



Wednesday, 13 November 2024

Tel: 01285 623553

e-mail: [democratic@cotswold.gov.uk](mailto:democratic@cotswold.gov.uk)

## **AUDIT AND GOVERNANCE COMMITTEE**

A meeting of the Audit and Governance Committee will be held in the Council Chamber - Council Offices, Trinity Road, Cirencester, GL7 1PX on **Thursday, 21 November 2024 at 4.00 pm.**

Rob Weaver  
Chief Executive

To: Members of the Audit and Governance Committee  
(Councillors Nigel Robbins, Patrick Coleman, Helene Mansilla, Jeremy Theyer, Chris Twells, Michael Vann, Len Wilkins, 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 for absence.

The quorum for the Audit and Governance Committee 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. **Minutes** (Pages 5 - 10)

To confirm the minutes of the meeting of the Committee held on 24 October 2024.

5. **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.

6. **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

7. **Strategic Risk Register** (Pages 11 - 18)

Purpose

This 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 resolve to:

1. Note the strategic risk register

8. **Customer Complaints Policy and Procedure** (Pages 19 - 52)

Purpose

This report presents a new customer complaints policy and process which complies with the new Ombudsman Complaint Handling Code for Member authorisation, and a revised Staff Personal Safety Policy / Unreasonable Behaviour

Recommendations

That the Audit and Governance Committee resolves to:

1. Approve the implementation of the new Customer Complaints Policy and Procedure
2. Note the revised Staff Personal Safety Policy / Unreasonable Behaviour

9. **Statement of Accounts and Audit Opinion** (Pages 53 - 58)

This report updates members on the progress of the external audit of the Council's 2023/24 Statement of Accounts and Audit opinion.

That the Audit and Governance Committee resolves to:

1. Note the progress of the audit and the update provided on the receiving the audit findings and opinion.
2. Delegate authority to the Deputy Chief Executive & Section 151 Officer and the Chair of Audit and Governance Committee to receive and sign the audit opinion (subject to a copy of the audit finding report and audit statement of accounts being circulated to all members of the committee for comment and endorsement).

10. **Treasury Management Mid-Year Report** (Pages 59 - 82)

Purpose

To receive and discuss details of the Council's Treasury Management performance for the period 01 April to 30 September 2024 and Quarter 2 Treasury Management Prudential Indicators.

Recommendation

That the Audit and Governance Committee resolves to:

1. Consider the Council's Treasury Management performance for the period 1 April 2024 to 30 September 2024 and the Quarter 2 Prudential Indicators and recommended to Council for approval.

11. **Work Plan** (Pages 83 - 86)

Purpose

To note the work plan.

(END)

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Audit and Governance Committee  
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## **Minutes of a meeting of Audit and Governance Committee held on Thursday, 24 October 2024**

### Members present:

Nigel Robbins – Chair	Angus Jenkinson	
Helene Mansilla	Chris Twells	Len Wilkins
Jeremy Theyer	Michael Vann	John Chesshire

### Officers present:

David Stanley, Deputy Chief Executive and Chief Finance Officer	Lucy Cater, Assistant Director (SWAP)
Michelle Burge, Chief Accountant	Emma Cathcart, Head of Service, Counter Fraud and Enforcement Unit
Angela Claridge, Director of Governance and Development (Monitoring Officer)	Andrew Brown, Head of Democratic and Electoral Services
	Ana Prelici, Governance Officer

### Cabinet Members:

Councillor Mike McKeown, Cabinet Member for Climate Change and Sustainability

### **287 Apologies**

Apologies were received from Councillor Patrick Coleman.

### **288 Substitute Members**

Councillor Angus Jenkinson substituted for Councillor Patrick Coleman.

### **289 Declarations of Interest**

There were no declarations of interest.

### **290 Minutes**

There were no amendments to the minutes.

RESOLVED: To APPROVE the minutes of the meeting held on 23 July 2024.

**291 Public Questions**

There were no public questions.

**292 Member Questions**

There were no public questions.

**293 Internal Audit Progress Report**

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

The SWAP Assistant Director introduced the Internal Audit Progress Report. They explained that there were two reports within this; the appointment of consultants, which was given a medium reasonable assurance to and the account payable quarterly, which was given a high reasonable assurance.

The Committee discussed the report, raising the following points;

- Members asked why the auditors had found that there was insufficient compliance with the local government transparency code. The SWAP Assistant Director stated that consultants were not being included in the Council's contract register although they were otherwise known about.
- Auditors had given the medium assurance rating for the consultants in light of the mitigation described in the report.
- Members raised that 72% of transactions were not supported by purchase orders (a PO). The Deputy Chief Executive stated that the practice of raising purchase orders was encouraged. A 'No purchase order, no payment' process was supported but would require a 12 to 18 months lead time. The benefits of a 'No PO, no payment process' included eliminating duplicate payments.
- Members asked what informed the Internal Audit work plan. The SWAP Assistant Director stated that they consulted with officers, the corporate risk register and other bodies, but that the plan was specific to Cotswold District Council.
- Members asked whether IR35 compliance was audited amongst the Council's consultants. The SWAP director stated that they would verify this and respond to the Committee in writing.

RESOLVED: To NOTE the report

**294 Counter Fraud and Enforcement Unit Update Report**

The purpose of the item was to provide the Committee with assurance over the counter fraud activities of the Council.

The Head of Service for the Counter Fraud and Enforcement Unit (CFEU) introduced the item. They explained that the work plan for 2024/25 included a focus on fraud risk

mitigation regarding grant schemes and polygamous working as high-risk areas. This work would include both prevention and detection activities. They also highlighted that;

- The CFEU website was finished, and a link to this would be sent to members.
- The CFEU Head of Service was part of the Multi-Agency Approach to Fraud group and worked collaboratively across this.
- The Business Grant schemes were still being worked on and were now in the debt reconciliation phase.
- There was ongoing work on the National Fraud Initiative as well as housing waiting list fraud
- Staff training would be delivered to those who worked in Environmental and Regulatory Service (ERS) in the autumn and that procurement fraud training would also be delivered.
- The small business rates relief review had been completed.

Members discussed the report, raising the following points:

- The CFEU legal agreement was under review, after agreement by the other partners, as the employing council, Cotswold District Council would be asked to agree.
- Members asked how value for money was measured. The CFEU Head of Service explained that the cost was reported each year and stated that the assurance over performance were measured within the report. Metrics could be difficult to apply due to varied caseloads. The Deputy Chief Executive stated that the Counter Fraud and Enforcement Unit were also able to add value through supporting other service areas.

Members thanked the Counter Fraud and Enforcement Unit for their work.

RESOLVED: To NOTE the report.

## **295 Ombudsman Report 2023/24**

The purpose of the report was to present the Annual Complaints statistics as provided by the Local Government and Social Care Ombudsman for the year 1 April 2023 – 31 March 2024.

The Director of Governance and Development introduced the item. They explained that the report presented the yearly letter received by the Local Government Ombudsman. The letter provided a summary of the ten complaints received by the Ombudsman, of which one was upheld. The Director of Governance and Development explained that the Council followed a three-stage internal complaint handling process, but that if a complaint was handled in a way that the complainant was satisfied with, the complainant could complain to the Ombudsman. Some complaints were made directly to the Ombudsman and were referred to as 'premature' in the letter. The Ombudsman

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had asked all Councils to review their complaint handling code, and this would be presented to the Committee at its next meeting.

Members discussed the report and raised the following points;

- Members asked how the £100 maladministration fee had been calculated, the Director of Governance and Development explained that this was a symbolic figure.
- The Director of Governance and Development stated that all complaints were reviewed in order to learn any lessons.
- As the numbers were not presented in a table year to year, it was difficult to keep track of trends year on year.

RESOLVED: To NOTE the report

### **296 QI Prudential Indicators (Treasury Management)**

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 report. They explained that the Audit and Governance Committee had responsibility for reviewing and monitoring treasury management arrangements in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Code. The Deputy Chief Executive explained that the Council had complied with the investment limits set by the code.

Members discussed the report, raising the following points:

- The CFR loans were due to increase in 2024 and 2027, Members asked why this was. The Deputy Chief Executive explained that this was due to greening the waste vehicle fleet.
- The Committee would be reviewing the Budget and MTFS report at its meeting in November.

RESOLVED: To NOTE the report

### **297 Climate Change**

The purpose of the report was to provide an update on actions following the Audit Position Statement on Climate Change in 2023.

The Chair introduced the item, explaining that the item was referred to the Committee after an internal audit reported an internal staff survey on climate change which had a low response rate.



The Interim Executive Director and the Cabinet Member for Climate Change and Sustainability provided an overview of work around Climate Change;

- A sustainability tool kit had been developed to manage climate risks within projects and was being trialled by the corporate project management team.
- The Council had recently compiled information in support of the 'Climate Scorecard' national assessment which was conducted annually by Climate Emergency UK, and information about this was available on the Council's website.
- To support staff Publica was rolling out Carbon Literacy Training. Since March 2021, 249 members of staff had attended Carbon Literacy training and 140 were certified as Carbon Literate including 75% of managers.

Members discussed the report, raising the following points:

- Members asked how the areas of focus for achieving net zero were identified. The Interim Executive Director explained that the areas of the biggest impact were identified, such as waste and leisure and that an action plan was being developed. The Cabinet Member said that as well as focusing on the Council's own emissions, they were working on encouraging businesses and residents to reduce theirs. The top three sources of carbon emissions within the district were transport, buildings and agriculture.
- The sustainability tool could be used for any project but was currently in the trial phase.
- Training was not mandatory but all members of staff were being encouraged to take it up.

The Cabinet Member thanked officers for their work.

RESOLVED: To NOTE the report

## **298 Work Plan**

The Deputy Chief Executive explained that the Auditors would not have the Statement of accounts and audit opinion ready for November's meeting, but that an update report would be provided at that meeting.

It was expected that the Audit opinion would be ready for the February meeting of the Committee.

RESOLVED: To NOTE the work plan

The Meeting commenced at 4.00 pm and closed at 5.30 pm

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Chair

(END)

# Agenda Item 7



**COTSWOLD**  
District Council

Council name	<b>COTSWOLD DISTRICT COUNCIL</b>
Name and date of Committee	<b>AUDIT AND GOVERNANCE COMMITTEE – 21 NOVEMBER 2024</b>
Subject	<b>STRATEGIC RISK REGISTER</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 (CEO) Email: <a href="mailto:robert.weaver@cotswold.gov.uk">robert.weaver@cotswold.gov.uk</a>
Report author	Cheryl Sloan, Business Services Manager, Governance, Risk & Business Continuity Email: <a href="mailto:Democratic@Cotswold.gov.uk">Democratic@Cotswold.gov.uk</a>
Summary/Purpose	This 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 – Strategic Risk Register
Recommendation(s)	That the Audit and Governance Committee resolve to: 1. 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. BACKGROUND**

- 1.1** 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.
- 1.2** 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.

## **2. RISK REGISTER**

- 2.1** All updates to the commentary since the last internal review of the Risk Register are shown in red, along with a direction of travel column, which shows if the risk has either increased (got worse), decreased (reduced in risk) or stayed the same since it was last reviewed.
- 2.2** A detailed review of the Risk Register was completed by Senior Leadership Team to consolidate the Council's Risk Register to ensure it clearly defined the Strategic Risks to the Council. The Strategic Risk Register will be included as a standing item on the quarterly extended management team (EMT) agenda to ensure strategic risks are formally considered and reviewed. Operational risks are reviewed by service areas and any material movement in risk is escalated accordingly.
- 2.3** This review updates the consolidated Risk Register. The following changes in direction of travel can be noted in the Strategic Risk Register:
  - CDC IR8 Staff Resources. This risk has been increased to reflect the number of critical vacancies in the new Council structure following the transfer of services on 1 November 2024. The roles are currently out to external recruitment, and once appointed, this risk can be reduced.
  - CDC ER1 Cyber Attack / Data Breach / Data Loss. This risk was increased in response to the recent Tewkesbury Cyber-attack. This has since been reduced back down to normal risk levels as the response to this attack has been closed.



