, recruitment, retention, and performance following the recommendation to in-source the majority of savings. Also, the requirement to review governance arrangements for the proposed new delivery model. This risk should decrease as the detailed work is completed on the transition plan, governance, and due diligence.

#### **4. CONCLUSIONS**

- 4.1** It is recommended that the Audit and Governance Committee note the Risk Register.

#### **5. FINANCIAL IMPLICATIONS**

- 5.1** There are no financial implications arising from this report.

#### **6. LEGAL IMPLICATIONS**

- 6.1** There are no direct legal implications arising from this report.

#### **7. RISK ASSESSMENT**

- 7.1** This report relates to the Council's management of risk and identifies the current strategic risks, as such no separate risk assessment has been completed.

#### **8. EQUALITIES IMPACT**

- 8.1** An equalities impact assessment is not required for this report.

#### **9. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS**

- 9.1** There are no climate or ecological emergency implications arising directly from this report.







#### **10. BACKGROUND PAPERS**




**10.1** None.







(END)








Cotswold District Council Strategic Risk Register - November 2023

						Initial Risk				Previous Residual Risk Score			Current Residual Risk Score			Change in residual risk since previous review						
ID	Risk Title	Description of risk / opportunity	Risk Owner	Responsible Officer	Date reviewed	Impact category	Likelihood category		Existing Control, Mitigation or Contingency	Impact category	Likelihood category	Score	Impact category	Likelihood category	Score		Follow on Action (if required)	Responsible Officer	Target delivery date	Risk Acceptance Level	Status: Open, Hold, or Closed	Direction of Travel since previous review)
Internal Risks (IR)																						
CDC IR 1	Financial Stability of CDC	Government Funding declines putting financial sustainability at risk. Council cannot deliver services within current cost configuration or financial envelope. Members and Officers are not cognisant of the financial challenge or do not engage adequately. CTWG does not deliver cost reduction or savings required to close the budget gap identified in the MTFS. Pay Award/Inflation assumptions in the MTFS are below actual impact MTFS already assumes Council Tax increases. Peer Challenge and subsequent review. Poor decision making on Council services or priorities. Decisions taken in isolation and do not form part of a wider strategy. Council does not have adequate reserves to mitigate financial risks. Unanticipated demand on services increasing financial pressure. Impact of cost of living crisis. Savings targets.	S151	S151	1/11/2023	Major	Probable	16	General Fund Reserves are currently healthy. 23/24 Budget updated to include known cost pressures. Budget monitoring in place throughout the year. Budget setting for 24/25 to identify additional opportunities and pressures. A Transformation Group has been established to drive further efficiencies forward. Local Government pay award for 23/24 now agreed and inline with budget assumptions	Moderate	Probable	12	Moderate	Probable	12	0	Continued in year budget monitoring and reporting. The 24/25 Budget to be collated and an updated MTFS to be reviewed by Executive and Council. Review of earmarked reserves. Further consideration of options - particularly in areas of Waste, Leisure, Homelessness and Asset Management with a view to bridging the financial gap identifies within the MTFS. In addition, more member training to be considered to increase profile of budgetary challenges.	S151	Ongoing	Risk Reduction	Open	
CDC IR 2	GDPR / Information Management	If the council is not compliant with the General Data Protection and does not have robust processes in place for Information Management then there is a risk of financial penalties, reputational damage and impact on resources	S151	BM - ICT	1/11/2023	Major	Probable	16	Policies and procedures in place for Data Protection Compliance Data Protection Officer and team in place. ICT systems compliant with Data Protection with PSN accreditation / cyber essentials Mandatory training for all staffData Protection Privacy notices in place. Data sharing agreements in place Data breach processes in place	Major	Possible	12	Major	Possible	12	0	All emails received from at risk location are quarantined and inspected by ICT staff before being released.  Also see risk on cyber security. Currently rolling out new training programme for staff and members on data protection and cyber awareness.	BM - ICT	Ongoing March 2024	Risk Reduction	Open	
CDC IR 3	Health & Safety	If the council and its contractors / partners are not compliant with the Health & Safety at Work Act, it is at risk of a serious Health & Safety incident / accident leading to financial penalties, reputational damage and risk to services.	CEO	BP - H&S	1/11/2023	Major	Probable	16	Health & Safety business partner in place to monitor compliance for Publica, with H&S Board and audit / inspection process. New H&S policy in place for Publica. Ubico have specialist H&S Officers and hold ISO45001, the highest level of H&S compliance. Services delivered by Council and Publica are low risk, highest risk is services contracted to Ubico where H&S is paramount.	Major	Remote	8	Major	Remote	8	0	Health & Safety Board in place to monitor compliance and report back to the Council. Schedule of H&S internal compliance audits by service area completed by Business Lead for H&S, this is resulting in increased focus and compliance	BP - H&S	Ongoing	Risk Sharing	Open	
CDC IR 4	Legislative Compliance	If the Council and its contractors / partners is not compliant with relevant legislation, it is at risk of not meeting its statutory duty, reputational damage and financial impact	MO	ADs /BMS	1/11/2023	Moderate	Possible	9	Individual ADs and BMs responsible for Legal compliance within their respective areas with an annual declaration in place to monitor compliance. Audit process in place to check compliance. Service areas receive updates on legislation for their service areas. Review of legal services being completed.	Minor	Possible	6	Minor	Possible	6	0	Work ongoing to ensure we remain compliant with current legislation and future legislation.  Project Plan in place to ensure we are compliant with Biodiversity Net Gain (BNG) which is now live from Jan 24	BM - Governance AD - Planning & Sustainability	March 2024 Feb 2024	Risk Acceptance & Retention	Open	
CDC IR 5	Shareholder Review of Publica	The review of Publica by Human Engine commissioned by the four shareholder Councils has been published at Cabinet with a recommendation to in-source the majority of services. This is subject to a detailed transition plan and financial costings. Staff have been informed through a briefing prior to the recommendation being published.  If the detailed transition plan is not published soon providing assurance to those impacted by the decision, there is a risk that service delivery could be impacted due to loss of staff, inability to recruit, and low staff morale.  If detailed costings are not undertaken, there is a risk that in-sourcing the services could increase the cost of delivery and not achieve savings / efficiencies.	CEO	CEO	1/11/2023	Moderate	Possible	9	Report requires:  A detailed transition plan to be developed for subsequent agreement by Cabinet and Council.  Further due diligence to fully understand the financial implications of the recommendation in the short and long term.	Moderate	Possible	9	Moderate	Probable	12	3	Email setup for staff to raise questions about the announcement. Frequently asked questions to be developed and made available to staff. Work being undertaken on the data required to inform costings. Monitoring being undertaken to measure any impact to services / staffing impact. Officer working group to be established to deliver the transition plan. Joint messaging to be agreed to ensure staff are kept informed and to reduce flight risk and impact on morale. Governance arrangements to be agreed for the transition	CEO	Jan 24 - Transition Plan	Risk Reduction	Open	
CDC IR 6	Business Continuity Plans	Failure to have effective, robust and tested business continuity plans in place in the event of a significant event such as a cyber attack may result in service failure, impact on the community, reputaional risk and financial implications	CEO	BM - Governance	1/11/2023	Major	Probable	16	BCPs in place for all service areas which are reviewed annually. BCP test completed in November 2022 and action plan completed.	Moderate	Possible	9	Moderate	Possible	9	0	Schedule now in place for BCP review. ICT BCP test completed with internal audit to rebuild critical IT functionality outside of server. Member of Emergency Planning Team currently on formal BCP training. Currently reviewing BIA and BCP form to ensure it is robust. Testing to be completed by Service Managers	BM - Governance	Complete June 24	Risk Reduction	Open	

CDC IR 7	Procurement	Without clear and robust procurement procedures, Publica and the Council will not benefit from the most economically advantageous procurement opportunities and may not meets its obligations under the Public Sector Procurement Regulations.	S151	BP - H&S	1/11/2023	Moderate	Possible	9	Revised (2023) Commissioning and Procurement Strategy in place and approved by Cabinet. Contract value reduced from £100k to £50k to be brought to the Commissioning & Procurement Board. Contracts register in place and monitored /managed by procurement team.	Moderate	Remote	6	Moderate	Remote	6	0	Training being rolled out to all Managers on the new Commissioning & Procurement Strategy in new calendar year. Briefing note just circulated to all Business Managers and Assistant Directors	BP - Procurement	Apr-24	Risk Acceptance & Retention	Open	
CDC IR 8	Staff Resources	If the Council and /or its delivery partners cannot recruit or retain good staff, it is at risk of not being able to deliver its statutory services to the residents of Cotswold District Council leading to service failure, reputational risk and increased cost	CEO	AD - Organisational Effectivess	1/11/2023	Major	Possible	12	Recruitment team in place. Benefits package Branding IIP	Moderate	Possible	9	Moderate	Probable	12	3	Potential impact on recruitment & retention following recommendation to in-source majority of services back in-house. In response to this: Staff Communications Plan under develop FAQs Monitoring impact on reruitment & retention Transition Plan under development with partner CEOs	CEO	Ongoing	Risk Reduction	Open	
CDC IR 9	Uninsurable Risk	There are a number of risks which are not insurable including, but not limited to reputation, regulatory, trade secret, political, pandemic and civil emergency.  This is an unknown / unacceptable risk of loss or a situation.	CEO	S151	1/11/2023	Major	Possible	12	Controls in place to manage business critical risks and unknown risks such as pandemic / civil emergencies to help manage impact should these occur.	Major	Remote	8	Major	Remote	8	0		CEO		Risk Acceptance & Retention	Hold	

External Risks (ER)																						
CDC ER 1	Cyber Attack / Data Breach / Data Loss	<p>If the ICT network is not adequately protected then it is susceptible to a Cyber - Security Attack leading to loss of systems and data, significant downtime, reputational damage and impact on service delivery and resources</p> <p>If staff are not trained in phishing, this could lead to a successful cyber attack, loss of income through financial payments being made.</p>	CEO	BM - ICT	1/11/2023	Extreme	Probable	20	<p>Blocking of USB and other devices. PSN compliance. Revised policies. Staff awareness training. Business Continuity Plan in place, reviewed and tested. Enhanced encryption software and other specialist cyber tools. Investment in cyber training for the ICT Team and specialist officer/s in post. Cyber Essentials re- accreditation submitted. Ongoing network Internal &amp; External Penetration checks. Continual Password Audits across our network to evaluate weak password. Detailed review of Business Continuity &amp; Disaster Recovery Plans in light of recent cyber attack on neighbouring council.</p>	Major	Possible	12	Major	Possible	12	0	<p>Cyber Ninja training currently being rolled out across the organisation, which will be followed by Phishing emails to test understanding and awareness following the training. Ongoing investment in cyber team with dedicated team now in place. Regular review of User Privileges and Information Asset Register. Cloudflare software now in place which provides further controls against hacking attempts. Cyber insurance now in place.</p>	BM - ICT	Ongoing	Risk Reduction	Open	
CDC ER 2	Global Pandemic	<p>If there was another global pandemic, then there is a risk to the delivery of council services due to lack of resource availability, impacting on costs and reputation</p>	CEO	CEO	1/11/2023	Moderate	Possible	9	<p>New risk to replace Covid specific risks, as Covid is now BAU. Lessons learnt from previous pandemic, Council and partners are now setup to work remotely and able to continue to deliver services in the midst of a pandemic. There is an effective framework in place with LRF partners.</p>	Moderate	Possible	9	Moderate	Possible	9	0	<p>Watching brief should a further pandemic be predicted</p>	CEO	Hold	Risk Acceptance & Retention	Hold	
CDC ER3	Fraud & Corruption Risk	<p>If the Council does not have controls, checks and measures in place when commissioning and procuring goods, works and services, there is a risk of fraud and / or corruption which may impact on cost, reputation, and services.</p>	S151	Head of CFEU	1/11/2023	Major	Probable	16	<p>Counter Fraud and Enforcement Unit (CFEU) in place to manage Fraud and Corruption and ensure that the Council and its employees understand the risks and have controls, checks and measures in place to mitigate this activity. CFEU report to the Council's Audit and Governance Committee. Employees receive regular training. CFEU test controls to ensure fit for purpose</p>	Moderate	Possible	9	Moderate	Possible	9	0	<p>CFEU currently developing service risk registers for fraud to further improve awareness and controls. CFEU report to Audit &amp; Governance Committee on a 6-monthly basis.</p>	Head of CFEU	Ongoing	Risk Reduction	Open	
Strategic Risks (SR)																						
CDC SR 1	Major Civil Emergency	<p>District Councils are category 1 responders and have duties under the Civil Protection act, including providing rest centres for the Public during a Civil Emergency, providing response staff and any other duties and having plans in place to manage specific risks. If staff are unwilling to come forward and volunteer to respond to emergencies and with the running of a rest centre, there is a risk that the Council will be unable to fulfil its duty. If the Council is unable to provide a sustained response to a major civil emergency, the Council would be failing in fulfilling its statutory duty to assist and care for those affected.</p>	CEO	BM - Governance	1/11/2023	Major	Possible	12	<p>Emergency planning team in place. Emergency Planning Process in place, with defined roles and responsibilities. Staff trained in their roles. 24/7 callout in place. Ongoing work with the Local Resilience Forum.</p>	Major	Possible	12	Major	Possible	12	0	<p>Locality response teams now in place to include locality leads, response teams and rest centre managers to add additional resilience to the emergency teams which are already in place through the wider Publica. All documentation is currently being reviewed. Additional funded resource secured by LRF to work across the County and to provide community resilience support.</p>	<p>BM - Governance</p> <p>LRF</p>	<p>March 2024</p> <p>April 2024</p>	Risk Reduction	Open	
CDC SR2	Climate Emergency	<p>The Council has made a commitment to achieve countywide carbon neutrality as well as a carbon neutrality for the Council's own services. Failure to achieve these targets could result in the Council not meetings its commitments, as well as risk in terms of cost of delivery if the Government does not provide funding for delivery of carbon targets</p>	CEO	AD - Planning & Sustainability	1/11/2023	Moderate	Probable	12	<p>Desire of Council to become carbon neutral, however affordability and government funding to achieve this may not be in line with ambitions</p>	moderate	possible	9	moderate	possible	9	0	<p>Focussed delivery of key projects will be embedded in refreshed Service Delivery Plans. To achieve the targets may require significant further investment. Deep dive into Climate Action undertaken at Project Portfolio Board.</p>	AD - Planning & Sustainability	Mar-23	Risk Reduction	Open	
CDC SR3	Local Plan /Housing	<p>The Local Housing Plan 2011 - 2031 sets out the requirement for additional dwellings over the 20-year plan. This plan was reviewed in Sept 2023 by Cabinet with a requirement of circa 10,000 new dwellings. There is a risk that planning applicants and agents will not agree with the Councils position on housing requirements when applying for permission and the Council may be challenged on its position on the housing requirements through an appeal to a refused planning application.</p>	CEO	AD - Planning & Sustainability	1/11/2023	Moderate	Possible	9	<p>Local plan reviewed in Sept 2023. Local housing needs of the District have not significantly changed.</p>	Moderate	Possible	9	Moderate	Possible	9			AD - Planning & Sustainability		Risk Reduction	Open	