**2.4** A new risk has been added to the Risk Register (CDC MPR2). This identifies the risk around externally funded projects and any conditions that apply to the funding. For example, if there are criteria around eligible expenditure, deadlines for expenditure and reporting, matched funding requirements, or other restrictions. If the Council is not able to fully comply with any funding conditions, this may result in the Council incurring expenditure which it is not able to be covered by the grant funding.

**2.5** There are no other changes, with the exception of updates which are shown in red text.

### **3. ALTERNATIVE OPTIONS**

**3.1** None

### **4. FINANCIAL IMPLICATIONS**

**4.1** There are no financial implications arising from this report.

### **5. LEGAL IMPLICATIONS**

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

### **6. RISK ASSESSMENT**

**6.1** 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.

### **7. EQUALITIES IMPACT**

**7.1** An equalities impact assessment is included with this report.

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

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

### **9. BACKGROUND PAPERS**



- 9.1** The following documents have been identified by the author of the report in accordance with section 100D.5(a) of the Local Government Act 1972 and are listed in accordance with section 100 D.1(a) for inspection by members of the public:

Previous version of the Cotswold District Council Strategic Risk Register presented to the Audit and Governance Committee

[Agenda Item 08 - Annex C - Risk and Opportunity Management Strategy November 21.pdf](#)

- 9.2** These documents will be available for inspection online at [www.cotswold.gov.uk](http://www.cotswold.gov.uk) or by contacting democratic services [democratic@cotswold.gov.uk](mailto:democratic@cotswold.gov.uk) for a period of up to 4 years from the date of the meeting.

ID	Risk Title	Description of risk / opportunity	Corporate Priority	Risk Owner	Responsible Officer	Date reviewed	Initial Risk				Previous Residual Risk Score			Current Residual Risk Score			Change in residual risk since previous review	Follow on Action (if required)	Action Owners	Target delivery date	Risk Acceptance Level	Status: Open, Hold, or Closed	Direction of Travel since previous review
							Impact category	Impact score	Likelihood category	Likelihood score	Impact category	Likelihood category	Score	Impact category	Likelihood category	Score							
CDC IR 1	Financial Sustainability	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.	delivering good services	S151	S151	1/2/2024	Major	4	Probable	4	16	Moderate	Probable	12	Moderate	Probable	12	0	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.	delivering good services	Director of Governance	Business Manager - ICT	1/2/2024	Major	4	Probable	4	16	Major	Possible	12	Major	Possible	12	0	Business Manager - ICT	Ongoing March 2025	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.	delivering good services		Ass Director, Business Services	1/2/2024	Major	4	Probable	4	16	Major	Remote	8	Major	Remote	8	0	Publica AD	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	delivering good services	Director of Governance	Head of Legal Services	1/2/2024	Moderate	3	Possible	3	9	Minor	Possible	6	Minor	Possible	6	0	Head of Legal Services	Ongoing	Risk Acceptance & Retention	Open	➔
CDC IR 5	Shareholder Review of Publica	Phase 1 Transition of Services (will be removed once fully complete) Human Engine report (November 2023) and Local Partnership Report (March 2024) approved by all shareholder Council with the majority of services transferring from Publica to the Councils. Detailed Transition Plan (July 2024) approved which set out the services transferring under Phase 1 by November 2024 and the estimated additional cost to each Council.  Phase 2 Transition of Service Shareholder Councils have committed in principle to transferring services by mid-2025. If there is not the political appetite or options are unaffordable there is a risk to service delivery, retention and recruitment of staff. If detailed options are not developed, costed and risk assessed to enable informed decisions to be made, there is a risk that in-sourcing these services could lead to significant cost increase, reduced service delivery, cuts to services, loss of key resources and reputational damage. 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.	delivering good services	CEO	CEO	1/2/2024	Moderate	3	Possible	3	9	Moderate	Probable	12	Moderate	Probable	12	0	CEO		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, reputational risk and financial implications	delivering good services		Business Manager - Governance	1/2/2024	Major	4	Probable	4	16	Moderate	Possible	9	Moderate	Possible	9	0	BM - Governance	Complete March 25	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 meet its obligations under the Public Sector Procurement Regulations.	delivering good services	S151	Business Partner Procurement	1/2/2024	Moderate	3	Possible	3	9	Moderate	Remote	6	Moderate	Remote	6	0	BP - Procurement	Ongoing	Risk Acceptance & Retention	Open	➔

CDC IR 8	<b>Staff Resources</b>	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.  If the Council and/or its delivery partners cannot recruit or retain good staff, there is an increased reliance on agency staff at a significantly higher cost than budgeted for and weakens the Council's ability to maintain a balanced budget/MTFS.	delivering good services		Ass Director, Organisational Effectiveness	1/2/2024	Major	4	Possible	3	12	Recruitment team in place. Benefits package Branding IIP	Moderate	Possible	9	Moderate	Possible	12	3	Monitoring impact on recruitment & retention throughout the transition of services. External recruitment is underway to minimise reliance on agency staff. Risk increased to reflect potential impact on capacity post transition of services around communications, planning and directors team.	CEO	Ongoing	Risk Reduction	Open		
CDC IR 9	<b>Uninsurable Risk</b>	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.	delivering good services		CEO	1/2/2024	Major	4	Possible	3	12	Controls in place to manage business critical risks and unknown risks such as pandemic / civil emergencies to help manage impact should these occur.  Contingent liabilities, where required, are accounted for and disclosed.	Major	Remote	8	Major	Remote	8	0	Consideration of Insurance Risk earmarked reserve to mitigate any underlying uninsurable costs where appropriate.	S151		Risk Acceptance & Retention	Hold		
<b>External Risks (ER)</b>																										
CDC ER 1	<b>Cyber Attack / Data Breach / Data Loss</b>	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  If staff are not trained in phishing, this could lead to a successful cyber attack, loss of income through financial payments being made.	delivering good services		Business Manager - ICT	1/2/2024	Extreme	5	Possible	4	20	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 & External Penetration checks. Continual Password Audits across our network to evaluate weak password. Detailed review of Business Continuity & Disaster Recovery Plans in light of recent cyber attack on neighbouring council.	Major	Possible	16	Major	Possible	12	-4	98% of staff now trained in cyber awareness and final 2% being reviewed, this 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. Cyber updates being presented to Council Audit & Governance committees, Publica Audit & Risk Committee (ARAC) and Governance Meetings. Preparation underway to submit latest PSN submission. Risk was increased to reflect recent cyber attack at Tewkesbury Council. ICT team worked closely with Tewkesbury on the response and recovery and are taking any learning back to our systems. Risk has since been lowered.	BM - ICT	Ongoing	Risk Reduction	Open		
CDC ER 2	<b>Global Pandemic</b>	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	delivering good services		CEO	1/2/2024	Moderate	3	Possible	3	9	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.	Moderate	Possible	9	Moderate	Possible	9	0	Watching brief should a further pandemic be predicted	CEO	Hold	Risk Acceptance & Retention	Hold		
CDC ER 3	<b>Fraud &amp; Corruption Risk</b>	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.	delivering good services		S151	Head of CFEU	1/2/2024	Major	4	Possible	4	16	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	Moderate	Possible	9	Moderate	Possible	9	0	CFEU currently developing service risk registers for fraud to further improve awareness and controls. Any changes to processes / controls will be monitored / managed for any services which may transition from Publica to direct Council delivery.	Head of CFEU	Ongoing	Risk Reduction	Open	



Strategic Risks (SR)																									
CDC SR 1	Major Civil Emergency	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.	delivering good services	CEO	CEO	1/2/2024	Major	4	Possible	3	12	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.	Major	Possible	12	Major	Possible	12	0	CDC Coordination Team and Rest Centres teams now in place, which is then supported by wider shared resource across Publica. Refresh Training setup for Coordination Team, Rest Centre Team and Duty Officers and Managers. All documentation being updated and transferred to 365. Plans tested during recent floods when Tactical Coordinating Group (TCG) and Strategic Coordinating Group (SCG) stood up. Following the transition of services, a proposal has been approved by Senior Management Team to move to a locality based arrangement for 365 on call, with remuneration from 1/04/25. Work is now commencing on recruiting to these teams and then training will be delivered. Currently there has been good interest from both CDC employees and Publica employees to be part of the CDC on call arrangements.	BM - Governance LRF	March 2025	Risk Reduction	Open	
CDC SR2	Climate Emergency	The Council has made a commitment to achieve countywide carbon neutrality as well as carbon neutrality for the Council's own services. Failure to achieve these targets could result in the Council not meeting its commitments as well as risk in terms of cost of delivery if the Government does not provide funding for delivery of carbon targets	responding to the climate emergency		Assistant Director - Planning & Sustainability	1/2/2024	Moderate	3	Probable	4	12	Desire of Council to become carbon neutral, however affordability and government funding to achieve this may not be in line with ambitions	moderate	possible	9	moderate	possible	9	0	Focused 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.	Head Climate	Ongoing	Risk Reduction	Open	
CDC SR3	Local Plan /Housing	The council's adopted Local Plan (2011-31) identified a requirement for 8,400 additional homes over the 20-year plan. The relevant policy in the Local Plan (Policy D51) was reviewed in Sept 2023 by Full Council with an expectation that circa 10,000 new homes would be delivered between 2011-31. Since then, the national government has consulted on a proposal to, amongst other things, increase the number of homes needed in the district from 504 to 979 homes a year. If this proposal is brought into force, there is a risk that applicants and agents will challenge the Council's position on housing requirements and housing land supply when applying for planning permission for new homes through an appeal to a refused planning application.	delivering housing		Assistant Director - Planning & Sustainability	1/2/2024	Moderate	3	Possible	3	9	Local Plan policy reviewed in Sept 2023. Local housing needs of the District have not significantly changed. A further review of the relevant Local Plan policy will need to be undertaken if the government's consultation proposals are brought into force.	Moderate	Possible	9	Moderate	Possible	9	0	Further review of requirements once NPPF consultation response is published by the government.	Strategic Housing Manager	Ongoing	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	delivering good services		Business Manager - Environmental Services	1/2/2024	Major	4	Possible	3	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.	supporting communities		Business Manager - Leisure & Communities	1/2/2024	Major	4	Probable	4	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.	CEO	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	delivering good services	CEO	Interim Managing Director	1/2/2024	Major	4	Possible	3	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	Probable	12	Moderate	Probable	12	0	The recommendation to in-source the majority of services from Publica back into the Council has been approved by Cabinet. All partner Councils have also had the recommendation approved. The Detailed Transition Plan has been approved by CDC and following this formal consultation commenced with a successful transfer on 1/11. Work continues to ensure payroll is setup and employees are paid on 20/11. Council structure charts are now finalised and external recruitment is underway for critical senior vacant positions. Communications on the Publica structure will be undertaken ensuring those who remain within Publica are supported and receive the same levels of communication, as those who will be transferring back to councils under a TUPE transfer. Governance arrangements for the partnership will be reviewed as part of new model with work currently being undertaken by Local Partnerships. Publica has met its savings target for 23/24 and this will be reflected in the end of year accounts, plus additional in year savings achieved. Interim MD in place and new Board Chair. See R5 for more detail.	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.	delivering good services	CEO	CEO	1/2/2024	Moderate	3	Possible	3	9	Contracts and Service agreements in place Meetings in place with service providers	Moderate	Possible	9	Moderate	Possible	9	0	Contract Management forms part of Annual Manager assurance statement. Requirement for more formal updates on key suppliers /contracts	CEO	Ongoing	Risk Reduction	open	
Major Project Risks (MPR)																									
CDC MPR 1	Failure to deliver CDC programme of major projects	If the Council does not undertake adequate due diligence on major projects prior to a decision/commencement, there is a risk of poor decision making, weak governance, affordability, and reputational risk. If the Council does deliver on its major projects, this could result in non delivery of Council priorities, cost increases, financial pressures and reputational damage	delivering good services	CEO	Assistant Director - Property & Regeneration	1/2/2024	Major	4	Possible	3	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	9	0	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	
CDC MPR 2	Rise in costs to the Council due to project funding being withdrawn	If the Council does not meet grant funding criteria it may be required to repay funding or may not receive retrospective funding, after it has already incurred expense	responding to the climate emergency	CEO	CDC Climate Lead	2/2/2024	Moderate	3	Possible	3	9	Relates currently to ORCs funding. If deadline for completion is missed due to external factors i.e. delays from DNO, would not be eligible for funding which the Council has already received. CDC cannot divest risk within contract with supplier. Cost risk circa £90K. Due diligence and proactive comms with EST (fund admin) reduces risk. SLT briefed and Cabinet being updated so they are aware of risk	Moderate	Remote	6	Moderate	Remote	6	0	Effective management of contract - PM in place.	Climate Lead	Ongoing	Risk acceptance	Open	New Risk

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# Agenda Item 8



**COTSWOLD**  
District Council

Council name	<b>COTSWOLD DISTRICT COUNCIL</b>
Name and date of Committee	<b>AUDIT AND GOVERNANCE COMMITTEE – 21 November 2024</b>
Subject	<b>NEW CUSTOMER COMPLAINTS POLICY AND PROCESS INC. REVISED STAFF PERSONAL SAFETY POLICY / UNREASONABLE BEHAVIOUR</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, CEO 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@Cotswold.gov.uk">Democratic@Cotswold.gov.uk</a>
Summary/Purpose	This report presents a new customer complaints policy and process which complies with the new Ombudsman Complaint Handling Code for Member authorisation, and a revised Staff Personal Safety Policy / Unreasonable Behaviour
Annexes	Annex A – Customer Complaints Policy and Procedure Annex B – Staff Personal Safety Policy / Unreasonable Behaviour Annex C- Equalities Impact Assesment
Recommendation(s)	That the Audit and Governance Committee resolves to: <ol style="list-style-type: none"> <li>1. Approve the implementation of the new Customer Complaints Policy and Procedure</li> <li>2. Note the revised Staff Personal Safety Policy / Unreasonable Behaviour</li> </ol>
Corporate priorities	<ul style="list-style-type: none"> <li>• All</li> </ul>



**COTSWOLD**

District Council

Key Decision	No
Exempt	No
Consultees/ Consultation	NA



## **1. EXECUTIVE SUMMARY**

- 1.1** In February 2024, following a consultation process, the Local Government and Social Care Ombudsman launched a new Complaint Handling Code.
- 1.2** The purpose of the Code is to enable organisations to resolve complaints raised by individuals promptly, and to use the data and learning from complaints to drive service improvements. It will also help to create a positive complaint handling culture amongst staff and individuals.
- 1.3** Local councils are encouraged to adopt the Code as soon as they are able to do so. The Ombudsman intend to start considering the Code as part of their processes from April 2026 to give local councils the opportunity to adopt the Code successfully into working practices.
- 1.4** In addition, during the first two years the Ombudsman will be working with a number of pilot councils to understand the impact of the Code and provide further guidance to the sector.
- 1.5** This new policy and process has been written in conjunction with the new Complaints Code and will ensure that Cotswold District is compliant with the code ahead of April 2026. Also included is a revised Staff Personal Safety Policy which feeds into this policy and is recommended by the Ombudsman.
- 1.6** The report is brought to the Audit and Governance Committee as the committee responsible for formulating and keeping under review the Council's arrangements for handling complaints and investigations by the Local Government Ombudsman.
- 1.7** The recommendation is to implement the new code from 1 April 2025.

## **2. BACKGROUND and OVERVIEW**

- 2.1** In February 2024, following a consultation process, the Local Government and Social Care Ombudsman launched a new Complaint Handling Code and Local councils are



encouraged to adopt the Code as soon as they are able to do so. The Ombudsman intend to start considering the Code as part of their processes from April 2026 to give local councils the opportunity to adopt the Code successfully into working practices.

**2.2** The council's current complaints process has three stages to its' internal complaints process as detailed below. Once this is exhausted, if the complainant remains unsatisfied with the response provided, it is at this point that they can refer their complaint to the LGO.

- Stage 1: Service Area Response
- Stage 2: Independent Review
- Stage 3: Appeal and final decision
- Ombudsman

**2.3** The new complaints policy as set by the Ombudsman Code has a two-stage internal process:

- Stage 1: Service Area Response
- Stage 2: Appeal and final decision
- Ombudsman

**2.4** The other key changes which are being implemented through the code include:

- A clear definition between a service request and a complaint  
A definition is found within the policy
- Ensuring accessibility and awareness  
This is detailed within the new policy in terms of how a complaint can be raised and how we will publish and communicate the policy, process and complaints performance
- Setting clear timescales for responses and extensions



These are inline with our current response times and are detailed within the policy.

- **Example remedies**  
A list of potential remedies has been included in the policy.
- **Improved performance reporting and self-assessment against the code**  
How complaints will now be reported is detailed in the policy. An annual report will be tabled at the Audit and Governance Committee
- **Scrutiny and oversight**  
The code requires defined roles and responsibilities. These have been defined within the new policy as:

<b>Senior Complaint Executive</b>	Chief Executive Officer / Head of Paid Services
<b>Member responsible for complaints</b>	Chair of the Audit and Governance Committee
<b>Complaint Officer</b>	Business Manager, Governance, Risk and Business Continuity

**2.5** Also included within this report is a revised Staff Personal Safety / Unreasonable Behaviour Policy. The policy has been reviewed to ensure that there are tighter controls around how customers and properties are placed on a register, the removal from the register, evidence recording and access.

**2.6** A failure to comply with the code may result in the Ombudsman making a finding of maladministration where local councils policies and procedures depart from the Code without sufficient explanation. The Ombudsman may also make a finding of maladministration where a local council, without good reason, does not meet the standards in the Code when responding to an individual complaint.

## **2 ALTERNATIVE OPTIONS**



2.1 None

### **3 FINANCIAL IMPLICATIONS**

3.1 There are no financial implications arising from this report.

### **4 LEGAL IMPLICATIONS**

4.1 There are no direct legal implications arising from this report.

### **5 RISK ASSESSMENT**

5.1 If the Council's does not adopt a new customer complaints policy it will have to provide a suitable explanation to the Ombudsman which may be deemed as maladministration.

### **6 EQUALITIES IMPACT**

6.1 An equalities impact assessment is included with this report.

### **7 CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS**

7.1 There are no climate or ecological emergency implications arising directly from this report.

### **8 BACKGROUND PAPERS**

8.1 The following documents have been identified by the author of the report in accordance with section 100D.5(a) of the Local Government Act 1972 and are listed in accordance with section 100 D.1(a) for inspection by members of the public:

Annual Complaints Statistics and Annual Letter from the LGO

8.2 These documents will be available for inspection online at [www.cotswold.gov.uk](http://www.cotswold.gov.uk) or by contacting democratic services [democratic@cotswold.gov.uk](mailto:democratic@cotswold.gov.uk) for a period of up to 4 years from the date of the meeting.





# Complaints Policy and Procedure

<b>Document Control</b>			
<b>Document Title</b>	Complaints Policy and Procedure		
<b>Version Number</b>	1	<b>Author/ Owner</b>	Business Manager for Governance, Risk and Business Continuity
<b>Date Approved</b>	DRAFT	<b>Document Status</b>	DRAFT
<b>Effective Date</b>	TBC	<b>Approved by</b>	
<b>Previous version</b>		<b>Date of Next Review</b>	

<b>Version Control</b>			
<b>Version</b>	<b>Author</b>	<b>Date</b>	<b>Changes</b>

If any updates are required, please submit to the Business Manager, Governance for inclusion and approval.

## **1. Background**

The Joint Complaint Handling Code ('the Code') was launched in February 2024 by the Local Government and Social Care Ombudsman. The Code has been issued as “advice and guidance” for all local councils in England under section 23(12A) of the Local Government Act 1974. This means that councils should consider the Code when developing complaint handling policies and procedures and when responding to complaints. If a council decides not to follow the Code, the Ombudsman expects the council to have a good reason for this.

Local councils are encouraged to adopt the Code as soon as they are able to do so. The Ombudsman intends to start considering the Code as part of its' processes from April 2026.

The purpose of the Code is to enable complaints raised by individuals to be resolved quickly, and to use the data and learning from complaints to drive service improvements. It is also in place to help create a positive complaint handling culture amongst staff and individuals.

The Code is issued under the Local Government and Social Care Ombudsman's powers to provide “guidance about good administrative practice” to organisations under section 23(12A) of the Local Government Act 1974.

The Local Government and Social Care Ombudsman may consider failure to comply with the Code as maladministration or service failure.

The Local Government and Social Care Ombudsman considers that the Code applies to all Local Authorities in England, as well as other specified bodies. The Code does not replace any statutory complaint processes such as The Children Act 1989 Representations Procedure (England) Regulations 2006 or Local Authority Social Services and National Health Service Complaints (England) Regulations 2009.

Our Policy has been written to ensure compliance with the Code.

## **2. Introduction**

Cotswold District Council (CDC) aims to embrace complaints through increased transparency, accessibility, and complaint handling governance. We want to demonstrate that individuals are at the heart of our service delivery and good complaint handling is central to that. There are many benefits to be gained from having an effective and efficient complaints process including, but not limited to:

- promoting a positive relationship between the Council and service users;

- enabling an issue to be resolved before it becomes worse. Issues not resolved quickly can take significant resources and time to remedy;
- creating staff ownership, decision-making, and engagement through staff involvement in complaint resolution;
- providing senior staff with essential insight into day-to-day operations, allowing them to assess effectiveness and drive a positive complaint handling culture;
- ensuring the complaint data is collected to inform key business decisions to drive improvement in service provision.

### 3. Defined roles and responsibilities

The following are defined roles under this policy:

<b>Senior Complaint Executive</b>	Chief Executive Officer / Head of Paid Services
<b>Member responsible for complaints</b>	Chair of the Audit and Governance Committee
<b>Complaint Officer</b>	Business Manager, Governance, Risk and Business Continuity

### 4. Definition of a complaint

The Code defines a complaint as *“an expression of dissatisfaction, however made, about the standard of service, actions or lack of action by the Council, its own staff, or those acting on its behalf, affecting an individual or group of individuals.”*

Cotswold District Council has adopted this definition.

There is a difference between a Service Request and a complaint. The Code defines a service request as *“a request from an individual to the Council requiring action to be taken to put something right”*.