Partnership Risks (PR)																						
CDC PR 1	Partnership deliverables (Ubico waste provider)	If the 'Waste' contractor does not meet their obligations under key contracts then it could lead to a fall in service standards, reduced customer service, a failure to meet legal requirements or an increase in costs to the Council and reputational impact	CEO	Ubico CEO / BM Environmental Services	1/11/2023	Major	Possible	12	CDC is a shareholder of Ubico, with significant control and influence over the company ensuring ongoing financial viability and affordability for the Council. Contract Management in place to ensure Ubico deliver the service in-line with agreed specification and standards. Performance reports presented to Council. Engagement with Publica through operational and strategic meetings (monitoring, CTWG)	Moderate	possible	9	Moderate	possible	9	0	Council and Publica continue to monitor and manage Ubico Contract.	BM - Environmental Services	Ongoing	Risk Reduction	Open	
CDC PR2	Failure of Leisure provider and partnership deliverables (Freedom Leisure)	If the Leisure Providers does not meet their obligations under the leisure contract or face financial difficulties in the future, there is a risk to the Council in the delivery of leisure services, resulting in increased costs, and reputational damage.	CEO	BM - Leisure & Communities	1/11/2023	Major	Probable	16	Contract monitoring and management in place. Monitoring of service offer to drive income	Moderate	possible	9	Moderate	possible	9	0	Council and Publica continue to monitor and manage Leisure Contract.	BM - Leisure & Communities	Ongoing	Risk Reduction	Open	
CDC PR 3	Partnership Deliverables (Publica)	If Publica do not deliver the Future Publica Savings, this will add additional financial pressure on the Council, also if delivered as a cutting exercise, it could impact on service delivery.  If Publica are unable to recruit/retain suitably qualified staff - impact on quality of services delivered, financial impact and reputation  Services are not able to adequately discharge their (legal) obligations leading to failure - this may not be reported through the quarterly performance reports	CEO	Publica MD	1/11/2023	Major	Possible	12	Financial incentives (market force supplement scheme) Review of pay and benefits package. Introduction of career grade structures in Planning and Project Management Recruitment improvement plan in place Investors in People HR programme in place Shareholder Forum in place to hold Publica to account.	Moderate	possible	9	Moderate	Possible	12	3	CDC Cabinet have approved the recommendations set out in the Human Engine report which was commissioned by all Shareholders of Publica. The report recommends that the majority of services are returned to the Council.  Governance arrangements for the partnership will be reviewed as part of new model.  Uncertainty around the delivery of savings targets through Future Publica with change in delivery model.  Potential increase in risk around recruitment and retention during transition / change, which may impact on performance.	CEO	Jan-24	Risk Reduction	Open	
CDC PR 4	Failure or non delivery of other key suppliers /providers / partners	CDC commissions a number of service providers to deliver services on behalf of the District Council (Bromford, Cottsway). If these providers fail and / or do not deliver services, this may have a financial, reputational and service delivery impact.	CEO	CEO	1/11/2023	Moderate	Possible	9	Contracts and Service agreements in place Meetings in place with service providers	Moderate	Possible	9	Moderate	Possible	12	3	avid	CEO	Ongoing	Risk Reduction	open	
Major Project Risks (MPR)																						
CDC MPR 1	Failure to deliver CDC programme of major projects	If the Council does deliver on it's major projects, this could result in non delivery of Council priorities , cost increases, financial pressures and reputational damage	CEO	AD - Property & Regeneration	1/11/2023	Major	Possible	12	All projects require a detailed business case and sign off before proceeding. Project Manager appointed to manage all major projects Project reporting in place, including risk reporting on a monthly basis.	Moderate	Possible	9	Moderate	Possible	12	3	Due to inflation, project costs are increasing for major projects and the cost of borrowing is impacting, in some cases on the viability of businesses cases. This is being monitored on a case by case basis. Management Team have a monthly meeting to review all CDC projects, progress and risks.	AD - Property & Regeneration	Ongoing	Risk Reduction	Open	

## Likelihood

1	Improbable	Has not occurred before Has not occurred at other similar organisations Extremely unlikely to occur (less than 10% chance) but may do so in at least 10 years time
2	Remote	Remote risk but could happen within next 3 to 10 years Has not occurred in this company group but isolated cases have occurred elsewhere in similar organisations
3	Possible	Could happen at least once every 1 to 3 years New circumstances with little data to indicate likelihood of occurrence 50 / 50 chance of it happening
4	Probable	More likely to happen than not Could occur within next 3 – 12 months Has occurred in the last five years Has occurred at <b>some</b> other similar organisations
5	Almost certain	Has occurred in the last two years Has occurred at <b>many</b> other similar organisations More than an <b>80%</b> chance of it happening Likely to happen within next three months or is occurring at present

## Impact

1	Insignificant	Negligible impact on achievement of service objectives/delivery Negligible impact on delivery of project – slight slippage or reduction in quality/scope with no overall impact Negligible financial impact Health and Safety of very small number of individuals affected Limited impact on staff and culture – a few individuals only affected Minor legal/regulatory impact – no sanction or legal action likely No damage to reputation or will not result in adverse media comment
2	Minor	Moderate impact on service objectives/delivery – only partially achievable without additional time / resources Some impact on project – slight slippage against published milestones/targets and some 'nice to have' elements not possible Minor injuries possible to relatively small number of individuals Likely to affect motivation of small groups of staff Some legal/regulatory impact – could lead to warnings/threats of sanctions/ legal action Some public embarrassment but no damage to reputation or standing in the community Financial impact can be contained within service budget
3	Moderate	Service objectives/delivery not achievable without considerable additional time / resources Moderate effect on project timetable and significant elements of scope or functionality may not be available Moderate number of injuries possible – not life threatening Moderate impact on staff motivation within particular service(s) Significant legal/regulatory impact leading to reprimand, sanctions or legal action Some public embarrassment leading to limited reputational damage (adverse local press) – short term impact Financial impact cannot be contained within budget and needs additional resourcing.
4	Major	Significant impact on achievement of service objectives/delivery even with additional time / resources Failure to meet key project deadlines or project fails to meet needs of proportion of stakeholders Possibility of serious injury or fatality to individuals Significant impact on employee motivation generally – possibly leading to poor quality services/regulatory impact leading to sanctions or legal action with significant loss of credibility and public confidence in the service / company (of interest to the national press) Significant financial impact (>£250,000)
5	Extreme	Unable to achieve corporate objective or prolonged closure/withdrawal of service Major project's viability jeopardised through delay or level of quality makes it effectively unusable Possibility of multiple fatalities or serious injuries Severe impact on staff motivation generally, leading to dissatisfaction and industrial unrest Major legal/regulatory impact leading to sanctions or legal action with substantial financial or other consequences Highly damaging to reputation with immediate impact on public confidence Incident of interest to government agencies Incident potentially leading to resignation or dismissal of a Director Severe financial impact

<b>Likelihood</b>	<b>5</b>	5	10	15	20	25
	<b>4</b>	4	8	12	16	20
	<b>3</b>	3	6	9	12	15
	<b>2</b>	2	4	6	8	10
	<b>1</b>	1	2	3	4	5
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Impact</b>						



**COTSWOLD**  
DISTRICT COUNCIL

Council name	<b>COTSWOLD DISTRICT COUNCIL</b>
Name and date of Committee	<b>AUDIT AND GOVERNANCE COMMITTEE – 30 NOVEMBER 2023</b>
Subject	<b>TREASURY MANAGEMENT MID-YEAR REPORT 2023-24</b>
Wards affected	N/A
Accountable member	Cllr Mike Every, Cabinet Member for Finance Email: mike.every@cotswold.gov.uk
Accountable officer	David Stanley, Deputy Chief Executive and Section 151 Officer Email: David.Stanley@cotswold.gov.uk
Report author	Sian Hannam, Treasury Accountant Email: sian.hannam@publicagroup.uk
Summary/Purpose	To receive and discuss details of the Council's Treasury Management performance for the period 01 April to 30 September 2023 and Quarter 2 Treasury Management Prudential Indicators.
Annexes	None
Recommendation(s)	That the Audit and Governance Committee resolves to:  I. Recommend to Council to approve the Council's Treasury Management performance for the period 01 April 2023 to 30 September 2023 and Quarter 2 Prudential Indicators.
Corporate priorities	The Council's Treasury Management Strategy underpins all of the Council Priorities and is relevant to the Council principle of "Value for money – we will use the council's resources wisely but will invest in the fabric and future of the district".
Key Decision	NO
Exempt	NO
Consultees/ Consultation	N/A

## **1. BACKGROUND**

- 1.1** In February 2011 the Council adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code). The CIPFA Code requires the Council to approve reports on treasury management activities at the end of the first half of the financial year and at the end of the financial year.
- 1.2** This report covers the Treasury Management activity and performance of Cotswold District Council for the period 01 April to 30 September 2023.
- 1.3** The Council's Treasury Management Strategy for 2023/24 was approved at the Council meeting on 15 February 2023. The Council has invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Council's Treasury Management Strategy.
- 1.4** The Council's treasury management activity is underpinned by CIPFA's Code of Practice on Treasury Management 2021 ("the Code"), which includes the requirement for determining a treasury strategy on the likely financing and investment activity for the forthcoming financial year. The Code also recommends that members be informed of Treasury Management activities on a quarterly basis. This report therefore ensures this authority is embracing best practice in accordance with CIPFA's recommendations.

## **2. TREASURY MANAGEMENT – INTRODUCTION**

- 2.1** The purpose of the treasury management operation is to ensure that cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in counterparties or instruments commensurate with the Council's low risk approach, pursuing optimum performance while ensuring that security of the investment is considered ahead of investment return. The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure.
- 2.2** The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure the Council can meet its capital spending obligations. The management of longer-term cash may involve the arrangement of long and/or short-term loans (external borrowing) or may use longer term cash flow surpluses in lieu of external borrowing (internal borrowing).
- 2.3** The Council continued to engage the services of Arlingclose for independent treasury advice during the year 2023/24. Arlingclose provide specialist treasury support to 25% of UK local authorities. They provide a range of treasury management services including technical advice on investment management and long-term capital financing. They advise on investment trends,



developments, and opportunities consistent with the Council's Treasury Management Strategy.

- 2.4** The Council's treasury management advisors have provided commentary on the economic background that prevailed during the first half of 2023/24. This commentary is provided at Annex A.

### **3. TREASURY MANAGEMENT- SUMMARY POSITION - 1 APRIL 2023 to 30 SEPTEMBER 2023**

- 3.1** On 31 March 2023, the Council had net investments of £27.972m arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while useable reserves and working capital are the underlying resources available for investment. These factors are summarised in Table 1 below:

Table 1: Balance Sheet Summary

	<b>31.3.23 Actual £m</b>	<b>31.3.24 Forecast £m</b>
General Fund CFR	0.0200	0.486
Less: External borrowing	(0.451)	(0.357)
Less: Usable reserves	(22.869)	(15.000)
Less: Working capital	(4.672)	(5.4000)
<b>Net Investments</b>	<b>(27.972)</b>	<b>(20.270)</b>

- 3.2** The Council's current strategy is to fund capital expenditure through its capital receipts or to maintain investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk. If interest rates were to rise by 1%, then investment income would average 5.78%, whilst borrowing costs (based on 20-year PWLB Annuity Loan inclusive of the certainty rate) would be 5.25%. For every £1m borrowed there be an additional £5,300 income per annum.
- 3.3** The Council's strategy has been to diversify investments into pooled funds in order to reduce risk and increase returns. The treasury management position as at 31 March 2023 and the mid-year change is shown in Table 2 below.