Service requests are not complaints but may contain expressions of dissatisfaction. The council will not treat service requests as complaints and will aim to deal with the service request before a complaint is made. The Council will ensure that service requests are recorded, monitored and reviewed regularly.

However, should an individual express dissatisfaction with the response to their service request, even if the handling of the service request remains ongoing, a complaint may be raised.

### 5. Making a Complaint

In order to ensure our complaints process is accessible to all and compliant with the Equalities Act 2010, a complaint can be raised in anyway and with any member of staff, however, we would encourage using the following channels:

- letting us know by clicking the 'Make a Comment' button on the website [Comments and complaints - Cotswold District Council](#)
- [Contact us - Cotswold District Council](#)
- visiting us in person at our Council Offices;
- contacting your local Councillor;
- writing to us at: Cotswold District Council, Trinity Road, Cirencester, Gloucestershire, GL7 1PX
- Using any of our social media channels.

Individuals may have a suitable representative deal with their complaint on their behalf, and be represented or accompanied at any meeting with the organisation.

### **5.1 Exemptions from this complaints process**

The Cotswold District Council will accept a complaint unless there is a valid reason not to do so. Each complaint will be considered on its own merits, however, there are certain matters we cannot usually consider under the complaints policy, this includes:

- where you have, or had, a right to appeal or take legal action. This may include a tribunal (such as a Housing Benefits Appeal), Housing Benefit and Council Tax Support or planning appeals
- where the complainant is challenging a planning judgement or decision not to take enforcement action
- where the complaint is challenging a licensing or other quasi-judicial decision, where legal rights of challenge exist e.g. via appeal to the magistrates *court*
- It is a personnel matter (such as your employment or disciplinary issues)
- complaints regarding the handling of Freedom of Information requests
- complaints regarding Data Protection
- complaints about the [conduct of elected members](#)
- a service failure or request for service, for example, a missed bin
- You have left it more than 12 months since knowing about the problem

If we decide not to accept a complaint, an explanation will be provided to you setting out the reasons why the matter is not suitable for the complaints process and your right to take that decision to the relevant Ombudsman.

## **6. Complaints process**

## **6.1 Acknowledgement**

Within five working days of receipt of a complaint, we will acknowledge and log your complaint and advise you whether or not it falls within the scope of the complaints process (please see 51. Exemptions). Where it is accepted as a valid complaint it will then move onto a Stage 1 Response.

If we decide not to accept a complaint, an explanation will be provided to you, setting out the reasons why the matter is not suitable for the complaints process, and your right to take that decision to the relevant Ombudsman. Each complaint will be considered on its own merits.

## **6.2 Stage 1 Response**

A review of your complaint will be undertaken by an Operational Manager within the Service Area to which your complaint relates. A response will be provided within 10-working days from the date that we advised you that the complaint was valid, however, consideration will also be given to individuals' vulnerability and risk as to whether a complaint needs to be resolved more quickly, where possible.

We will decide whether an extension to this timescale is needed when considering the complexity of the complaint and then inform the complainant of the expected timescale for a response. Any extension will be no more than 10-working days without a valid reason, and the reason(s) will be clearly explained to the complainant. If we extend the timescale, we will provide the complainant with the details of the relevant Ombudsman.

Your stage 1 response we will confirm the following in writing;

- a) the complaint stage;
- b) the complaint definition;
- c) the decision on the complaint e.g., whether the complaint is upheld or not;
- d) the reasons for any decisions made;
- e) the details of any remedy offered to put things right;
- f) details of any outstanding actions; and
- g) details of how to escalate to either stage 2 or the LGO

If any aspect of your complaint is upheld, your complaint will be recorded as upheld in totality.

Should you raise additional complaints during the investigation, these will be incorporated into your stage 1 response if they are related, and your stage 1 response has not been issued. If your stage 1 response has been issued, the new issues are unrelated to the issues

already being investigated, or it would unreasonably delay the response, the new issues will be logged as a new complaint.

### **6.3 Stage 2 Review**

If after receiving a stage 1 response you remain dissatisfied, you can escalate your complaint to stage 2 of our process.

Requests to escalate your complaint should ideally be made in writing by emailing [customer.feedback@cotswold.gov.uk](mailto:customer.feedback@cotswold.gov.uk), however, your complaint can be escalated in any of the following ways:

- letting us know by clicking the 'Make a comment' button on the website [Contact us - Cotswold District Council](#)
- visiting us in person and speak to any member of the team
- Contacting your local Councillor
- writing to us at: Cotswold District Council, Trinity Road, Cirencester, Gloucestershire, GL7 1PX
- Using any of our social media channels

To escalate your complaint to Stage 2, this must be completed within 14 days of the date of receipt of your stage 1 response. It is not a requirement for you to set out why you remain dissatisfied when you request an escalation, we will make reasonable efforts to understand why you remain unhappy, however if you are able to provide any additional information as to why you remain unhappy, this will assist the council with responding.

Requests for stage 2 will be acknowledged and logged within five working days of the escalation request being received and will set out the Council's understanding of any outstanding issues and the outcome the individual is seeking. Upon receipt of a stage 2 request, an investigation into the complaint will be undertaken by the Complaint Officer or a member of the Complaints Team who will be independent of the service area to which your complaint relates and is a different officer who responded at stage 1. If your complaint relates in any way to the Complaints Team, it will be allocated to another service area manager to review.

The stage 2 process will be a review of the adequacy of the stage 1 response, as well as any new and relevant information not previously considered.

A response will be provided within 20 working days from receipt of your request to escalate your complaint to stage 2. If for any reason we are unable to provide a response within 20 working days we will advise you of this in writing, the reason(s) for the extension and will

inform you of the expected timescale for the response. This will also provide you with the contact details for the Ombudsman.

Your Stage 2 response will confirm the following in writing:

- a) the complaint stage;
- b) the complaint definition;
- c) the decision on the complaint;
- d) the reasons for any decisions made;
- e) the details of any remedy offered to put things right;
- f) details of any outstanding actions; and
- g) details of how to escalate the matter to the relevant Ombudsman Service if the individual remains dissatisfied.
- h) If a complaint is upheld at stage 1, and the stage 2 response agrees with those findings, the complaint must be recorded as upheld. This is the case even if the stage 2 response finds no fault in the way the stage 1 complaint was handled.

Stage 2 is the organisation's final response, details of how to escalate the matter to the relevant Ombudsman Service if you remain dissatisfied will be provided.

If your complaint is handled by a third party (e.g. a contractor) or independent adjudicator at any stage, it will form part of this two stage complaints process. You will not be required to go through two complaints processes.

## **7. Local Government Ombudsman**

Once you have exhausted the complaints process, if you remain dissatisfied, you can refer your complaint to the [Local Government Ombudsman](#).

## **8. Outcomes and Remedies**

Where something has gone wrong, we will acknowledge this and set out the actions we have already taken, or intend to take, to put things right depending on the individual circumstances. These can include, but are not limited to:

- Apologising;
- Acknowledging where things have gone wrong;
- Providing an explanation, assistance or reasons;
- Taking action if there has been delay;
- Reconsidering or changing a decision;
- Amending a record or adding a correction or addendum;
- Providing a financial remedy;
- Changing policies, procedures or practices.

The remedy will reflect the impact on the individual as a result of any fault identified and will clearly set out what will happen and by when. We will ensure that any remedy proposed will be followed through to completion.

## **9. Self-assessment, reporting and compliance**

We will produce an annual complaints performance and service improvement report which will be presented at the Councils Audit and Governance Committee. This will include:

- a) the annual self-assessment against the Code to ensure our complaint handling policy remains in line with the Code requirements.
- b) a qualitative and quantitative analysis of the Council's complaint handling performance which will also include a summary of the types of complaints the Council has refused to accept;
- c) any findings of non-compliance with the Code;
- d) service improvements made as a result of the learning from complaints;
- e) presentation of the annual report about the Council's performance from the Ombudsman; and
- f) any other relevant reports or publications produced by the Ombudsman in relation to the work of the Council.

The report and any response by the relevant Committee will be published on the Council website under Council Meetings and Minutes, and will also be made available under the Complaints Section of the Council Website.

If the Council undergoes a significant restructure, merger and / or change in procedure, a self-assessment will be carried out to assess any potential impact on service users.

If we are unable to comply with the Code due to exceptional circumstances, such as a cyber incident we will inform the relevant Ombudsman, provide information to individuals who may be affected, and publish this on our website. We will provide a timescale for returning to compliance with the Code.

The Member are responsible for complaints will also receive regular updates:

- on the volume, categories, and outcomes of complaints, alongside complaint handling performance
- regular reviews of issues and trends arising from complaint handling; and
- the annual complaints performance and service improvement report



## **10. Review of Complaints Policy**

This Policy will be reviewed every 3-years or when the Statutory Code is updated.

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# Staff Personal Safety Policy

## (Personal Safety Register – PSR)

<b>Document Control</b>			
<b>Document Title</b>	Staff Personal Safety Policy		
<b>Version Number</b>	1	<b>Author/ Owner</b>	Cheryl Sloan, Business Manager, Governance
<b>Date Approved</b>	DRAFT	<b>Document Status</b>	DRAFT
<b>Effective Date</b>		<b>Approved by</b>	
<b>Previous version</b>		<b>Date of Next Review</b>	

<b>Version Control</b>			
<b>Version</b>	<b>Author</b>	<b>Date</b>	<b>Changes</b>

If any updates are required, please submit to the Business Manager, Governance for inclusion and approval.

# 1. Purpose and Scope

Publica Group (Support) Ltd is a Wholly Owned Company which provides wide ranging services on behalf of its shareholders; Cotswold District Council, Forest of Dean District Council and West Oxfordshire District Council in office, customer facing and off-site environments. As a result, Officers, Councillors, and Contractors or partner staff meet and deal with members of the public in many different situations.

For the purposes of this policy, the term Council will be used and will cover Publica and its three Council shareholders: Cotswold District Council, Forest of Dean District Council and West Oxfordshire District Council.

The term "Council representatives" will be used to refer to Officers, District Councillors, Contractors, and partners completing work on behalf of the 'Council'.

The definition of a customer is, 'a person who contacts us for any reason, or is affected by anything we do'.

The Council is committed to providing the highest levels of customer service delivery and doing so in a way that gives all members of the public the right to be heard and respected.

Most contact with customers is a positive experience for everyone; however, there are occasions when a customer acts in a way that is not acceptable to the Council and its Council representatives. This policy sets out the Councils' definition of unacceptable behaviour and the Council approach to the minority of our customers whose behaviour has been assessed as being unacceptable.

This policy also sets out the definition for 'premise risk', as there are occasions when a residential or business premises has been identified as a potential risk to the safety of Council representatives that may visit.

The policy is intended to support and protect Council representatives when dealing with members of the public whose behaviour has been assessed as unacceptable or visiting high risk locations / premises. The policy sets out the various actions we may take in order to manage any instances of such behaviour and risk including maintaining a Personal Safety Register (PSR) of individuals whose behaviour has been assessed as unacceptable and premises that pose a risk.

Other supporting policies include:

- Customer complaints policy
- Equality Policy
- Lockdown procedures

## 2. Defining Unacceptable Behaviour

### *2.1 Abusive or offensive behaviour*

Council representatives have the right not to suffer abusive, offensive, or threatening behaviour even when a customer is under stress.

Some example of unacceptable behaviour might include, but are not limited to:

- Abusive or offensive language; remarks of a sexual nature; racist language; homophobic or other discriminatory remarks
- Shouting
- Offensive gestures
- Verbal or physical threats
- Punching, kicking, head butting, spitting
- Bullying or intimidating behaviour
- Attempting to assault someone
- Using, brandishing or throwing weapons or objects aiming to inflict harm
- Stalking or other forms of harassment
- Publishing unacceptable information on social media, websites, newspapers, etc.

## ***2.2 Unacceptable demands on services***

Some customers may make unacceptable demands on services due to the amount of information they ask for, the nature and scale of service they expect and the number of approaches they make in relation to an issue(s). We recognise that in some cases this may be unintentional and what amounts to unacceptable demands will depend on the circumstances surrounding the particular issue(s) and the customer's behaviour.

Examples of unacceptable demands might include, but are not limited to:

- Demanding responses within an unreasonable timescale
- Insisting on seeing or speaking to a particular member of staff
- Sending the same or similar request to several members of staff
- Refusing to end a telephone call – and/or insisting on speaking to someone who is either not available or not the appropriate person (e.g. the Chief Executive)
- Requiring responses to correspondence where the content is malicious
- Sending the same or similar request on repeat occasions despite receiving a response

This and other types of contact can be viewed as unacceptable if it impacts significantly upon workloads and/or the capacity to deliver an effective service, for example, taking an excessive amount of employees' time to the disadvantage of other customers.

## ***2.3 Unacceptable persistent contact***

The Council recognises that some of our customers will not or cannot accept that the Council is unable to assist them further or provide a level of service other than that already provided. Customers may persist in disagreeing with the action or decision taken in relation to their concerns or they may contact the Council persistently about the same issue(s).

Examples of unacceptable persistent contact might include, but is not limited to:

- Persistent refusal to accept a decision that has been made in relation to their complaint
- Persistent refusal to accept explanations relating to what the Council can or cannot do

- Persistent refusal to follow the proper procedures explained to them in order to pursue their issue/concern
- Making an excessive number of telephone calls or visits to Council offices
- Sending an excessive number of emails, faxes or letters
- Continuing to contact the Council on the same issue(s) without presenting any new information
- Use of other names by the customer to try and access officers or District Councillors to raise the same issues

It is not necessarily the manner in which such customers communicate with the Council, but their persistence in doing so that goes beyond them being reasonably forceful or demanding. In certain instances, continuously contacting an individual member of staff or the Council with telephone calls, texts, emails etc. or other unacceptable persistent behaviour may be considered to be harassment.

## ***2.4 Unacceptable behaviour whilst engaging in public expression of views or acts of civil disobedience on Council premises***

Everyone has the right to access the services of the Council without disturbance. Our commitment is to deliver excellent service in a space that is welcoming and safe and we ask all our customers and visitors for their co-operation in maintaining this environment. The Council also recognises the importance of striking a balance between providing an opportunity for the lawful expression of views and opinions and unacceptable behaviour and actions that affect Council Representatives.

Some examples of unacceptable behaviour in these instances might include, but is not limited to:

- Using any foul, abusive, threatening, intimidating or discriminatory language or behaviour
- Harassing and/or bullying behaviour
- Disorderly conduct which can include, but is not limited to, causing a disturbance, shouting, causing a nuisance and/or otherwise hindering the day-to-day business of the Council, its Council representatives.
- Congregating in Council buildings and/or obstructing thoroughfares and emergency routes and access points and otherwise hindering the day-to-day business of the Council.
- Entering or attempting to enter restricted and/or non-public areas of the building
- Recording or photographing people without their permission
- Willful damage to any Council property, defacing or spoiling Council property and/or interfering with Council property
- Failing to follow instructions of Council employees or security staff when instructed to leave the premises.

The Council reserves the right to remove any person from its property and to take the necessary action to prevent any person/s from entering its buildings or property.

## ***2.5 Premise Risk***

Council representatives may be required to undertake visits to the home / community as part of their role, and these homes, premises or location could present a risk to Council representatives.

This could include the potential for a serious incident or the potential to place the individual at risk of harm, injury, disease, illness, loss, or damage.

Examples of potential property / premise risk could include, but is not limited to:

- A dangerous pet, such as a dangerous dog
- Violence or threats from other family members or other adults within the home
- Violence or threats from other residents / neighbours
- Sexual offenders
- Exposure to hazardous substances or severe domestic squalor in the home
- Structurally unsafe property
- Guns and weapons
- Issues relating to mental health or substance abuse
- Environmental hazards such as dark alleyways, tower blocks

### **3. Equality of access**

Council representatives meet a diverse population, including vulnerable individuals.

Any restrictions imposed must take into account the customer's individual circumstances and ensure that customers are not prevented from accessing essential services. The policy and procedure are not a "one size fits all" approach.

Some customers, particularly those with mental health issues, medication that makes them forgetful, or dementia, may become fixated on a particular issue or not remember that they have already contacted the Council.

While the Council needs to avoid "diagnosing" customers, a sensitive approach is needed to ensure that the Council is acting appropriately in the way it is dealing with the customer, and not making its services inaccessible.

Please refer to the Council's Equality, Diversity & Inclusion Policy for further information.

### **4. Personal Safety Register (PSR)**

The Council maintains a Personal Safety Register (PSR). This is a list of customers and / or addresses / properties that are considered to present some kind of risk to Council representatives.

#### ***4.1 Customers of Risk***

The PSR is maintained to inform, support, and protect all Council representatives when interacting or preparing to interact with customers who may pose a risk.

Customers are informed of their inclusion on the PSR. They have a right of appeal against the decision to include them on the list.

Please see template letters for notifying customers of their inclusion on the PSR.

Each Business / Service Manager is responsible for monitoring the updating or removal of customers that their team has added to the PSR and for notifying customers accordingly.

To ensure the PSR register is kept up to date, and customers are not retained on the list for longer than stated, the PSR register will be reviewed at 6-monthly intervals by the Governance Group. This group will monitor any entries that remain on the list beyond their stated time.

The Governance Group includes the Monitoring Officer from each District Council, Business Manager Governance, Legal Services, Audit and Counter Fraud and Enforcement Unit (CFEU) who meet on a quarterly basis. Customers are informed of any extension to their entry or removal from the list.

## **4.2 *Properties of Risk***

The list of properties that are considered to present some kind of risk to Council representatives are recorded in the PSR. The PSR will state whether it is a customer or property risk or both.

Property information is provided by Council representatives and relevant third parties.

The properties of risk list will detail the reasons for the risk and appropriate personal data will be recorded. It will also provide, where appropriate any additional information, such as advice to attend the property in pairs. It is not mandatory to notify the owners of the property that they have been included on the PSR.

The properties of risk data will be added and removed in accordance with requirements and whether or not it is appropriate to do so. There may be some properties that are not removed from the register, whilst the occupier retains residency.

## **4.3 *PSR access and markers***

The Council keeps a single version of the PSR. This has 4 tabs which include:

- Customers
- Properties
- Request for a change to information including removal from the PSR
- Incident reporting for those already on the PSR

The PSR **must not** be reproduced, saved or separate lists or records kept by any individual or team.

Updates are made via forms which are accessible via the Council internal portals.

Viewable access to the PSR is restricted to those who require it for business need and requests for access will be made via a Business or Service Manager. Access should only be required for Council representatives who have regular contact with service users. Please see section 4.4 Council representatives without PSR access for those who do not have regular contact with service users.



Teams may add a marker on their own ICT systems to the customer record for an individual or property that is on the PSR. This marker is an indicator that the PSR needs to be referenced; personal information from the PSR must not be copied. This **MUST** be a marker that can be toggled on and off or removed with no record of it having been added.

When a customer and / or property is added, amended or removed from the PSR, council representatives who have access to the PSR will receive a notification that a change has been made to the PSR and will be requested to check the PSR and update any markers that they have on service area systems. It is the responsibility of individual teams to make their staff aware if they do not have access to the PSR.

**Notes about a customer's PSR status must not be added to customer records unless they can be deleted at the time the customer is removed from PSR.**

#### ***4.4 Council representatives without PSR access***

The PSR list is restricted to those who need access on a regular basis, however, some Council representatives may need to access information from time to time if for example they are due to visit a property or have organised to meet a customer. In this instance, they should contact their Business Manager or Service Manager to ask them to check that the property and / or individual they are meeting prior to visiting is not on the list. This may include:

- Councillors
- Partner organisations such as Cheltenham Borough Homes, and Ubico;
- contractors working on the Council's behalf
- Employee representatives who do not regularly meet with customers

#### ***4.5 Checking PSR***

Before visiting or meeting any customer, Council representatives should check the PSR. If they do not have access, they can ask their Business Manager or Service Manager to check the PSR for them to ensure that the customer and / or property they are visiting does not pose a risk to them. This ensures both the safety of the Council representative and the customer.

The Council representative must ensure they adhere to the guidance set out in the PSR.

#### ***4.6 Engaging contacts with individuals on the PSR***

Follow the advice on the PSR when handling contact with individuals on the PSR.

If there are restrictions and the customer has visited the office or phoned when banned, use the guidance in the **PSR Protocol: Managing customers who are on the PSR (Appendix 1)**.

The protocol also gives guidance when customers are restricted to contacting a specific Council representative but contact a different representative.

When submitting reports or requests for service for customers on the PSR to partners and contractors, include a brief note of any restrictions and cautions in place.

## 5. PSR Procedure

### 5.1 *Adding a customer to the PSR Register*

The policy and procedure are designed to support and protect Council representatives and not intended to replace emergency procedures.

In cases of threat or injury, contact the emergency services immediately.

When an incident occurs, the affected Council representative should notify their Business Manager or Service Manager and complete a written statement as soon as possible after the incident. This should include supporting evidence where available, such as witness statements, copies of correspondence or CCTV footage.

The Business Manager and / or Service Manager should review the incident and agree on the course of action to be taken (please see sanctions below). It is important that this is completed in a timely manner, as if the Council needs to contact the customer regarding their behaviour this should be done as soon as possible after the incident has occurred. If it is a complex case, support on the decision can be given from the Business Manager for Governance or HR.

If it is agreed that the customer should be added to the PSR. The customer should be notified (please see template letters). The Business Manager for the service area should write to the customer advising them of the decision to include them on the PSR and the sanction. The 'Registering Unreasonable Behaviour' online form must then be completed ([insert link](#)) which includes the requirement to upload evidence and a copy of the letter sent to the customer.

In addition, a Health & Safety incident form should be completed for any near miss, abusive or threatening language, accident, violent incident, dangerous occurrence or other incidents in respect of Council representatives ([insert link](#)).

#### 5.1.1 Warning

In many cases the first action will be informal - letting the customer know that their language or behaviour is inappropriate and asking them to modify it. If this is successful, the action is noted on the customer record in the relevant service area. An example may be, if a customer has called the customer services team and has been verbally aggressive, the customer services officer should inform the customer that their behaviour is not appropriate.

If the informal approach does not work and the Council representative should notify their Service Manager and or Business Manager, provide a statement, and if appropriate, the service manager should issue a first written warning to the customer, without imposing restrictions (please see first written warning template letter).

A copy of the first written warning should be kept locally with the issuing team and disposed of after 6-months of issuing to the customer. In this case, the PSR form / register does not need to be completed as the customer is not being added to the register.

In the case of violence or serious threats, the warning stage will be bypassed.

## 5.1.2 Applying Customer Restrictions

Before imposing any restrictions, it is important to consider all the circumstances including whether the customer has a current formal complaint with the Council or has completed the complaints process. Please contact the complaints team if you need to check.

If the customer is unreasonably persistent with one service area but acts reasonably with another service area, this may either indicate that there is a genuine issue with the service provided or that any restrictions should only apply to contact with that service area.