Table 2: Treasury Management Summary

	31.3.23 Balance £m	Movement £m	30.9.23 Balance £m	30.9.23 Rate %
Long-term borrowing	0.451	(0.046)	0.405	2.21
<b>Total borrowing</b>	<b>0.451</b>	<b>(0.046)</b>	<b>0.405</b>	<b>2.21</b>
Long-term investments	11.528	(0.176)	11.352	4.41
Short-term investments	4.361	10.817	15.178	5.28
Cash and cash equivalents	12.083	(8.959)	3.124	4.67
<b>Total investments</b>	<b>27.972</b>	<b>1.682</b>	<b>29.654</b>	<b>4.78</b>
<b>Total investments</b>	<b>27.972</b>	<b>1.682</b>	<b>29.654</b>	

#### 4. BORROWING ACTIVITY

- 4.1** Local authorities can borrow from the Public Works Loan Board (PWLB) provided they can confirm they are not planning to purchase ‘investment assets primarily for yield’ in the current or next two financial years, with confirmation of the purpose of capital expenditure from the Section 151 Officer. Authorities that are purchasing or intending to purchase investment assets primarily for yield will not be able to access the PWLB except to re-finance existing loans or externalise internal borrowing.
- 4.2** Acceptable use of PWLB borrowing includes service delivery, housing, regeneration, preventative action and re-financing debt.
- 4.3** Competitive market alternatives are available for authorities with or without access to the PWLB. However, the financial strength of the individual authority and borrowing purpose will be scrutinised by commercial lenders.
- 4.4** CIPFA’s Prudential Code on Capital Finance and the Treasury Management Code of Practice have been updated for 2023/24. The main changes to the Codes are shown below:
- 4.5 Prudential Code** – The updated code includes the following as the focus of the substantive changes:
- Provisions in the code, which present the approach to borrowing in advance of need in order to profit from additional sums borrowed, have been strengthened. The relevant parts of the code have augmented to be clear that borrowing for debt-for-yield investment is not permissible under the Prudential Code. This recognises that commercial activity is part of regeneration but underlines that such transactions do not include debt-for yield as the primary purpose of the investment or represent an unnecessary risk to public funds.

- Proportionality is included as an objective in the Prudential Code. Provisions have been added so that an authority incorporates an assessment of risk to levels of resources used for capital purposes.
- Capital strategies are required to report investments under the following headings: service, treasury management and commercial investments.

**4.6 Treasury Management Code** – The main changes to the Treasury Management code are as follows:

- Investment management practices and other recommendations relating to non-treasury investments are included within the Treasury Management Practices (TMPs) alongside existing TMPs.
- Introduction of the Liability Benchmark as a treasury management indicator for local government bodies.
- Environmental, Social and Governance (ESG) risks are incorporated into TMPI (Risk Management) rather than a separate TMP 13.
- The purpose and objective of each category of investments should be described within the Treasury Management Strategy

**4.7** The Council is not planning to purchase any investment assets primarily for yield within the next three years and so is able to fully access the PWLB.

**4.8** The Council's first Community Municipal Investment (CMI), named 'Cotswold Climate Investment' (CMI) which targeted a £500,00 fundraise closed on the 16 August 2022, fully funded by over 450 investors. As at 30 September 2023 the Council's balance on the loan administered through Abundance Investments Limited for the purpose of Community Municipal Investments was £405k. The Cotswold Climate Investment will support a range of projects, including installing publicly available off-street electric vehicle charging points (EVCs) around the district to encourage electric vehicle take-up, and improving the energy and carbon performance of the Council's Cirencester offices.

**4.9** In order to support the Capital Programme in the future, the Council may need to undertake borrowing, there is no expectation of undertaking borrowing in the current financial year. Any future borrowing decision will be reported back to members of this Committee and will be subject to consideration and approval by either Cabinet or Council as appropriate.

## **5. INVESTMENT PERFORMANCE AND PROJECTIONS**

**5.1** The Council invested funds, representing income received in advance of expenditure plus balances and reserves held. During the first half of the year, the Council's investment balances ranged between £47m and £31m million due to timing differences between income and expenditure. The investment position is shown in table 3 below:

**Table 3: Treasury Investment Position**

	<b>31.3.23</b>	<b>Net</b>	<b>30.9.23</b>	<b>30.9.23</b>
	<b>Balance</b>	<b>Movement</b>	<b>Balance</b>	<b>Income</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>Return</b>
				<b>%</b>
Bank of England DMADF	4.283	10.804	15.087	5.28
Money Market Funds/ Call Accounts	12.083	(8.958)	3.125	4.67
Real Estate Investment Trust (REIT)	1.007	(0.010)	0.997	2.88
Cash Plus Fund	1.096	0.026	1.122	N/A
Pooled Funds (I)	9.503	(0.180)	9.323	4.41
<b>Total investments</b>	<b>27.972</b>	<b>1.682</b>	<b>29.654</b>	<b>4.78</b>

(I) See breakdown at Table 4 below.

- 5.2** Both the CIPFA Code and Government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
- 5.3** The Investment income budget for 2023/24 is £0.719m, as approved in February 2023. As part of Treasury Management monitoring, a review of Investment income expectations for the year indicates income could exceed budget by £0.836m by year end (based on investment returns in the first half of the year). Increases in the Base Rate have fed through to higher short-term deposit and MMF interest rates. These have increased from 4.25% at the start of the year to 5.25% by September, further increases are not currently expected unless inflation remains stubbornly high. There has been a small increase in Pooled Fund interest, further details are included in section 6 of this report.

## **6. EXTERNALLY MANAGED POOLED FUNDS**

- 6.1** Of the Council's investments, £11.5m are held in externally managed strategic pooled cash, bond, equity, multi-asset, and property funds and a further £1m is invested in a Housing Real Estate Investment Trust where short-term security and liquidity are lesser considerations, and the objectives instead are regular revenue income and long-term price stability. These funds have generated a revenue return of £0.281m (4.41% annualised) in the first half of the financial year. As at 30 September 2023, there is a capital loss of £1.155m against the initial investment due to external economic conditions. Unfortunately, due to continued global instability and lack of confidence in the market there has been further capital loss of £183k in

the six months to September. Members are reminded that Pooled Funds are held for the longer-term and the capital value will fluctuate over each financial year.

- 6.2** Table 4 below shows the current valuations of the Pooled Funds portfolio, Cash Plus Fund and REIT at 30 September 2023, compared with the opening balances of 1 April 2023

Table 4: Pooled Funds, Cash Plus Fund and REIT

FUND NAME	Initial Investment	1 <sup>st</sup> April Fund Value	30th Sept Value	Dividends in 2023/24 (as at 30 Sept)	Gain / (Loss) for 2023/24	Gain / (Loss) to Initial Principal	% Return Capital & Dividend 2023/24
	£	£	£	£	£	£	%
CCLA Property Fund	2,500,000	2,241,061	2,215,397	55,941	(25,664)	(284,603)	1.21%
Schroders Income Maximiser Fund (E)	1,000,000	801,858	781,817	40,932	(20,040)	(218,183)	2.09%
CCLA Diversified Income Fund (M)	1,000,000	939,659	925,211	18,359	(14,448)	(74,789)	0.39%
M&G UK Income Fund (E)	2,000,000	1,793,403	1,723,254	66,181	(70,149)	(276,746)	-0.20%
Investec Diversified Fund (M)	2,000,000	1,814,069	1,765,901	39,995	(48,168)	(234,099)	-0.41%
Columbia Threadneedle Bond Fund (B)	2,000,000	1,842,079	1,820,765	45,131	(21,313)	(179,235)	1.19%
Federated Cash + Fund (C)	1,000,000	1,096,121	1,122,443	-	26,321	122,443	2.63%
Fundamentum Housing REIT	1,000,000	1,000,000	990,000	14,250	(10,000)	(10,000)	0.43%
<b>Total</b>	<b>12,500,000</b>	<b>11,528,249</b>	<b>11,344,788</b>	<b>280,789</b>	<b>(183,461)</b>	<b>(1,155,212)</b>	<b>(4.78)</b>

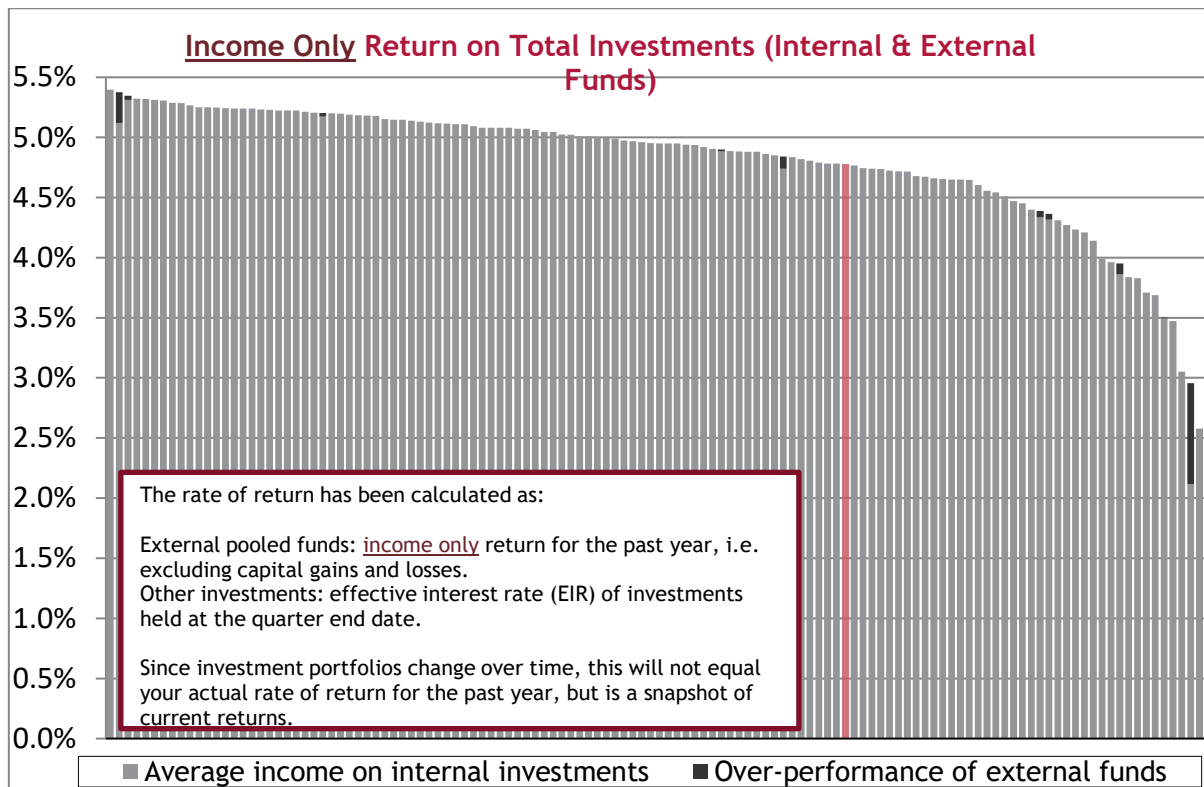
Key: E- Equity, M – Multi asset, B –Bond, C – Cash

- 6.3** Pooled funds capital value fell in the period April to September, by 2.11%. Financial market conditions were volatile during the six-month period. Global bond yields rose and remained elevated as it became apparent that policymakers were looking to keep rates high for some time amid persistently higher core inflation and tight labour markets. The UK, Euro area and US equity markets were initially helped by resilient growth data and diminishing talk of recession. A weaker currency and better-than-expected fundamentals were broadly supportive for UK equities. The FTSE All Share index was marginally lower at the end of the 6-month period at 4127 on 30/9/23 v 4157 on 31/3/23.
- 6.4** For existing longer-term investors in fixed income securities, the prospect of a higher-for-longer rate environment weighed on sentiment. Yields rose in Q2 2023 on the expectation that central banks would continue hiking rates but fell in August as investors grew confident that policy rates were close to their peak, then rose again in September as oil prices climbed above \$90/barrel. There was also some effect from quantitative tightening by the Bank of England. This affected capital values of the Authority's longer-dated bond funds during the six-

month period and, to a lesser extent, the multi-asset funds where there was some offset from equity performance.

- 6.5** Investor sentiment for UK commercial property was more settled than in Q3 and Q4 of 2022 when the sharp rise in bond yields resulted in a big fall in property valuations. There were signs of returning investor interest, occupier resilience and a perception that the downturn in commercial real estate may be bottoming out. It helped rental income and led to some stabilisation in capital values. However, the combination of high interest rates and bond yield, higher funding costs and the prospect of sluggish economic growth constrain the outlook for commercial property.
- 6.6** The combination of the above had negative effect on the combined value of the Authority's strategic funds since March 2023. Income from the Authority's cash plus funds has improved as maturing securities are replaced by higher yielding ones in this fund.
- 6.7** Because the Council's externally managed funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives are regularly reviewed. Strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters and even years; but with the confidence that over a three- to five-year minimum period total returns will exceed cash interest rates.
- 6.8** Table 5 below shows that as at 30 September 2023, Cotswold District Council (red bar) achieved an average rate on investments of 4.78%, 84<sup>th</sup> in a pool of 125 Local Authorities where the top 100 ranged between 4.56% and 5.40%.

Table 5: Cotswold District Council investment returns v Arlingclose clients (125) as at 30 September 2023



## 7. ARLINGCLOSE'S ECONOMIC OUTLOOK FOR THE REMAINDER OF 2023/24

### 7.1

	Current	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26
Official Bank Rate													
Upside Risk	-	0.25	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	1.00	1.00
Arlingclose Central Case	5.25	5.25	5.25	5.25	5.00	4.75	4.25	4.00	3.75	3.50	3.25	3.00	3.00
Downside Risk	-	-	0.25	.050	-.075	-1.00	1.00	1.00	-1.00	-1.00	1.00	1.00	-1.00

**7.2** UK inflation and wage growth remain elevated but, following a no-change MPC decision in November, Bank Rate appears to have peaked in this rate cycle. Near-term rate cuts are unlikely, although downside risks will increase as the UK economy likely slides into recession and inflation falls more quickly.