The Council writes to the customer clearly explaining:

- the incident(s) leading to the restrictions;
- what restrictions are in place;
- the reasons why the decision has been made;
- what actions the Council will take if the customer does not abide by the restrictions;
- the right of appeal and the appeal procedure;
- when the decision will be reviewed.

The types of restrictions which could be applied include:

- Adding or amending the PSR appropriately.
- Limiting access to days and times.
- Requiring the complainant to communicate only with one named member of staff or email address.
- Ensuring that officers only visit the customer's home in pairs.
- Requiring the complainant to communicate by email only
- Agreeing with the customer the expected future behaviour on Council premises.
- Banning the customer from visiting any Council offices and Customer Service points
- Blocking a customer's social media account so that they are unable to tag or comment on Council posts.

In all cases, you must consider equality of access. As such, any restrictions imposed must take into account the customer's individual circumstances and ensure that customers are not prevented from accessing essential services as a result of being on the PSR. The policy and procedure are not a "one size fits all" approach.

Once the sanction has been agreed, the Business / Service Manager must write to the customer and complete the online form to register the customer onto the PSR. A copy of any statements and letters sent to the customer should be uploaded to the PSR. Add link to the form.

Please see template letters and link to PSR online form.

## 5.1.3 Property Restrictions

Restrictions on properties can be added to the PSR without notifying the resident. This is because we are not restricting their access to services, we are instead highlighting risks to the property, guidance for attendance or flagging when Council representatives should not visit homes, or if they do, with precautions e.g., no lone person visits.

Restrictions on properties do not require defined timescales as they can be left on indefinitely if the risk continues to exist e.g., relating to the resident, family, dangerous pet etc.

To add a property to the PSR, complete the PSR [online form](#).

### 5.1.4 Restriction periods

Incident	Expiry
Warning letter	6 months
Unreasonably persistent contact (not abusive or threatening)	1 year
Ongoing personal circumstances posing a potential risk to Council representatives	1 year
Verbal <u>abuse</u> where a person reasonably fears for their own or another's safety	1 year
Verbal <u>threat</u> where a person reasonably fears for their own or another's safety	1 year
Physical <u>violence</u> where there is no injury but a person reasonably fears for their own or another's safety (for example, damage to property)	2 years
Physical <u>assault</u>	4 years
Premises Risk	As appropriate

Restrictions for serious incidents have a longer expiry as the potential risk to Council representatives is higher.

PSR entries should be reviewed and updated by the Business Manager / Service Manager who added the entry onto the PSR. For example, if a Business Manager added a customer onto the PSR for 6-months, it is their responsibility to review the entry after 6-months and either extend or remove.

To ensure compliance to this policy, the PSR will be reviewed at 6-monthly intervals by the Governance Team to ensure no customers remain on the PSR beyond the timescales for which they have been added. If customers are found to remain on the PSR beyond the allocated timescales, the relevant Business / Service Manager will be notified and asked to review and update accordingly.

### 5.1.5 Appeal

Customers have the right to appeal the decision to add them to the PSR, including an external review by the Ombudsman.

The PSR entry and restrictions remain in place until the outcome of the appeal is decided. The appeal will be completed by the Business Manager for Governance or HR, or this can be completed by an Assistant Director / Director.

A note is added to the PSR entry to denote that the appeal is in progress.

Please use the appeal response template letters (upheld or overturned).

### **5.1.6 Reporting new incidents for customers already on the PSR**

To capture repeat offences for customers who are already on the PSR, a new incident form is available to enable council representative to record repeat offences. If the “incident” is unreasonably persistent contact, then a single report can be completed covering multiple individual contacts.

Without evidence of further incidents, the customer will be removed from the PSR at their review date.

Please see link to the [reporting an incident for customers already on the PSR](#).

### **5.1.7 Updating details on the PSR**

When a service team becomes aware that the details of a customer or property on the PSR have changed they must complete the [request a change to the PSR](#) form. This can be used to request changes to personal details, changes to the timescales that a customer or property is included on the PSR for, updating advice, or requesting removal (see 5.2). The Business Manager, Governance will review the request and will liaise with the completing manager before making the necessary changes.

Council representatives who have access to the PSR will be notified of any changes.

## ***5.2 Review and removal from the PSR***

Each entry on PSR has a review date. If there have been no new incidents reported, the Business / Service Manager who registered the customer on the PSR can request that the customer (or property) is removed from the PSR by completing the [request a change to the PSR](#).

When a customer is removed from the PSR, details of previous reports and PSR status will be retained by the Business Manager, Governance for a period of 6 months to provide background in case of a repeat incident (this will be kept on a separate tab on the PSR). Following the 6-month period the information will be deleted.

The Business / Service Manager must write to the customer to advise them that they have been removed from the PSR. If a decision has been made to extend, the Business / Service Manager must write to the customer to advise them of this extension. Please see template letters.

Compliance with this will be monitored on a 6-monthly basis by the Governance Group.

Where customers are listed on the PSR because of ongoing vulnerabilities or special circumstances rather than particular incidents, the Business / Service Manager that originally raised the report should provide a justification for retaining the customer’s PSR entry and consider whether the current restrictions are the most appropriate.

The Ombudsman expects that all decisions to retain a customer’s details and restrictions on a Personal Safety Register should be reviewed at least every 6 months.

Any positive or neutral contact with the customer should be considered when reviewing their entry, to support removal.

## **6. Data Protection Considerations**

The Council will comply with the Data Protection Legislation at all times when administering the PSR. The quantity of personal data added to the PSR will be limited to what the Council considers necessary to meet the stated purposes of the PSR.

The Council limits representatives that have access to the PSR, giving access only those who need the information to safely carry out their job.

## **7. Policy Review**

The policy and appendices will be reviewed annually; managed by the Business Manager, Governance.

## **8. Supporting information**

- PSR protocol
- Template letters
- Registering unreasonable customer behaviour form
- Registering high-risk properties form
- Reporting an incident for the PSR
- Request a change to the PSR

### Equality and Rurality Impact Assessment Form

When completing this form you will need to provide evidence that you have considered how the ‘protected characteristics’ may be impacted upon by this decision. In line with the General Equality Duty the Council must, in the exercise of its functions, have due regard for the need to:

- a) Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- b) Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- c) Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

This form should be completed in conjunction with the guidance document available on the Intranet

Once completed a copy should be emailed to [cheryl.sloan@publicagroup.uk](mailto:cheryl.sloan@publicagroup.uk) to be signed off by an equalities officer before being published.

1. Persons responsible for this assessment:

Names: Cheryl Sloan	
Date of assessment: 07/11/2024	Telephone: Email: <a href="mailto:cheryl.sloan@publicagroup.uk">cheryl.sloan@publicagroup.uk</a>

2. Name of the policy, service, strategy, procedure or function:

<p>Is this a new or existing one? Existing</p>
--

3. Briefly describe it aims and objectives

<p>This is a new customer complaints policy that meets the requirements of the new complaints code set by the Local Government and Social Care Ombudsman. The code is issued under the Local Government and Social Care Ombudsman’s powers to provide “guidance about good administrative practice” to organisations under section 23(12A) of the Local Government Act 1974. For the Local Government and Social Care Ombudsman this Code constitutes important advice and guidance to councils, rather than instructions. Local councils are encouraged to adopt the Code as soon as they are able to do so. A failure to comply may result in findings of maladministration where local councils policies and procedures depart from the Code without sufficient explanation. The Ombudsman may also make a finding of maladministration where a local council, without good reason, does not meet the standards in the Code when responding to an individual complaint.</p>
--

4. Are there any external considerations? (e.g. Legislation/government directives)

Yes, the Complaint Handling Code.

5. What evidence has helped to inform this assessment?

Source	✓	If ticked please explain what
Demographic data and other statistics, including census findings	<input type="checkbox"/>	
Recent research findings including studies of deprivation	<input type="checkbox"/>	
Results of recent consultations and surveys	X	The Ombudsman consulted with all local authorities when developing the code and the council participated in this consultation.
Results of ethnic monitoring data and any equalities data	<input type="checkbox"/>	
Anecdotal information from groups and agencies within Gloucestershire	<input type="checkbox"/>	
Comparisons between similar functions / policies elsewhere	<input type="checkbox"/>	
Analysis of audit reports and reviews	<input type="checkbox"/>	
Other:	<input type="checkbox"/>	

6. Please specify how intend to gather evidence to fill any gaps identified above:

NA

7. Has any consultation been carried out?



Yes, through the Ombudsman

If NO please outline any planned activities

8. What level of impact either directly or indirectly will the proposal have upon the general public / staff? (Please quantify where possible)

Level of impact	Response
NO IMPACT – The proposal has no impact upon the general public/staff	<input type="checkbox"/>
LOW – Few members of the general public/staff will be affected by this proposal	X
MEDIUM – A large group of the general public/staff will be affected by this proposal	<input type="checkbox"/>
HIGH – The proposal will have an impact upon the whole community/all staff	<input type="checkbox"/>
Comments: e.g. Who will this specifically impact? The change will impact any resident who uses the formal complaints process, however, the code is aimed to improve complaint handling, including accessibility	

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9. Considering the available evidence, what type of impact could this function have on any of the protected characteristics?

*Negative – it could disadvantage and therefore potentially not meet the General Equality duty;*

*Positive – it could benefit and help meet the General Equality duty;*

*Neutral – neither positive nor negative impact / Not sure*

	Potential Negative	Potential Positive	Neutral	Reasons	Options for mitigating adverse impacts
Age – Young People			x		
Age – Old People			x		
Disability			x		
Sex – Male			x		
Sex – Female			x		

Race including Gypsy and Travellers			x		
Religion or Belief			x		
Sexual Orientation			x		
Gender Reassignment			x		
Pregnancy and maternity			x		
Geographical impacts on one area			x		
Other Groups					
<b>Rural considerations:</b> ie Access to services; leisure facilities, transport; education; employment; broadband.			x		

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10. Action plan (add additional lines if necessary)

Action(s)	Lead Officer	Resource	Timescale

11. Is there is anything else that you wish to add?

The new code aims to improve complaints handling and access

**Declaration**

I/We are satisfied that an equality impact assessment has been carried out on this policy, service, strategy, procedure or function and where an negative impact has been identified actions have been developed to lessen or negate this impact. We understand that the Equality Impact Assessment is required by the District Council and that we take responsibility for the completion and quality of this assessment.

Completed By:		Date:	
Line Manager:		Date:	
Reviewed by Corporate Equality Officer:	Cheryl Sloan	Date:	06.02.2024

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Council name	<b>COTSWOLD DISTRICT COUNCIL</b>
Name and date of Committee	<b>AUDIT AND GOVERNANCE COMMITTEE – 21 NOVEMBER 2024</b>
Subject	<b>2023/24 STATEMENT OF ACCOUNTS AND AUDIT OPINION – UPDATE REPORT</b>
Wards affected	All
Accountable member	Cllr Mike Evey, Deputy Leader and Cabinet Member for Finance and Transformation Email: <a href="mailto:mike.evey@cotswold.gov.uk">mike.evey@cotswold.gov.uk</a>
Accountable officer	David Stanley, Deputy Chief Executive & Section 151 Officer Email: <a href="mailto:david.stanley@cotswold.gov.uk">david.stanley@cotswold.gov.uk</a>
Report author	David Stanley, Deputy Chief Executive & Section 151 Officer Email: <a href="mailto:david.stanley@cotswold.gov.uk">david.stanley@cotswold.gov.uk</a>
Summary/Purpose	This report updates members on the progress of the external audit of the Council's 2023/24 Statement of Accounts and Audit opinion.
Annexes	None
Recommendation(s)	That Audit and Governance Committee resolves to: <ol style="list-style-type: none"> <li>1. Note the progress of the audit and the update provided on the receiving the audit findings and opinion.</li> <li>2. Delegate authority to the Deputy Chief Executive &amp; Section 151 Officer and the Chair of Audit and Governance Committee to receive and sign the audit opinion (subject to a copy of the audit finding report and audit statement of accounts being circulated to all members of the committee for comment and endorsement).</li> </ol>
Corporate priorities	Delivering Good Services
Key Decision	NO
Exempt	NO



Consultees/ Consultation	N/A
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## **1. EXECUTIVE SUMMARY**

- 1.1** This report updates members on the progress of the external audit of the Council's 2023/24 Statement of Accounts and Audit opinion.

## **2. BACKGROUND**

- 2.1** The Council published the Draft (Unaudited) Statement of Accounts for the 2023/24 financial year during July 2024. These are available on the Council's website: [2023/24 Statement of Accounts - Unaudited](#)
- 2.2** Bishop Fleming, the Council external auditors, presented the 2023/24 Audit Plan to the committee at the meeting on 23 July 2024.
- 2.3** This set out the scope of the external audit work including an assessment of key risks, materiality, and the audit approach to be taken.

## **3. PROGRESS**

- 3.1** The timetable set out in the audit plan indicated that audit field work would be completed during August to October 2024 with the committee receiving the Audit Report and opinion in October 2024.
- 3.2** Discussion at the July meeting extended the timetable with the intention of reporting the audit findings and opinion to the committee at the November meeting.
- 3.3** Bishop Fleming's audit team commenced their audit work, walkthrough tests and sampling in September 2024. Whilst good progress has been made and audit queries raised by Bishop Fleming have been responded to in a timely manner, it has not been possible for the audit work to be completed in time and an opinion to be issued for this committee meeting.
- 3.4** Work will continue on the audit throughout November and December 2024.
- 3.5** The intention is to provide the audit findings and report as soon as is practically possible. Whilst there is a scheduled meeting of the committee on 28 January 2025, should the audit be completed, and the opinion is able to be issued prior to January



2025 it is recommended that delegation is provided to the Chair of Audit and Governance Committee and the Deputy Chief Executive. This will avoid any risk around the backstop date (as set out in Section 4)

- 3.6** Prior to the delegation being exercised, copies of the audited Statement of Accounts and the Audit Findings report will be circulated to all members of the committee for comment and endorsement. It is intended that members will receive these reports a full week before the opinion is signed.

#### **4. ADDRESSING THE LOCAL AUDIT BACKLOG**

- 4.1** Under the previous Government, the then Department for Levelling-Up Housing and Communities (DLUHC) consulted on amending the Accounts and Audit Regulations 2015 as part of measures to tackle the backlog of unaudited local body accounts in England.
- 4.2** A series of 'backstop' dates (a statutory date to clear the backlog of unaudited accounts) up-to-and-including financial year 2022/23 with further dates for financial years 2023/24 to 2027/28 to enable the local audit system to recover. However, at the time of the General Election in July 2024 the previous government had not indicated its intentions following the consultation.
- 4.3** On 30 July 2024, the current government announced its intentions to pursue proposals (taking into account responses to the consultation) to address the local audit backlog. The proposals below were published in September 2024.

<b>Statement of Accounts period</b>	<b>Statutory Deadline</b>
2023/24	28 February 2025
2024/25	27 February 2026
2025/26	31 January 2027
2026/27	30 November 2027
2027/28	30 November 2028

- 4.4** The National Audit Office (NAO) published [Guidance on the impact of backstop arrangements on audits of English local authorities](#) in September 2024. In summary, the backstop date may require auditors to consider a modified opinion on the financial statements as the time constraint of the backstop date *"may impede the auditor from*



*completing all the necessary procedures to obtain sufficient appropriate audit evidence to support the opinion.”*

- 4.5** The NAO guidance sets out criteria the auditor must consider prior to the backstop date and in circumstances where the backstop date is not met. Subject to a number of factors (size and complexity of the audited entity, whether the local authority had published draft accounts of sufficient quality)), a limitation of scope may need to be considered.
- 4.6** At the same time, the Government confirmed that for financial years 2024/25 to 2027/28 local authorities must publish their draft Statement of Accounts by 30 June following the financial year to which they relate. This will provide more time to the finance team to prepare the accounts and to ensure they are high-quality accounts. This should, in turn, benefit auditors while still ensuring publication shortly after financial year end.

## **5. CONCLUSIONS**

- 5.1** The Council will continue to work with Bishop Fleming’s auditors to ensure audit queries are responded to as they are raised to enable the audit findings report and opinion to be provided well ahead of the backstop date of 28 February 2025.

## **6. FINANCIAL IMPLICATIONS**

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

## **7. LEGAL IMPLICATIONS**

- 7.1** The statutory requirements for external audit are set by Part 2 of the Local Audit and Accountability Act 2014. Regulation 9A of the Accounts and Audit Regulations 2015 made under that Act imposes a duty on the Council to publish its accountability statements by prescribed dates as set out in paragraph 4.3 above. There are limited exceptions to this duty.

## **8. RISK ASSESSMENT**

- 8.1** There is a risk that the audit of the Council’s financial statements and Value for Money opinion cannot be completed prior to the backstop date of 28 February 2025. The





Council and Bishop Fleming remain confident that adequate resources are available to support the completion of the audit in a timely manner to mitigate this risk.

**9. EQUALITIES IMPACT**

**9.1** None

**10. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS**

**10.1** None

**11. BACKGROUND PAPERS**

**11.1** None

(END)

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Council name	<b>COTSWOLD DISTRICT COUNCIL</b>
Name and date of Committee	<b>AUDIT AND GOVERNANCE COMMITTEE – 21 NOVEMBER 2024</b>
Subject	<b>TREASURY MANAGEMENT MID-YEAR REPORT 2024-25</b>
Wards affected	ALL
Accountable member	Cllr Mike Evely, Deputy Leader and Cabinet Member for Finance and Transformation Email: <a href="mailto:mike.evely@cotswold.gov.uk">mike.evely@cotswold.gov.uk</a>
Accountable officer	David Stanley, Deputy Chief Executive and Section 151 Officer Email: <a href="mailto:david.stanley@cotswold.gov.uk">david.stanley@cotswold.gov.uk</a>
Report authors	Sian Hannam, Treasury Accountant Email: <a href="mailto:democratic@cotswold.gov.uk">democratic@cotswold.gov.uk</a> Michelle Burge, Chief Accountant Email: <a href="mailto:michelle.burge@cotswold.gov.uk">michelle.burge@cotswold.gov.uk</a>
Summary/Purpose	To receive and discuss details of the Council's Treasury Management performance for the period 01 April to 30 September 2024 and Quarter 2 Treasury Management Prudential Indicators.
Annexes	Annex A - Economic Background (April – September 2024)
Recommendation(s)	That the Audit and Governance Committee resolves to: <ol style="list-style-type: none"> <li>1. Note the Council's Treasury Management performance for the period 1 April 2024 to 30 September 2024 and the Quarter 2 Prudential Indicators</li> <li>2. Recommended to Council for approval.</li> </ol>
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
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## **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 2024.
- 1.3** The Council's Treasury Management Strategy for 2024/25 was approved at the Council meeting on 21 February 2024. 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 Council 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 2024/25. 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 2024/25. This commentary is provided at Annex A.

**3. TREASURY MANAGEMENT- SUMMARY POSITION - 1 APRIL 2024 to 30 SEPTEMBER 2024**

- 3.1** On 31 March 2024, the Council had net investments of £24.554m 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>Actual as at 31/03/2024 (£m)</b>	<b>2024/25 Forecast (£m)</b>
General Fund CFR	0.071	0.496
Less: External borrowing	(0.357)	(0.260)
Less: Usable reserves	(22.149)	(16.270)
Less: Working capital	(2.119)	(2.500)
<b>Net Investments</b>	<b>(24.554)</b>	<b>(18.534)</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 5.82%, whilst borrowing costs (based on 20-year PWLB Annuity Loan inclusive of the certainty rate) would be 5.44%. For every £1m borrowed there be an additional £3,800 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 2024 and the mid-year change is shown in Table 2 below.

**Table 2: Treasury Management Summary**

	<b>Balance as at 31/03/2024 (£m)</b>	<b>Movement (£m)</b>	<b>Balance as at 30/09/2024 (£m)</b>	<b>Rate as at 30/09/2024 (%)</b>
Long-term borrowing	0.357	(0.048)	0.309	2.21
<b>Total borrowing</b>	<b>0.357</b>	<b>(0.048)</b>	<b>0.309</b>	<b>2.21</b>
Long-term investments	11.552	0.161	11.713	4.84
Short-term investments	1.221	10.122	11.343	4.90
Cash and cash equivalents	12.138	(6.294)	5.844	5.14
<b>Total investments</b>	<b>24.911</b>	<b>3.989</b>	<b>28.900</b>	<b>4.68</b>
<b>Net investments</b>	<b>24.554</b>	<b>4.037</b>	<b>28.591</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 Council and borrowing purpose will be scrutinised by commercial lenders.
- 4.4** The Council's first Community Municipal Investment (CMI), named 'Cotswold Climate Investment' (CMI) which had a fund target of £0.5m closed on the 16 August 2022, fully funded by over 450 investors. As at 30 September 2024 the Council's balance on the loan administered through Abundance Investments Limited for the purpose of Community Municipal Investments was £0.309m. The Cotswold Climate Investment will support a range of projects, including installing publicly available off-street electric vehicle charging points (EVCPs) around the district to encourage electric vehicle take-up, and improving the energy and carbon performance of the Council's Cirencester offices.
- 4.5** 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 £42m and £22m million due to timing differences between income and expenditure. The investment position is shown in table 3 below:



**Table 3: Treasury Investment Position**

	<b>Balance as at 31/03/2024 (£m)</b>	<b>Movement (£m)</b>	<b>Balance as at 30/09/2024 (£m)</b>	<b>Income Return as at 30/09/2024 (%)</b>
Bank of England DMADF	1.141	8.689	9.830	5.10
Banks	0.000	1.500	1.500	4.91
Money Market Funds/ Call Accounts	12.138	(6.294)	5.844	5.14
Real Estate Investment Trust (REIT)	0.953	0.007	0.960	3.01
Cash Plus Fund	1.153	0.032	1.185	N/A
Pooled Funds (I)	9.526	0.055	9.581	4.84
<b>Total investments</b>	<b>24.911</b>	<b>3.989</b>	<b>28.900</b>	<b>4.68</b>

(1) - 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 2024/25 is £1.223m, as approved in February 2024. As part of Treasury Management monitoring, a review of Investment income expectations for the year indicates income could exceed budget by £0.376m by year end (based on investment returns in the first half of the year). Income achieved in excess of budget will be transferred to the Treasury Management Reserve at year end to mitigate the risk around future borrowing and potential changes to the accounting treatment on Pooled Funds. A sustained period of high interest rates have fed through to higher short-term deposit and MMF interest rates. 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