**7.3** The much-repeated message from the MPC is that monetary policy will remain tight as inflation is expected to moderate to target only slowly. In the Bank's forecast, wage, and services inflation, in particular, will keep CPI above the 2% target until 2026.



- 7.4** The UK economy has so far been relatively resilient, but recent data indicates a further deceleration in business and household activity growth as higher interest rates start to bite. Global demand will remain soft, offering little assistance in offsetting weakening domestic demand. A recession remains a likely outcome.
- 7.5** Employment demand is easing, although the tight labour market has resulted in higher nominal wage growth. Anecdotal evidence suggests slowing recruitment and pay growth, and we expect unemployment to rise further. As unemployment rises and rates remain high, consumer sentiment will deteriorate. Household spending will therefore be weak. Higher interest rates will also weigh on business investment and spending.
- 7.6** Inflation will fall over the next 12 months. The path to the target will not be smooth, with higher energy prices and base effects interrupting the downtrend at times. The MPC's attention will remain on underlying inflation measures and wage data. We believe policy rates will remain at the peak for another 10 months, or until the MPC is comfortable the risk of further 'second-round' effects have diminished.
- 7.7** The MPC held Bank Rate at 5.25% in November. Arlingclose believe this is the peak for Bank Rate.
- 7.8** The MPC will cut rates in the medium term to stimulate the UK economy but will be reluctant to do so until it is sure there will be no lingering second-round effects. Arlingclose see rate cuts from Q3 2024 to a low of around 3% by early-mid 2026.
- 7.9** The immediate risks around Bank Rate remain on the upside, but these diminish over the next few quarters and shift to the downside before balancing out, due to the weakening UK economy and dampening effects on inflation.
- 7.10** Arlingclose expects long-term gilt yields to eventually fall from current levels (amid continued volatility) reflecting the lower medium-term path for Bank Rate. However, yields will remain relatively higher than in the past, due to quantitative tightening and significant bond supply.

## **8. COMPLIANCE**

- 8.1** The Chief Finance Officer reports that all treasury management activities undertaken during the quarter complied fully with the CIPFA Code of Practice and the Authority's approved Treasury Management Strategy. Compliance with specific investment limits is demonstrated in table 6 below.





Table 6: Investment Limits

Investment Limits Qtr2	2023/24 Maximum (£m)	30/09/2023 Actual (£m)	2023/24 Counterparty Limit (£m)	2023/24 Sector Limit (£m)	Complied? Yes/No
Any single organisation, except the UK Government	0	0	3	Unlimited	Yes
Any group of organisations under the same ownership	0	0	3	Unlimited	Yes
Negotiable instruments held in a broker's nominee account	0	0	3	3	Yes
Limit per non-UK country	0	0	3	3	Yes
Registered providers and registered social landlords	0	0	3	10	Yes
Unsecured investments with banks and building societies	3.1	0	3	10	Yes
Money Market Funds	12.096	3.01	3	20	Yes
Strategic pooled funds	11.5	11.5	4	20	Yes
Real Estate Investment Trusts	1	1	3	20	Yes

- 8.2** Compliance with the Authorised Limit and Operational Boundary for external debt is demonstrated in table 7 below.

Table 7: Debt and the Authorised Limit and Operational Boundary

	Q2 2023/24 Maximum	30.09.23 Actual	2023/24 Operational Boundary	2023/24 Authorised Limit	Complied? Yes/No
	£m	£m	£m	£m	
Borrowing	0.451	0.405	10	10	YES
Total debt	0.451	0.405	10	10	

- 8.3** Since the operational boundary is a management tool for in-year monitoring it is not significant if the operational boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure.

## **9. TREASURY MANAGEMENT PRUDENTIAL INDICATORS**

**9.1** As required by the 2021 CIPFA Treasury Management Code, the Council monitors and measures the following treasury management prudential indicators.

**9.2 Liability Benchmark** - This new indicator compares the Council's actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. It represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level of £13 required to manage day-to-day cash flow.

	<b>31.3.23 Actual £m</b>	<b>31.3.24 Forecast £m</b>	<b>31.3.25 Forecast £m</b>	<b>31.3.26 Forecast £m</b>
Loans CFR	0.02	0.5	2.9	2.8
Less: Balance sheet resources	-27.78	-20.4	-18.6	-18.7
<b>Net loans requirement</b>	<b>-27.76</b>	<b>-19.9</b>	<b>-15.7</b>	<b>-15.9</b>
Plus: Liquidity allowance	15.0	13.0	13.0	13.0
<b>Liability benchmark</b>	<b>-12.76</b>	<b>-6.9</b>	<b>-2.7</b>	<b>-2.9</b>
<b>Existing borrowing</b>	<b>0.451</b>	<b>0.361</b>	<b>0.264</b>	<b>0.162</b>

\*A negative liability benchmark indicates that the Council would be able to fund borrowing 'internally' from balance sheet resources rather than needing to externally borrow.

**9.3 Long-term Treasury Management Investments:** The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The prudential limits on the long-term treasury management limits are:

<b>Long Term Q2</b>	<b>2023/24 £m</b>	<b>2024/25 £m</b>	<b>2025/26 £m</b>	<b>No fixed date £m</b>
Limit on principal invested beyond year end	15.0	15.0	15.0	15.0
Actual principal invested beyond year end at 30.9.23	£0	n/a	n/a	12.5
Complied?	Yes	n/a	n/a	Yes

**9.4** Long-term investments with no fixed maturity date include strategic pooled funds, real estate investment trusts and directly held equity but exclude money market funds and bank accounts with no fixed maturity date as these are considered short-term.

- 9.5 Security:** The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Q2 Average Credit Rating	2023/24 Target	30/09/23 Actual	Complied?
Portfolio average credit rating	A-	AA-	Y

- 9.6 Interest Rate exposures** – This indicator is set to control the Council’s exposure to interest rate risk. Bank Rate rose by 1.25% from 4.25% on 1st April to 5.25% by 30th September. The upper limits on the one-year impact of a 1% rise or fall in interest rates will be:

Interest rate risk indicator Q2	2023/24 Target	30.9.23 Actual	Complied?
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	-£0.05m	-£0.331m	No
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	£0.05m	£0.331m	No

Due to the lack of capital expenditure the weighted average on variable rate investments (MMFs) has been higher than originally forecast. The 1% increase was therefore higher than the target and we have generated more interest income.

## **10. FINANCIAL IMPLICATIONS**

- 10.1** Financial implications are outlined in the body of the report.

## **11. LEGAL IMPLICATIONS**

- 11.1** There are no legal implications arising from this report.

## **12. RISK ASSESSMENT**

- 12.1** This report discusses the impact of economic risk on the value and returns associated with the Council’s investment portfolio together with the risk of low interest rates on the Council’s revenue budget.

**13. EQUALITIES IMPACT**

**13.1** None.

**14. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS**

**14.1** None directly arising from this report.

**15. BACKGROUND PAPERS**

**15.1** None.

(END)



**COTSWOLD**  
DISTRICT COUNCIL

Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	AUDIT AND GOVERNANCE COMMITTEE – 30 NOVEMBER 2023
Subject	COUNTER FRAUD AND ENFORCEMENT UNIT UPDATE REPORT
Wards affected	All indirectly.
Accountable member	Cllr Mike Every, Deputy Leader and Cabinet Member for Finance Email: <a href="mailto:Mike.Every@cotswold.gov.uk">Mike.Every@cotswold.gov.uk</a>
Accountable officer	David Stanley, Deputy Chief Executive and Chief Finance Officer Email: <a href="mailto:David.Stanley@cotswold.gov.uk">David.Stanley@cotswold.gov.uk</a>
Report author	Emma Cathcart, Head of Service, Counter Fraud and Enforcement Unit Email: <a href="mailto:Emma.Cathcart@cotswold.gov.uk">Emma.Cathcart@cotswold.gov.uk</a>
Summary/Purpose	To provide the Committee with assurance over the counter fraud activities of the Council. Direct updates will continue to be provided twice a year. Work plans are presented to the Committee detailing progress and results for consideration and comment as the body charged with governance in this area.
Annexes	Annex A – Work Plan 2023/2024
Recommendation(s)	That the Committee considers the report and work plan at Annex A.
Corporate priorities	<ul style="list-style-type: none"> <li>• Deliver the highest standard of service.</li> </ul>
Key Decision	No
Exempt	No
Consultees/ Consultation	Work plans are agreed and reviewed regularly with the Deputy Chief Executive. Any Policies drafted or revised by the Counter Fraud and Enforcement Unit have been reviewed by Legal Services and have been issued to the Governance Group and Corporate Management for comment.

## **1. EXECUTIVE SUMMARY**

- 1.1** The Audit and Governance Committee oversees the Council's counter fraud arrangements and it is therefore appropriate for the Committee to be updated in relation to counter fraud activity.
- 1.2** Work plans have been agreed with the Deputy Chief Executive and the Council's Management. The Audit Committee, as the body charged with governance in this area, is presented with a copy of the work plan for information.
- 1.3** Attached at Annex A is a copy of the work plan for 2023/24.

## **2. BACKGROUND**

- 2.1** In administering its responsibilities, the Council has a duty to prevent fraud and corruption, whether it is attempted by someone outside or within the Council such as another organisation, a resident, an employee or Councillor.
- 2.2** The Council is committed to an effective counter fraud and corruption culture, by promoting high ethical standards and encouraging the prevention and detection of fraudulent activities, thus supporting corporate and community plans.

## **3. MAIN POINTS**

- 3.1** The Head of Service for the CFEU is part of the core Multi-Agency Approach to Fraud (MAAF) group. The core group consists of attendees from Gloucestershire Constabulary Economic Crime Team, Trading Standards, Victim Support, NHS and colleagues from Gloucester City and County Councils. The MAAF has been set up to discuss fraud trends, victim care and communication of fraud scams across Gloucestershire. Through collaborative working the main purpose is to raise awareness to minimise and disrupt fraud.
- 3.2** The CFEU will be working with MAAF colleagues within Trading Standards and the Police to establish an effective joint communication strategy to provide relevant information to members of the public relating to seasonal scams and ways to avoid them. An awareness session relating to the work of the group and fraud scams was provided to staff and a session was provided to Members.
- 3.3** In relation to the Business Grant Schemes, as previously reported, the focus now relates to debt; recovery, reconciliation and transfer to the Department for Business and Trade (DBT). Updated figures confirm that recoverable invoices totalling £1,086,176 were raised; £507,599 has been recovered and returned to DBT. £494,297 has not been repaid and liability for the recovery of this has been transferred to DBT. To provide some context, Cotswold District Council paid out approximately £75,500,000 in business grants between April 2020 and March 2022.

**3.4** All Local Authorities participate in the Cabinet Office's National Fraud Initiative, which is a data matching exercise to help prevent and detect fraud nationwide. The use of data by the Cabinet Office and its comparisons across national data sets is carried out with statutory authority under Part 6 of the Local Audit and Accountability Act 2014. It does not require the consent of the individuals concerned under Data Protection Legislation.

- As reported in April, the team had reviewed the 1322 Council Tax Single Person Discount matches relating to the 2020/21 and 2021/22 data sets. 303 enquiry letters were issued to residents, which resulted in 103 accounts being referred to the Revenues Team. 77 Council Tax accounts were amended resulting in £49,675 increased Council Tax revenue. 53 Civil Penalties totalling £3,710 were also applied.
- In relation to the 2022/23 data sets, the team have received 909 matches and have commenced the review.
- 212 matches relating to Council Tax Reduction Scheme, Housing Benefit and housing applications have been reviewed. 43 remain outstanding.
- 16 matches relating to internal data anomalies. These have all been reviewed, resulting in 3 conflict of declaration matters being referred to the Business Manager Business Continuity, Governance and Risk and 1 disciplinary investigation. One matter remains open pending further information.
- The 638 outstanding matches relating to Council Tax single person discount anomalies will be reviewed imminently.

**3.5** In addition to the work carried out under the annual work plan attached at Annex A, as a dedicated investigatory support service, the CFEU undertakes a wide range of enforcement and investigation work according to the requirements of each Council. This includes criminal investigation and prosecution support for enforcement teams, investigations into staff/member fraud and corruption, or tenancy and housing fraud investigation work.

**3.6** During Quarters 1 and 2 of 2023/24:

- The team received 31 referrals from across the Council and closed 34 cases. This excludes any Council Tax Reduction Scheme referrals.
- The CFEU supports Enforcement Teams across the Council. Work undertaken with the Revenues Team resulted in the removal of incorrect Council Tax discounts, generating £6,645 in Council Tax revenue.
- The CFEU undertakes the investigation of alleged fraud and abuse in relation to the Council Tax Reduction Scheme (Council Tax Support) and acts as the single point of contact for Department for Work and Pensions (DWP) Housing Benefit investigations. 10 referrals were received and 9 cases were closed. Increased Council Tax revenue of £2,951 has been raised.

- The Investigation and Enforcement Manager undertook a piece of work for the Monitoring Officer and reported her recommendations for consideration.

**3.7** During Quarters 1 and 2 of 2023/24, the team received 2 referrals relating to disciplinary matters. 1 member of staff was dismissed due to gross misconduct.

#### **4. ALTERNATIVE OPTIONS**

**4.1** The Council is the lead authority for the Gloucestershire Counter Fraud and Enforcement Unit. This Unit is working with all of the Gloucestershire Local Authorities, West Oxfordshire District Council and other public sector bodies such as housing associations.

**4.2** The service is a shared one across the County and as such overheads and management costs are also shared equally meaning there is increased value for money however there are other counter fraud provision options which could be considered if the Council wished to explore alternative arrangements.

#### **5. FINANCIAL IMPLICATIONS**

**5.1** There are no financial implications arising directly from this report. The Council has a duty to prevent fraud and corruption with Section 3 of the report providing members with an update on the work of CFEU and the increased revenue and penalties applied following casework and successful investigations.

#### **6. LEGAL IMPLICATIONS**

**6.1** In general terms, the existence and application of an effective fraud risk management regime assists the Council in effective financial governance which is less susceptible to legal challenge.

#### **7. RISK ASSESSMENT**

**7.1** The Council is required proactively to tackle fraudulent activity in relation to the abuse of public funds. The CFEU provides assurance in this area.

**7.2** Failure to undertake such activity would accordingly not be compliant and expose the Authority to greater risk of fraud and/or corruption.

**7.3** If the Council does not have effective counter fraud and corruption controls it risks both assets and reputation.

#### **8. EQUALITIES IMPACT**

**8.1.** The CFEU seeks to ensure that public authorities' actions are consistent with the Human Rights Act 1998 (HRA). It balances safeguarding the rights of the individual against the needs of society as a whole to be protected from crime and other public safety risks.



**8.2.** The promotion of effective counter fraud controls and a zero tolerance approach to internal misconduct promotes a positive work environment.

**9. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS**

**9.1** Not applicable.

**10. BACKGROUND PAPERS**

**10.1** None.

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Area of Work	Task	Detail
Bribery and Corruption	Assessment Template Review	
Governance	Delivery of two reports for Audit and Governance Committee	April and September
Governance	Fighting Fraud & Corruption Locally - Checklist Compliance	Draft Completed, to be presented to Governance Group
Governance	Government Functional Standard 013: Counter Fraud - Compliance	Draft Completed, to be presented to Governance Group
Governance	Fraud Risk Strategy / Response Plan	Reviewed and Approved by Audit Committee September 2022 – next review 2025/2026
Governance	Development of Service Specific Fraud Risk Registers	Revenues, Benefits and Procurement
Policy	Counter Fraud and Anti-Corruption Policy	Reviewed and Approved by Audit Committee September 2022 / Cabinet November 2022 – next review 2025/2026
Policy	Corporate Enforcement Policy	Approved by Cabinet March 2019 – next review 2023/2024 (consultation commenced)
Policy	Council Tax, Council Tax Reduction Scheme & Housing Benefit Penalty and Prosecution Policy	Approved by Cabinet March 2019 – under review
Policy	Proceeds of Crime & Anti-Money Laundering Policy	Reviewed and Approved by Audit Committee April 2021 – next review 2024/2025
Policy	Whistle-Blowing Policy	Approved by Audit Committee April 2022 / Cabinet June 2022 – next review 2025/2026
Policy	RIPA (Surveillance & Covert Human Intelligence Source)	Reviewed and Approved by Audit Committee November 2019 / Cabinet December 2019 – reviewed 2023/2024
Policy	IPA (Acquisition of Communications Data)	Reviewed and Approved by Audit Committee November 2019 / Cabinet December 2019 – reviewed 2023/2024
Policy	Use of the Internet and Social Media in Investigations and Enforcement	Reviewed and Approved by Audit Committee October 2021 / Cabinet January 2022 – reviewed 2023/2024

RIPA = Regulation of Investigatory Powers Act 2000

IPA = Investigatory Powers Act 2016

CPIA = Criminal Procedure and Investigations Act 1996

PACE = Police and Criminal Evidence Act 1984

Area of Work	Task	Detail
Procedure	Development and roll out of Proceeds of Crime and Anti-Money Laundering Procedure	
Procedure	Development and roll out of Use of the Internet and Social Media in Investigations and Enforcement Procedure	
Serious and Organised Crime	Checklist / Risks	To be included within the Fraud Risk Registers
Serious and Organised Crime	Proactive Drive - Transient / Cash businesses	
Statutory / Regulatory	Collation and Publication of Fraud Transparency Data	Complete – May
Statutory / Regulatory	RIPA / IPA - Annual Report to Members / Advisory / Inspection / Single Point of Contact	Annual updates completed July. Inspection complete, next inspection 2026
Strategy : Detection	Housing Waiting List review due 2023/2024	Commenced
Strategy : Detection	National Fraud Initiative Match Reviews - Revenues / Benefits / Housing	2021/2022 – 1,322 Council Tax matches reviewed / 77 Council Tax accounts updated £49,675 / 53 Penalties applied £3,710 / 7 Housing Waiting List applications removed £22,680 loss avoidance 2022/2023 – 893 matches received / 212 matches reviewed / 21 Housing recommendations
Strategy : Detection	National Fraud Initiative Match Reviews - Payroll	2022/2023 – 16 matches reviewed / 3 conflict of interest discrepancies / 2 staff matters (1 disciplinary investigation)
Strategy : Detection	Business Rates Review Self Catering Accommodation - Assurance and Enforcement Activities	Pending guidance / regulations
Strategy : Detection	Severely Mentally Impaired Exemption Review (sample 20)	
Strategy : Detection	Procurement Proactive Fraud Drive - Supplier Payment Review	Commenced
Strategy : Detection	Business Grants - Assurance and Enforcement Activities	Debt recovery and transfer

RIPA = Regulation of Investigatory Powers Act 2000

IPA = Investigatory Powers Act 2016

CPIA = Criminal Procedure and Investigations Act 1996

PACE = Police and Criminal Evidence Act 1984

Area of Work	Task	Detail
Strategy : Detection	Waterpark Review	Review of previous report completed by Leader. Meeting held with Assistance Director Planning and Sustainability. Actions agreed - Planning to commence a review of all obligations and write to all sites.
Strategy : Detection	Business Rates Proactive Fraud Drive - Small Business Rates Relief	Commenced
Strategy : Detection	Council Tax Reduction Scheme Proactive Fraud Drive	Amnesty to be implemented before fraud drive activities
Strategy : Detection	Homelessness Rent Deposit Scheme Review	
Strategy : Detection	Council Tax Reduction Scheme Support Fund Review	
Strategy : Detection	Household Support Fund Review	
Strategy : Detection	Aged Debt Review	
Strategy : Prevention	Development of Fraud Awareness Literature (staff)	Complete - issued to staff / on intranet page
Strategy : Prevention	Development of Right to Buy Debt Recovery Process	
Strategy : Prevention	Multi Agency Approach to Fraud Support / Work Streams	Staff Awareness Session 13 September 2023 / Member Awareness Session 21 June 2023
Strategy : Prevention	Training Members / Staff - Fraud Awareness / RIPA & IPA / Criminal Enforcement CPIA, PACE, Disclosure Training / Money Laundering	
Strategy : Prevention	Private Rental Sector Minimum Energy Efficiency Standard (MEES) Compliance and Enforcement	

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**COTSWOLD**  
DISTRICT COUNCIL

Council name	<b>COTSWOLD DISTRICT COUNCIL</b>
Name and date of Committee	<b>AUDIT AND GOVERNANCE COMMITTEE – 30 NOVEMBER 2023</b>
Subject	<b>COUNCIL TAX, HOUSING BENEFIT AND COUNCIL TAX SUPPORT PENALTY AND PROSECUTION POLICY</b>
Wards affected	All indirectly
Accountable member	Cllr Mike Every, Deputy Leader and Cabinet Member for Finance Email: <a href="mailto:Mike.Every@cotswold.gov.uk">Mike.Every@cotswold.gov.uk</a>
Accountable officer	David Stanley, Deputy Chief Executive and Chief Finance Officer Email: <a href="mailto:David.Stanley@cotswold.gov.uk">David.Stanley@cotswold.gov.uk</a>
Report author	Emma Cathcart, Head of Service, Counter Fraud and Enforcement Unit Email: <a href="mailto:Emma.Cathcart@cotswold.gov.uk">Emma.Cathcart@cotswold.gov.uk</a>
Summary/Purpose	<p>To present the Audit and Governance Committee with an updated Council Tax, Housing Benefit and Council Tax Support Penalty and Prosecution Policy for comment.</p> <p>The Policy has been reviewed to ensure the content reflects current legislation and the Council's Policies and Procedures. The Policy will replace the existing Council Tax, Housing Benefit and Council Tax Support Penalty and Prosecution Policy.</p>
Annexes	Annex A – Council Tax, Housing Benefit and Council Tax Support Penalty and Prosecution Policy.
Recommendation(s)	<p>That the Committee:</p> <p>Considers the Council Tax, Housing Benefit and Council Tax Support Penalty and Prosecution Policy to comment thereon to Cabinet, to aid its deliberations and decision making.</p>
Corporate priorities	<ul style="list-style-type: none"> <li>• Deliver the highest standard of service.</li> </ul>
Key Decision	No.



**COTSWOLD**  
DISTRICT COUNCIL

Exempt	No.
Consultees/ Consultation	Any Policies drafted or revised by the Counter Fraud and Enforcement Unit have been reviewed by Legal Services and have been issued to the relevant Senior Officers, Governance Group and Corporate Management for comment.



## **EXECUTIVE SUMMARY**

- 1.1** The Counter Fraud and Enforcement Unit is tasked with reviewing the Council's Council Tax, Housing Benefit and Council Tax Support Penalty and Prosecution Policy. It is recommended good practice that the Policy is updated and reviewed at least every few years in line with any legislative changes.
- 1.2** In administering its responsibilities, the Council has a duty to prevent fraud and corruption, whether it is attempted by someone outside or within the Council such as another organisation, a resident, an employee or a Councillor.

## **2. MAIN POINTS**

- 2.1** The Policy, attached at Annex A, has been updated in accordance with the review period. Review frequency is as required by legislative changes or every three years. This has been delayed due to events over the last three years.
- 2.2** The Policy and fines set out therein are legislative and have not been altered since the Policy was originally drafted several years ago.
- 2.3** The Council's existing Council Tax, Housing Benefit and Council Tax Support Penalty and Prosecution Policy was developed to reflect (i) latest legislation and (ii) the changes following the creation of the Single Fraud Investigation Services (operated by the Department for Work and Pensions) which subsumed the Council's responsibilities for investigating Housing Benefit Fraud.
- 2.4** The Council Tax Support Scheme was introduced in 2013 and replaced Council Tax Benefit. The scheme is locally agreed with some set parameters and the responsibility to enforce any fraud or abuse of the scheme rests with the Council.
- 2.5** The Council has a responsibility to ensure that Council Tax is billed correctly and that there is no abuse of exemptions and discounts. The Policy seeks to set out the action that the Council may take in relation to fraud and misinformation in relation to this.
- 2.6** It should be noted that legislation outlines that to incur a Civil Penalty for a Housing Benefit overpayment, the value of the overpayment needs to exceed £250 however, the Policy details that for decisions across the Counter Fraud and Enforcement Unit Partnership, this figure will be £500. When setting this figure, consideration was given to current cost of living pressures and the vulnerabilities of the demographic this particular Policy impacts.
- 2.7** The Policy has been reviewed and drafted for the participants within the Counter Fraud and Enforcement Unit Partnership and will provide consistency to the application of penalties and legal action across Gloucestershire and West Oxfordshire.
- 2.8** The changes are minor, to reflect changes to departmental names within the Councils and duties and responsibilities within the Department for Work and Pensions. Amendments also

ensure continuity across the Counter Fraud and Enforcement Partnership as the Counter Fraud and Enforcement Unit is charged with investigation in this area for six Councils.

**2.9** As part of the consultation process, the Policy has been reviewed by the Business Manager, Environmental, Welfare and Revenue Service, the Benefits Manager and Legal Services.

**2.10** Awareness will be raised with all staff following the approval of the Policy.

### **3. ALTERNATIVE OPTIONS**

**3.1** None, the Policy is legislative. Consultation regarding local decision-making has been conducted across the Counter Fraud and Enforcement Unit Partnership.

### **4. FINANCIAL IMPLICATIONS**

**4.1** The Policy provides Officers with a framework that can be followed when dealing with matters arising from cases of fraud and error. This allows for financial penalties to be charged however, the intention of the Policy is not primarily for revenue raising purposes but to ensure the proper use and protection of public funds.

### **5. LEGAL IMPLICATIONS**

**5.1** In general terms, the existence and application of an effective fraud risk management regime assists the Council in effective financial governance which is less susceptible to legal challenge.

### **6. RISK ASSESSMENT**

**6.1** The Council is required proactively to tackle fraudulent activity in relation to the abuse of public funds. The CFEU provides assurance in this area.

**6.2** Failure to undertake such activity would accordingly not be compliant and expose the Authority to greater risk of fraud and/or corruption. If the Council does not have effective counter fraud and corruption controls it risks both assets and reputation.

### **7. EQUALITIES IMPACT**

**8.1.** The CFEU seeks to ensure that public authorities' actions are consistent with the Human Rights Act 1998 (HRA). It balances safeguarding the rights of the individual against the needs of society as a whole to be protected from crime and other public safety risks.

### **8. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS**

**8.1** Not applicable.

**9. BACKGROUND PAPERS**

**9.1** None.

(END)

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## Council Tax, Housing Benefit and Council Tax Support Penalty and Prosecution Policy



Version Control:	
<b>Document Name:</b>	Council Tax, Housing Benefit and Council Tax Support Penalty and Prosecution Policy
<b>Version:</b>	2.0
<b>Responsible Officer:</b>	Emma Cathcart, Head of Service, Counter Fraud and Enforcement Unit
<b>Approved by:</b>	Cabinet / Executive / Strategy & Resources Committee
<b>Next Review Date</b>	July 2026
<b>Retention Period:</b>	N/A

### Revision History

Revision date	Version	Description
July 2023	2	Overall review and update. Adapted to ensure the same Policy applies to all partner Councils

### Consultees

Internal	External
Service Area Lead Officer – Revenues and Benefits	
One Legal / Legal Services	
Audit Committee / Audit and Governance Committee / Audit, Compliance and Governance Committee	

### Distribution

Name	
Revenues and Benefits Enforcement Staff	

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## **1. INTRODUCTION**

- 1.1. The Council is committed to the detection of fraud and has a responsibility to ensure that Housing Benefit and Council Tax Support are paid correctly. Council Tax Support is also referred to as the Council Tax Reduction Scheme or Local Council Tax Support Scheme. For the purpose of this Policy, it is referred to as Council Tax Support only. Council Tax Support replaced Council Tax Benefit from 1 April 2013.
- 1.2. The Council is also charged with ensuring that Council Tax is billed correctly and that discounts and exemptions are not claimed incorrectly.
- 1.3. This Policy sets out the Council's approach to prosecution and other sanctions in cases of fraud or misinformation in respect of Council Tax Support, Council Tax and Housing Benefit.
- 1.4. It has been revised in the light of the transfer of Housing Benefit fraud investigation to the Department of Work and Pensions (DWP) in 2015.
- 1.5. This Policy does not include specific reference to National Non-Domestic Rates (NNDR) although the Local Authority has the power to obtain particulars of persons interested in land as set out under Section 16 of the Local Government Act 1976. Pursuant to Section 16(2), if a person fails to comply with such requests, they will be guilty of an offence and liable on summary conviction to a fine not exceeding level five on the standard scale.

## **2. BACKGROUND**

- 2.1 This Policy is governed by legislation and DWP guidance including The Local Government Act 1972, The Local Government Finance Act 1992, Welfare Reform Act 2012, Police and Criminal Evidence Act 1984, Social Security Administration Act 1992 and The Council Tax Reduction Scheme (Detection of Fraud and Enforcement) (England) Regulations 2013.
- 2.2 This Policy has been agreed by the Council and will be reviewed as required in response to changes in legislation or government guidance.

## **3. PURPOSE**

- 3.1 The purpose of the Penalty and Prosecution Policy is to set out the action which the Council may take in cases of fraud or misinformation in relation to;
  - a) Claims, or attempted claims, for Housing Benefit.
  - b) Claims, or attempted claims, for Council Tax Support.
  - c) Council Tax Discounts and Exemptions.
- 3.2 The Policy provides guidelines that will be followed where applicable and clarifies which areas are the responsibilities of the Council and those, which are the responsibility of the DWP.

## **4. AREAS OF RESPONSIBILITY**

- 4.1 Responsibility for investigation and the application of sanctions lies as follows:

4.2 Housing Benefit (and Council Tax Benefit for offences relating to the period prior to April 2013) where there is evidence of fraud:

- a) Investigation is the responsibility of the DWP's Operational Excellence Directorate and cases will be referred to the DWP in accordance with DWP guidance accordingly.
- b) Cautions no longer apply to these cases.
- c) The Council has retained the delegated power to offer an Administrative Penalty following a recommendation from the DWP.
- d) Prosecution of cases is the responsibility of the DWP.

4.3 Housing Benefit where there is no evidence of fraud:

- a) The Council will make enquiries in respect of cases of misinformation or error made by the customer where the overpayment is incurred wholly after 1 October 2012 and the value of any overpayment exceeds £500.
- b) A civil penalty of £50 may be applied by the Council in line with regulations.

4.4 Council Tax Support:

- a) The Council has retained the responsibility to investigate and sanction allegations of fraud and abuse in relation to Council Tax Support claims.
- b) A Caution, Penalty or Prosecution may be considered where there is evidence of fraud.
- c) A civil penalty of £70 may be applied where there is no evidence of fraud.
- d) An Authorised Officer within the Council has the power to obtain information as set out under Regulations 4 and 5 of The Council Tax Reduction Scheme (Detection of Fraud and Enforcement) (England) Regulations 2013. Pursuant to Regulation 6, if a person refuses or neglects to produce any documentation when required to do so, they will be guilty of an offence and liable on summary conviction to a fine not exceeding level three on the standard scale.  
Where a person is convicted of an offence and the refusal or failure continues after conviction, the person shall be guilty of a further offence and liable on summary conviction to a fine not exceeding £40 for each day on which it is continued.

4.5 Council Tax:

- a) The Council has responsibility for investigating incorrectly claimed Council Tax exemptions and discounts.
- b) A civil penalty of £70 and an additional civil penalty of £280 may be applied where appropriate – see Table of Civil Penalties on page 7.

## 5. GENERAL PRINCIPLES

5.1 In deciding what action to take, designated Officers within the Council will consider the following:

- Each case will be considered on its own merits;
- There must be sufficient, reliable evidence to justify the action taken;
- The action taken must be in the public interest;
- Any mitigating circumstances;
- The decision to prosecute an individual is a serious step and has implications for all involved. Decisions to prosecute should always be fair, proportionate, consistent and equitable;
- In exceptional circumstances, an alternative to prosecution (Caution or Penalty) may be considered without regard to the amount of the overpayment.



## **6. SANCTIONS AVAILABLE FOR OFFENCES RELATING TO COUNCIL TAX SUPPORT**

6.1 The three sanctions available where a criminal investigation has been undertaken are a Caution, a Penalty or Prosecution.

6.2 In cases of error or misinformation, a Civil Penalty may be applied.

### **6.3 LOCAL AUTHORITY CAUTION**

6.4 A Caution is an oral warning given in certain, less serious circumstances as an alternative to prosecution to a person who has committed an offence. It is intended to be a meaningful penalty and deterrent where other actions are not appropriate. The Caution may be a verbal warning but both parties sign the Caution Certificate and a record is kept by the Council.

6.5 If a person declines the offer of a Caution the case will be recommended for prosecution.

6.6 A Caution will usually be considered where the amount of the recoverable Council Tax Support is of a low value where the evidence indicates that:

- a) It was a first offence, or
- b) There was no planning involved, or
- c) There was no other person involved in the fraud, and
- d) The person's circumstances and demeanour towards the offence indicates that a Caution would be the most appropriate action and
- e) The person has admitted the offence in an Interview under Caution.

6.7 In these circumstances, the Council will issue an official Local Authority Caution and require full repayment of the recoverable Council Tax Support.

6.8 A Caution is not applicable where the offence is an attempt and there is therefore no financial loss to the Council or gain to an individual.

### **6.9 PENALTY**

6.10 A Penalty is a financial penalty offered as an alternative to prosecution, usually in circumstances not deemed serious enough to warrant prosecution.

6.11 If a person refuses a Penalty, the case will be recommended for prosecution.

6.12 A Penalty will be considered where the evidence indicates that:

- a) It was a first offence, or
- b) The person failed to attend an interview under caution, or
- c) The person has previously been cautioned within the last 5 years for a similar offence but the offence was minor and the current offence is minor; and
- d) There was no planning involved, or
- e) The person has not admitted the offence at an Interview under Caution, and
- f) There was no other person involved, and
- g) The person's circumstances and demeanour towards the offence indicates that a Penalty would be the most appropriate action.

- 6.13 In such circumstances, the Council will make an offer of a Penalty in addition to requiring full repayment of the recoverable Council Tax Support.
- 6.14 The penalty will be a minimum of £100, or 50% of the recoverable amount of Council Tax Support up to a maximum of £1,000.
- 6.15 **PROSECUTION**
- 6.16 Prosecution proceedings will usually be instigated only after the evidential and public interest tests as detailed in the Code for Crown Prosecutors are satisfied, and in line with the Council's own Corporate Enforcement Policy. Prosecution will be considered where:
- a) It was not a first offence, or
  - b) The fraud has been deliberate and calculated, or
  - c) The fraud had continued over a long period; or
  - d) The value of the overpayment or financial gain is significant; or
  - e) The person has failed to attend an interview under caution; or
  - f) There were other persons involved in the fraud and collusion has been investigated, or
  - g) The person has declined the offer of a Penalty or withdrawn agreement to pay and Penalty; or
  - h) The person has declined the offer of a Caution
- 6.17 The decision to prosecute is a serious step and has implications for all concerned. The Council will ensure that decisions to prosecute are made in a fair, proportionate, consistent and equitable-manner.
- 6.18 The Council will also consider the following:
- a) Offender's physical conditions such as illness, disability, age etc and mental capacity.
  - b) Social factors such as domestic violence, coercive control, career or employment impact, childcare etc.
  - c) Voluntary disclosure where the individual makes a full and frank admission without prompting.
  - d) Procedural difficulties, delays, failures in the investigation or administrative process.
- 6.19 **SANCTION RECOMMENDATIONS**
- 6.20 The recommendation to apply any sanction will be made in the first instance by the Counter Fraud and Enforcement Unit (CFEU) Investigating Officer, after consultation with an appropriate CFEU Senior Officer, to the appropriate Revenues and Benefits Department for approval.
- 6.21 Recommendations for criminal sanctions will be referred to the appropriate Legal Department.
- 6.22 An appropriate CFEU Senior Officer will administer Cautions and Criminal Penalties on behalf of the Revenues or Benefits Department.
- 6.23 **CIVIL PENALTIES**
- 6.24 A civil penalty is a financial penalty that that can be imposed where a person has negligently supplied incorrect information or failed to supply information that affects;

- a) The amount of Housing Benefit or Council Tax Support they have been paid or would have been paid or,
- b) The amount of Council Tax they have been billed or would have been billed.

## 6.25 CIVIL PENALTIES APPEAL PROCESS

- 6.26 If a customer is not satisfied with the decision to impose a civil penalty in relation to Housing Benefit, they can write to the Council's Revenues and Benefits Department within one calendar month of the date of their letter in which the civil penalty is issued, and ask for a reconsideration of the decision. The customer will need to state and provide evidence, where appropriate, why they feel the decision is wrong. An appropriate Senior Officer within the Revenues and Benefits Department will carry out the reconsideration. The outcome of the reconsideration is final and there is no further appeal process.
- 6.27 If a customer is not satisfied with the decision to impose a civil penalty in relation to Council Tax Support, they can write to the Council's Revenues and Benefits Department within one calendar month of the date of their letter in which the civil penalty is issued, and ask for a reconsideration of the decision. An appropriate Senior Officer within the Revenues and Benefits Department will carry out the reconsideration. If the appeal is not successful, the customer may appeal to the Valuation Tribunal. In both instances, the customer will need to state and provide evidence, where appropriate, why they feel the decision is wrong.
- 6.28 If a customer is not satisfied with the decision to impose a civil penalty in relation to Council Tax, they can write to the Council's Revenues and Benefits Department within one calendar month of the date of their letter in which the civil penalty is issued, and ask for a reconsideration of the decision. An appropriate Senior Officer within the Revenues and Benefits Department will carry out the reconsideration. If the appeal is not successful, the customer may appeal to the Valuation Tribunal. In both instances, the customer will need to state and provide evidence where appropriate, why they feel the decision is wrong.

TABLE OF CIVIL PENALTIES			
Service	Amount of penalty	Criteria	Appeal method
Housing Benefit	£50	1. Negligently or carelessly giving incorrect information, or 2. Failing to provide without reasonable excuse, information in respect of a claim or payment of benefit, or 3. Failing to notify, without reasonable excuse, a relevant change in circumstances (reasonable excuse = ill health, significant stress)	The Council
Council Tax Support	£70		The Council and then the Valuation Tribunal
Council Tax	£70	1. Failing to supply information following a request from the Council, or 2. Supplied information about a liable person that is materially inaccurate, or 3. Failing, without reasonable excuse, to notify the Council that a dwelling is no longer exempt, or	The Council and then the Valuation Tribunal

		4. Failing, without reasonable excuse, to notify the Council that a level of discount no longer applies (reasonable excuse = ill health, significant stress)	
<b>Council Tax</b>	<b>£280</b>	1. Where a penalty has been imposed and a further request to supply the same information is made again and is not properly complied with, and may do so each time it repeats the request and the person concerned does not properly comply with it. There is no limit to the number of times this penalty can be imposed.	The Council and then the Valuation Tribunal

## 7. STRATEGY AND POLICY REVIEW

- 7.1 The appropriate department will review and amend this Policy as necessary to ensure that it continues to remain compliant and meets legislative requirements and the vision of the Council in consultation with the S151 Officer, the Legal Department and Members.

Responsible Department: Revenues and Housing Support Services

Policy Author: Counter Fraud and Enforcement Unit

Date: July 2023

Review frequency as required by legislative changes / every three years.



Council name	<b>COTSWOLD DISTRICT COUNCIL</b>
Name and date of Committee	<b>AUDIT AND GOVERNANCE COMMITTEE – 30 NOVEMBER 2023</b>
Subject	<b>MEMBER TRAINING UPDATE</b>
Wards affected	None
Accountable member	Councillor Lisa Spivey, Cabinet Member for Communities and Public Safety Email: <a href="mailto:Lisa.Spivey@Cotswold.gov.uk">Lisa.Spivey@Cotswold.gov.uk</a>
Accountable officer	Angela Claridge, Director of Governance and Development Email: <a href="mailto:Democratic.Services@Cotswold.gov.uk">Democratic.Services@Cotswold.gov.uk</a>
Report authors	Ana Prelici, Democratic Services Officer Andrew Brown, Democratic Services Business Manager Email: <a href="mailto:Democratic.Services@Cotswold.gov.uk">Democratic.Services@Cotswold.gov.uk</a>
Summary/Purpose	To update the Committee on member training courses undertaken, including attendance figures and feedback.
Annexes	Annex A – Summary of Member Training Attendance Annex B – Summary of Feedback from Training and Induction Annex C – List of topics for member briefings
Recommendation(s)	That the Audit and Governance Committee resolves to: I. Note the report and the attendance summary at Annex A.
Corporate priorities	<ul style="list-style-type: none"> <li>Deliver the highest standard of service</li> </ul>
Key Decision	NO
Exempt	NO
Consultees/ Consultation	Director of Governance and Development Local Management Team Member Development Steering Group



## **1. EXECUTIVE SUMMARY**

- 1.1** This report updates the Committee on member training courses undertaken since the local elections on 4 May 2023, including the attendance figures and feedback received.
- 1.2** The feedback on the Member training and induction programme has been very positive, although a small number of responses referred to some of the sessions overrunning their allotted time slots.
- 1.3** Member development activities also include a programme of regular member briefings and the development of a suite of e-learning for members.

## **2. BACKGROUND**

- 2.1** A training and induction programme for new and returning members was developed ahead of the 2023/24 municipal year.
- 2.2** The Committee on 27 April 2023 received a report on Member Training relating to Gloucestershire Wide Code of Conduct and resolved to receive annual reports on member training courses undertaken.

## **3. REVIEW OF MEMBER TRAINING AND INDUCTION PLAN 2023**

- 3.1** The training and induction programme included a combination of training delivered by officers and externally delivered training. Additional support included buddying arrangements and induction sessions for new members and the provision of welcome packs to all members returned at the local elections.
- 3.2** The training programme covered the following topics;
  - Planning and Licensing,
  - Chairing Skills,
  - Casework and Advocacy Skills,
  - Scrutiny Essentials,
  - Audit and Governance,
  - Social media,
  - Code of Conduct,
  - Emergency planning
  - Data protection, and
  - Finance
- 3.3** It was recommended that all Members attend the Code of Conduct Training. The Planning and Licensing Training was a pre-requisite to participating in meetings of the Committee to determine applications. All of the sessions were open to all new and returning members.

- 3.4** The attendance summary for the training and inductions sessions is provided at Annex A. A breakdown of attendance by group member will also be issued to the Leader and Deputy leader of each political group.
- 3.5** Feedback was collected through a survey, which was issued to attendees virtually after each session. The feedback received was very positive, with over 95% of respondents agreeing that the quality of the trainer, structure, content relevance to their role as a councillor was 'good' or 'excellent'. Several of the sessions overran and the respondents highlighted this. These respondents suggested that longer sessions be scheduled in the future as opposed to shorter sessions with less content. It was also suggested that virtual sessions be utilised, particularly by members representing wards in the north of the district. The summary of the feedback survey is contained at Annex B.
- 3.6** The programme was also supplemented by a 'buddying' system, where all newly elected Members were paired with an officer in Democratic Services. This was intended to ensure that Councillors had a point of contact for any questions they had. Very positive feedback was received on this scheme, and members stated that they felt well supported. A meet and greet session was also held for Members to engage with a range of senior officers.
- 3.7** Following the initial training and induction programme, all members have been requested to complete an online "Cyber Ninjas" training course by the end of September 2023. 25 Members have completed the Cyber Ninjas training and a further 2 Members have started but not completed this training. Further training sessions have been held which have been open to all members but targeted at members of certain committees.

#### **4. PROPOSALS FOR FURTHER MEMBER DEVELOPMENT**

##### **Future Training**

- 4.1** Democratic Services are working with the Learning and Development team to deliver further training opportunities for Members, which include;
- Making online training available to Members through the iHASCO Learning Management System (which is already being used to deliver officer training).
  - Rolling out Carbon Awareness training to Members. This may take the form of a series of short sessions.
- 4.2** Members will be encouraged to attend training as much as possible but the mechanisms for making training mandatory to Members are limited. Therefore, to ensure Member participation, the emphasis for this work will be on ensuring that training and briefing programmes are relevant and accessible to members. Attendance and participation will also be encouraged by regular reporting to Political Groups leaders.

### **Member Briefings**

**4.3** A programme of regular virtual Member briefings has also been developed by Democratic Services in consultation with Members and the Local Management Team. The programme and attendance figures to date are set out in Annex C.

**4.4** Some briefings may be shared across two or more councils within the Publica partnership where applicable.

### **5. FINANCIAL IMPLICATIONS**

**5.1** Member training costs are currently funded by a reserve rather than a recurring budget. Future budget provision for member training will be addressed through the current budget round.

### **6. LEGAL IMPLICATIONS**

**6.1** There are no legal implications arising from this report.

### **7. RISK ASSESSMENT**

**7.1** There are risks that if Members have not undertaken appropriate training for undertaking their roles effectively then the decisions taken by the Council could be subject to challenge, the reputation of the Council could be damaged, and there could be an increase in Code of Conduct complaints.

### **8. EQUALITIES IMPACT**

**8.1** There are no equalities impacts.

### **9. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS**

**9.1** Where possible virtual training and briefing sessions will be utilised to reduce the need to travel to Cirencester, reducing the Carbon impact compared to in person sessions.

### **10. BACKGROUND PAPERS**

**10.1** None.

(END)



## Annex A - Summary of Training Attendance since 4 May 2023

Course	# Attendees	% of all Members
Welcome*	28	82%
Code of Conduct*	23	68%
Meet and Greet*	12	35%
Planning*	21	62%
Licensing	6	18%
Finance*	16	47%
Chairing Skills	6	18%
Casework and Advocacy	8	24%
Scrutiny Essentials	10	29%
Audit and Governance	9	26%
Social Media	6	18%
Data Protection	4	12%
Emergency Planning	16	47%
Mock Planning and Licensing Committee	12	35%
Cyber Ninjas	25	74%
Statement of Accounts	5	15%
Treasury Management	4	12%

\*These sessions all had two available dates. Members who attended both dates are only counted once.

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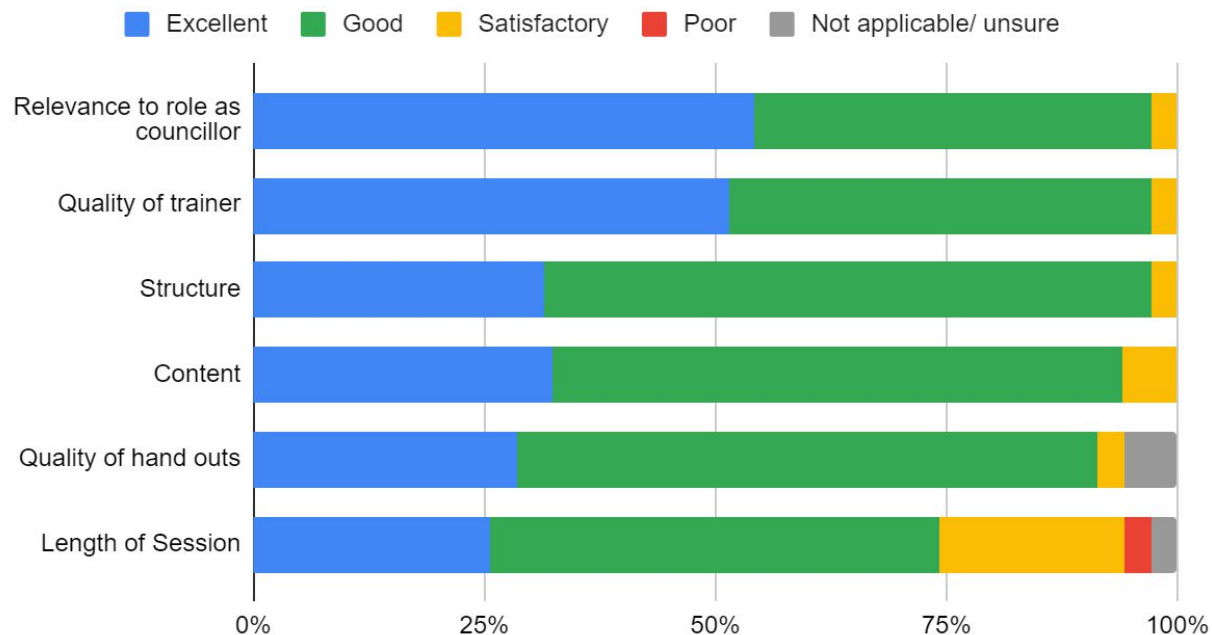
# Annex B

## Feedback from members Training and Induction Sessions

August 2023

# Overall Feedback

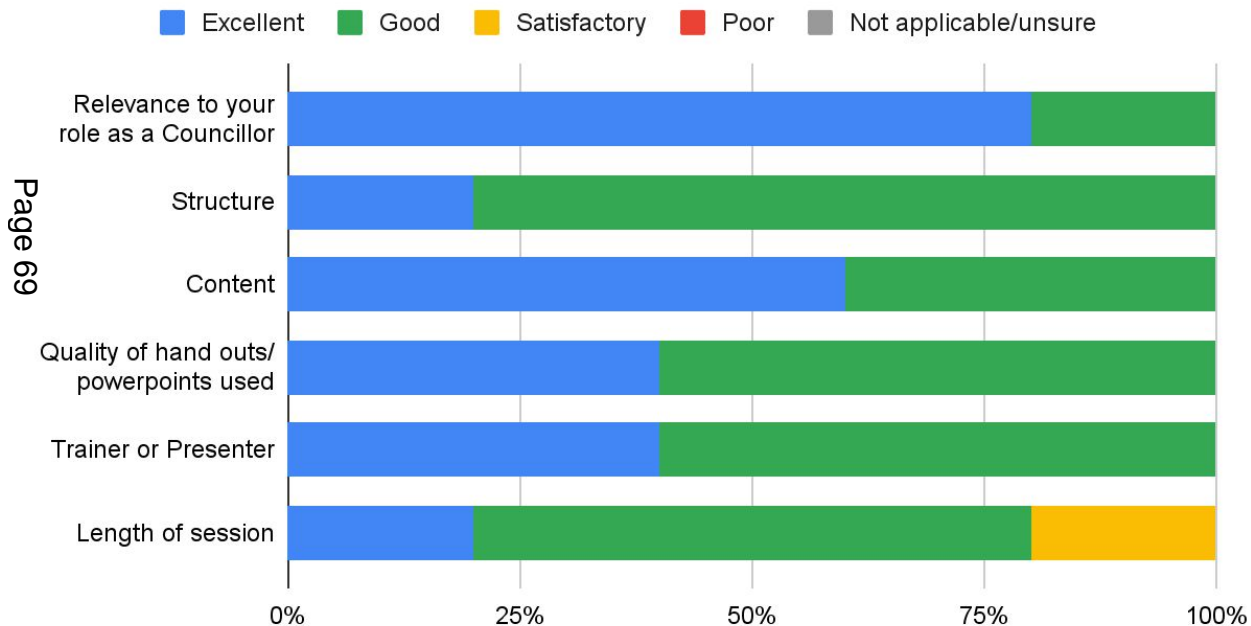
How would you rate the following?



- A few of the sessions overran, respondents identified this as an area for improvement
- Over 50% of respondents found the sessions excellent in relevance and trainer quality
- Members found the welcome pack “very useful”
- Some feedback also suggested that more virtual sessions be utilised

## Break down by session

### Code of Conduct 17th May and 18th May



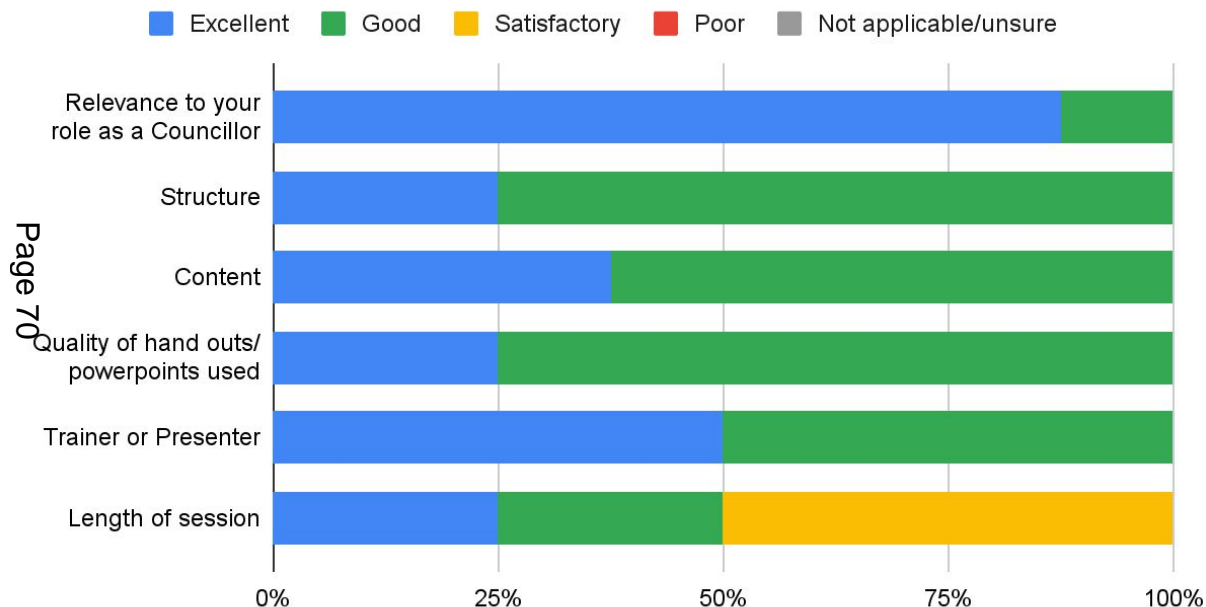
### What worked well?

Use of examples, well explained, well presented

### What could be improved?

Session overran

## Finance - 6th June and 9th June



### What went well?

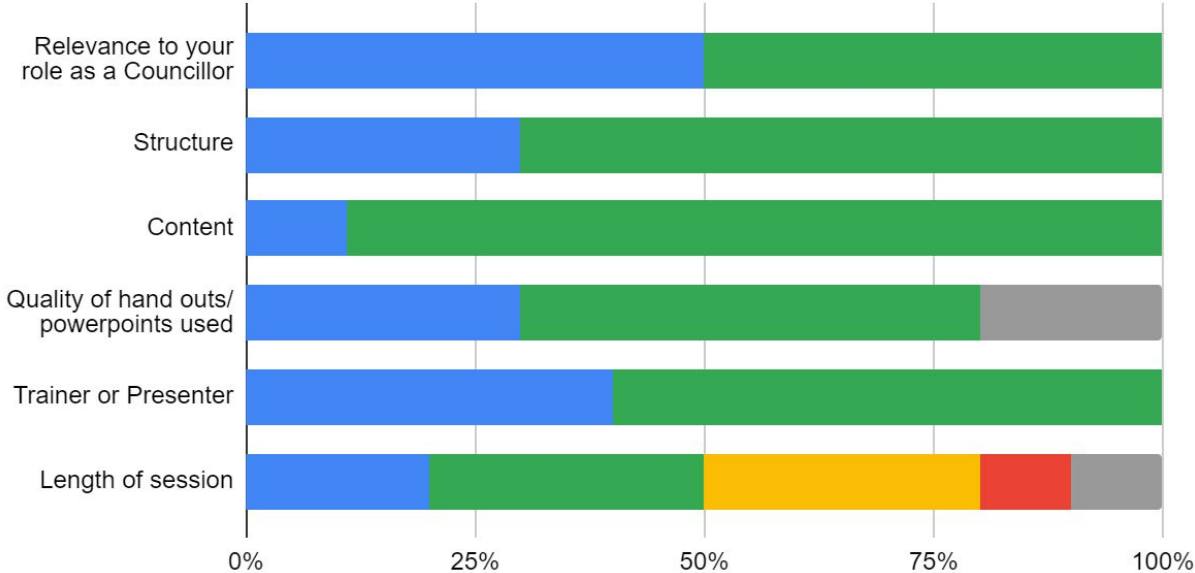
Quality of presenter, well explained session, lots of opportunity for Q&A

### What could be improved for next time?

Session overran as the allotted time wasn't sufficient, a longer session was suggested by many respondents (possibly virtual)

# Planning - 25th May and 8th June

Excellent Good Satisfactory Poor Not applicable/ unsure



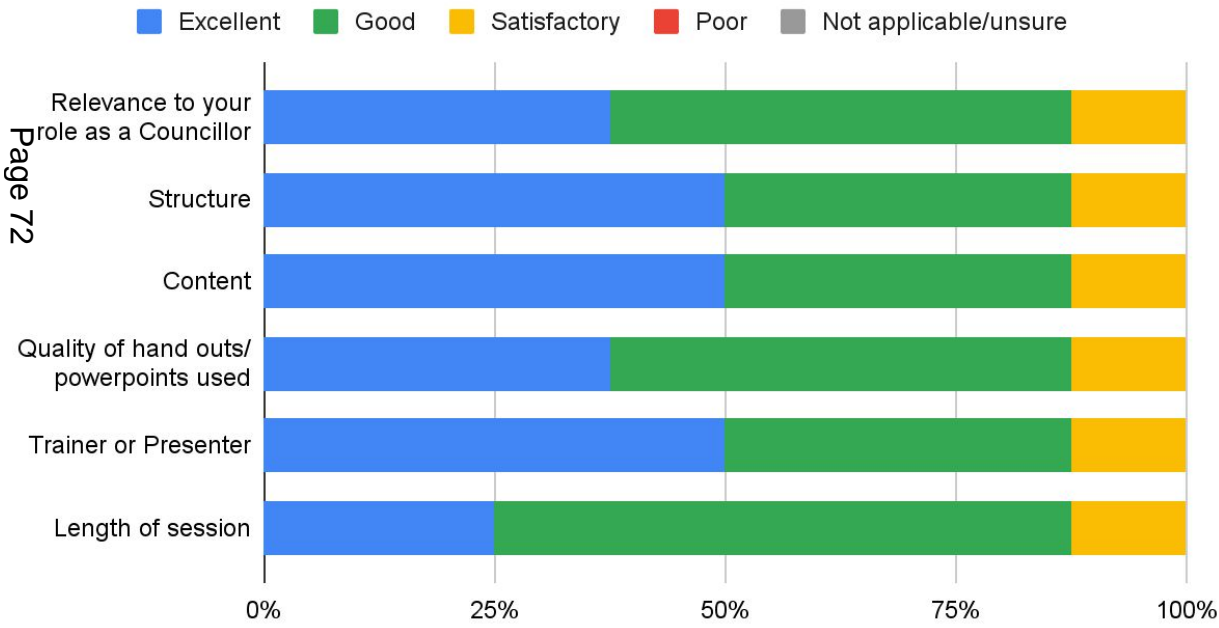
## What went well?

Interactive, useful to have perspective of outside councillor (for 25th May session), excellent presenters

## What could be improved for next time?

Session overran, it was expressed that more time would have been needed, including additional discussion time. The speaker from Cherwell (while good) did repeat a lot of what was stated in the officer led session

# Introduction to the Council - 9th and 10th of May



## What worked well?

Warm welcome and good general introduction. Organsational chart, mixture of people presenting.

## What could be improved for next time?

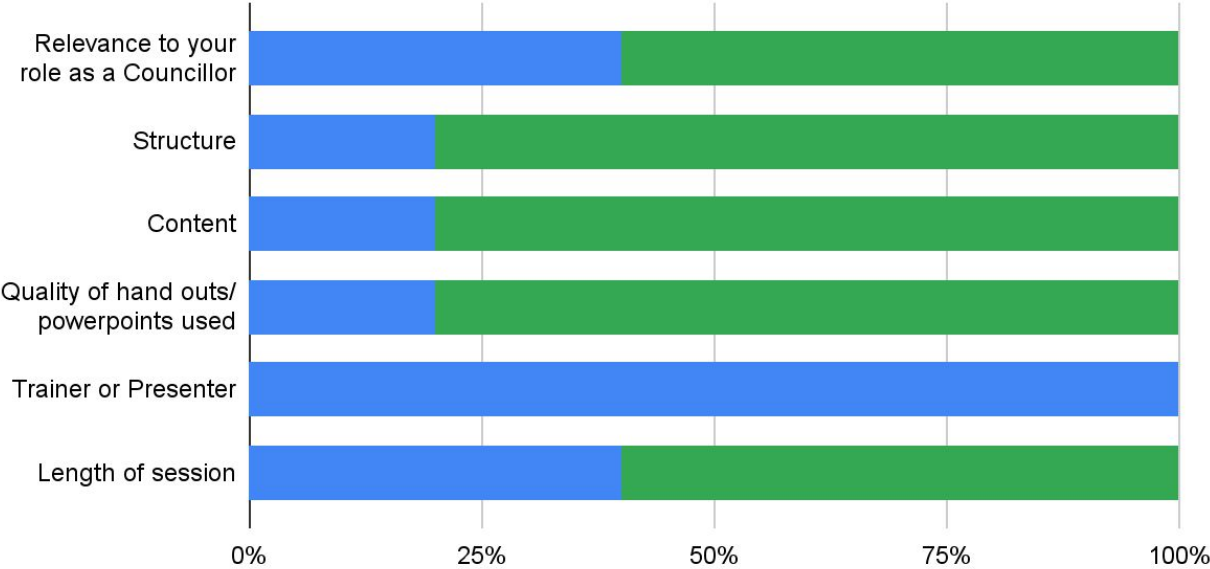
A building tour or informal 'meet and greet' could be included.

\* New Councillors generally rated this session higher than returning Councillors



# Summary of Externally Led Training Sessions

Excellent Good Satisfactory Poor Not applicable/unsure



## What went well?

Excellent trainers, sessions were engaging, and had a good level of interaction.

## What could be improved?

Most respondents didn't fill this box out for these.

# Additional Notes

Some sessions are not included in the summaries because less than 5 responses were received.

The following received 0-4 responses;

- Communications and Social Media
- GDPR
- Emergency Planning
- Licensing
- Audit and Fraud Awareness

## Annex C – Member Briefings Programme

Briefing Title	Date of briefing	# Attendees	% of Members
Major Projects and Operations	19 June 2023	13	38%
National Landscape	29 August 2023	5	15%
Local Plan, Five Year Housing Land Supply and Cotswold Housing Strategy, to include CIL	12 September 2023	15	44%
Inspector Simon Ellson's briefing on personal safety for Councillors	10 October 2023	12	35%
Cyber Security	14 November 2023	11	32%
Human Engine report	15 November 2023	16	47%
Economic Growth inc. Royal Agricultural University major projects	12 December 2023	-	-
Budget, including Crowdfund Cotswold (TBC)	13 February 2023	-	-

### Additional potential briefing topics

Council Processes and Governance
Armed Forces Covenant
Rendcomb airfield
Corporate parenting
Climate Change and Sustainability
Housing and Homelessness
Waste and Recycling
Biodiversity net gain

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**COTSWOLD**  
DISTRICT COUNCIL

**AUDIT AND GOVERNANCE COMMITTEE WORK PLAN  
1 NOVEMBER 2023 – 29 FEBRUARY 2024**

**Audit and Governance Committee**

The Audit and Governance Committee responsible for monitoring the adequacy and effectiveness of the Council's governance arrangements. This includes overseeing the audit function, annual accounts and the work of the internal auditors, promoting and maintaining high standards of conduct of members and, through its Standards Hearings Sub-Committee, determining complaints that an elected member of the district council or a town or parish council within the district are has breached the code of conduct.

The Committee has the following powers under the Council's Constitution:

- The Committee has the right to require the attendance of any Council officers and/or members in order to respond directly to any issue under consideration;
- To review any issues referred to it by the Chief Executive, other statutory officer or any Council body; and
- The power to call expert witnesses from outside the Council to give advice on matters under review or discussion.

This work programme sets out the expected business for meetings of the Audit and Governance Committee.

Item	Meeting Date	Lead Officer
<b>30 November 2023</b>		
Corporate Risk Register	30 Nov 2023	Cheryl Sloan, Business Manager - Business Continuity, Governance and Risk cheryl.sloan@cotswold.gov.uk
Treasury Management Mid-Year Report	30 Nov 2023	David Stanley, Deputy Chief Executive and Chief Finance Officer David.Stanley@cotswold.gov.uk
Counter Fraud and Enforcement Unit Update Report	30 Nov 2023	Emma Cathcart, Head of Service, Counter Fraud and Enforcement Unit emma.cathcart@cotswold.gov.uk
Council Tax, Housing Benefit and Council Tax Support Penalty and Prosecution Policy (review)	30 Nov 2023	Emma Cathcart, Head of Service, Counter Fraud and Enforcement Unit emma.cathcart@cotswold.gov.uk
Update on Member Training and Induction	30 Nov 2023	Angela Claridge, Director of Governance and Development (Monitoring Officer) Angela.Claridge@Cotswold.gov.uk
<b>25 January 2024</b>		
Audit Plan 2022/23	30 Nov 2023	Michelle Burge, Chief Accountant michelle.burge@publicagroup.uk
Informing the Audit Risk Assessment	30 Nov 2023	Michelle Burge, Chief Accountant michelle.burge@publicagroup.uk
Annual Treasury Management Strategy and Annual Non-Treasury Investment Strategy 2024/25	25 Jan 2024	Michelle Burge, Chief Accountant michelle.burge@publicagroup.uk
Annual Capital Strategy 2024/25	25 Jan 2024	Michelle Burge, Chief Accountant michelle.burge@publicagroup.uk
Risk Management Policy	25 Jan 2024	Cheryl Sloan, Business Manager - Business Continuity, Governance and Risk cheryl.sloan@cotswold.gov.uk

CyberSecurity Update	25 Jan 2024	John Chorlton, Business Manager for ICT john.chorlton@publicagroup.uk
<b>25 April 2024</b>		
Statement of Accounts and Audit Opinion	25 Apr 2024	David Stanley, Deputy Chief Executive and Chief Finance Officer David.Stanley@cotswold.gov.uk
Annual Governance Statement – Action Plan Update	25 Apr 2024	David Stanley, Deputy Chief Executive and Chief Finance Officer David.Stanley@cotswold.gov.uk
Internal Audit Plan and Charter	25 Apr 2024	Lucy Cater, Assistant Director (SWAP) lucy.cater@publicagroup.uk
Internal Audit Progress Report	25 Apr 2024	Lucy Cater, Assistant Director (SWAP) lucy.cater@publicagroup.uk
CFEU Update Report (RIPA and IPA annual update)	25 Apr 2024	Emma Cathcart, Head of Service, Counter Fraud and Enforcement Unit emma.cathcart@cotswold.gov.uk
Annual Standards Update	25 Apr 2024	Angela Claridge, Director of Governance and Development (Monitoring Officer) Angela.Claridge@Cotswold.gov.uk

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