- 6.2** These funds have generated a revenue return of £0.199m (4.84% annualised) in the first half of the financial year. As at 30 September 2024, there is a capital loss of £0.967m against the initial investment due to continued external economic conditions.
- 6.3** The stabilisation in interest rates and well telegraphed move towards rate cuts, albeit at a much more conservative pace than previously expected, has allowed fund managers to position for a falling rate environment.
- 6.4** This in turn has led to some improvement in capital values of the Council's longer-dated bond funds during the six-month period and, to a lesser extent, the multi-asset funds, there has been £0.161m increase in capital value in the first six months of 2024/25.
- 6.5** Members are reminded that Pooled Funds are held for the longer-term and the capital value will fluctuate over each financial year.
- 6.6** Table 4 below shows the current valuations of the Pooled Funds portfolio, Cash Plus Fund and REIT at 30 September 2024, compared with the opening balances of 1 April 2024



**Table 4: Pooled Funds, Cash Plus Fund and REIT**

<b>Fund</b>	<b>Initial Investment (£)</b>	<b>Value of Fund as at 01/04/2024 (£)</b>	<b>Value of Fund as at 30/09/2024 (£)</b>	<b>2024/25 Dividends to 30/09/2024 (£)</b>	<b>2024/25 Gain / (Loss) (£)</b>	<b>Initial Principal Gain / (Loss) (£)</b>	<b>2024/25 Return Capital &amp; Dividend (%)</b>
CCLA Property Fund	2,500,000	2,153,645	2,145,985	29,663	(7,660)	(354,015)	0.88%
Schroders Income Maximiser Fund (E)	1,000,000	806,834	854,897	22,588	48,063	(145,103)	7.07%
CCLA Better World Fund (M)	1,000,000	985,867	967,557	10,468	(18,310)	(32,443)	(0.78%)
M&G UK Income Fund (E)	2,000,000	1,763,426	1,819,078	50,877	55,652	(180,922)	5.33%
Investec Diversified Fund (M)	2,000,000	1,812,676	1,838,949	40,113	26,274	(161,051)	3.32%
Columbia Threadneedle Bond Fund (B)	2,000,000	1,923,475	1,949,254	37,361	25,779	(50,746)	3.16%
Federated Cash + Fund (C )	1,000,000	1,153,550	1,184,557	0	31,007	184,557	3.10%
Fundamentum Housing REIT	1,000,000	952,900	952,900	7,875	0	(47,100)	0.79%
<b>Total</b>	<b>12,500,000</b>	<b>11,552,372</b>	<b>11,713,177</b>	<b>198,946</b>	<b>160,805</b>	<b>(786,823)</b>	<b>6.03%</b>

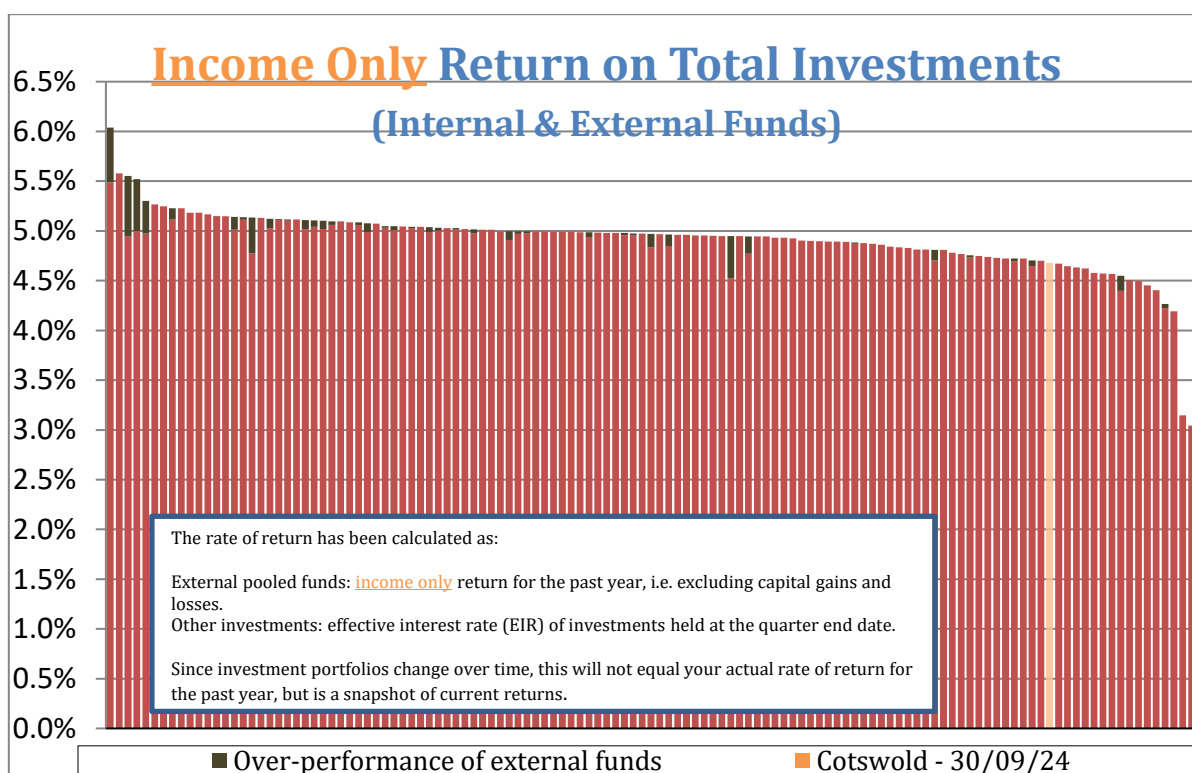
Key: E- Equity, M – Multi asset, B –Bond, C – Cash

- 6.7** Pooled funds capital value gained in the period April to September, by 1.39%. The first six months of 2024/25 were marked by ongoing market volatility, with global bond yields remaining elevated, although trending downward as policymakers kept rates at a restrictive level in light of persistent core inflation until nearly the end of the period, when the MPC, Federal Reserve, and ECB began to deliver rate cuts and signal a shift towards loosening monetary policy.
- 6.8** Stock markets across the UK, Europe, and US were buoyed by hopes of rate cuts over the first half of the period. UK equities saw growth in small and mid-sized companies while the US continued to be supported by its strong IT sector, especially growth in AI companies which continued to outperform. IT names performed well in the Eurozone as well while consumer discretionary stocks declined. Towards the end of the period, market volatility spiked after worries about a US recession coincided with Japan's central bank cutting interest rates, leading to the unwinding of the popular Yen 'carry trade'. This saw a huge selloff in equities globally, but markets quickly recovered without lasting impact. Slowdown in the Chinese economy and ongoing geopolitical tension in the Middle East and Europe continue to weigh on investor sentiment but are somewhat offset by the loosening of monetary policy and prospect of further rate cuts.
- 6.9** After a sustained period of high interest rates, central banks began to reverse course towards second half of the year. The European Central Bank began to cut rates in June, the Bank of England delivered its first rate cut in August, and the Federal Reserve surprised markets with an outsized rate cut of 50bps in September.
- 6.10** UK commercial property values started to stabilise, then improve slightly towards the end of the period, with interest rates being cut from their peak and investor attention turning to the timing of further interest rate cuts. Transaction activity remains somewhat subdued but signs of recovery in the occupier and rental markets as well as moderate economic growth and further falling interest rates are hoped to be favourable for an improving property sector outlook over the medium term. Capital growth is expected to be gradual while income levels remain strong for many sub-sectors.
- 6.11** The combination of the above had a positive effect on the combined value of the Council's strategic funds since March 2024. Income from the Council's cash plus / short bond funds has stayed broadly stable.
- 6.12** 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.

**6.13** Table 5 below shows that as at 30 September 2024, Cotswold District Council (orange bar) achieved an average rate on investments of 4.68%, 107<sup>th</sup> in a pool of 124 Local Authorities where the top 121 ranged between 4.19% and 5.5% and the average was 4.90%

**Table 5: Cotswold District Council investment returns v Arlingclose clients (124) as at 30 September 2024.**



**7. ARLINGCLOSE'S ECONOMIC OUTLOOK FOR THE REMAINDER OF 2024/25**

	Current	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27
Official Bank Rate													
Upside risk	0.00	0.25	0.50	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	5.00	4.75	4.25	3.75	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Downside risk	0.00	-0.25	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50

- 7.1** As expected, the MPC held Bank Rate at 5.0% in September. While the “no change” majority of eight to one was unexpectedly strong, the minutes suggested some policymakers believed a gradual approach to loosening policy was warranted given the persistence of services inflation, rather than no loosening at all.
- 7.2** CPI inflation remained just above the 2% target in August, the Bank expects this to rise to 2.5% by the end of the year as prior falls in energy prices drop out of the annual comparison and reveal the prevailing persistence of domestic inflationary pressures. Private sector wage growth has eased back but remains elevated and services inflation remains high at 5.6%. However, both will continue to decline over time.
- 7.3** UK GDP growth has been relatively strong in H1 2024, although this partly reflects a rebound from the H2 2023 technical recession. Underlying growth is weaker, but risks around domestic demand lie to the upside due to recovering consumer demand (although the announcement of higher taxes in the upcoming Budget could damage confidence). Stronger economic activity amid a continued tight, albeit easing, labour market could leave wage growth and inflation persistently higher.
- 7.4** We expect that the continuation of restrictive monetary policy and the appreciation in sterling will bear down on activity and will require more substantial loosening in 2025 to boost activity and inflation.
- 7.5** Global bond yields have reduced in anticipation of US monetary loosening, duly delivered by the Federal Reserve. However, US interest rate expectations seem relatively aggressive compared to policymakers’ own expectations, which raises the risk of continued US-policy induced volatility in gilt yields. Moreover, there remains a heightened risk of fiscal policy, credit events and/or geo-political events causing additional volatility in yields.
- 7.6** The MPC will continue to cut rates to stimulate the UK economy but will initially be cautious given lingering domestic inflationary pressure. We have seen another rate cut in 2024 (Q4), but anticipate more significant monetary easing in 2025, with Bank Rate falling to a low of around 3%.
- 8.** Long-term gilt yields have fallen alongside US monetary policy expectations. Arlingclose’s central case is for yields to be volatile around a relatively narrow range, reflecting the likelihood for monetary policy loosening in the Eurozone, UK and US.
- 9. COMPLIANCE**
- 9.1** The Chief Finance Officer reports that the majority of treasury management activities undertaken during the quarter complied fully with the CIPFA Code of Practice and

the Council's approved Treasury Management Strategy. Compliance with specific investment limits is demonstrated in table 6 below.

**Table 6: Investment Limits**

Investment Limits Qtr2	2024/25 Maximum (£)	30/09/2024 Actual (£)	2024/25 Counterparty Limit (£)	2024/25 Sector Limit (£)	Complied?
Any single organisation, except the UK Government	0	0	3,000,000	Unlimited	Yes
Any group of organisations under the same ownership	0	0	3,000,000	Unlimited	Yes
Negotiable instruments held in a broker's nominee account	0	0	3,000,000	3,000,000	Yes
Limit per non-UK country	0	0	3,000,000	3,000,000	Yes
Registered providers and registered social landlords	0	0	3,000,000	10,000,000	Yes
Unsecured investments with banks and building societies	3,000,000	2,000,000	3,000,000	10,000,000	Yes
Money Market Funds	9,000,000	5,220,000	3,000,000	Unlimited	Yes
Strategic pooled funds	11,500,000	11,500,000	4,000,000	20,000,000	Yes
Real Estate Investment Trusts	1,000,000	1,000,000	3,000,000	20,000,000	Yes

**9.2** 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**

Debt, Authorised Limit and Operational Boundary	Maximum Debt Q1 2024/25 (£)	Debt as at 30.09.2024 (£)	2024/25 Authorised Limit (£)	2024/25 Operational Boundary (£)	Complied?
Borrowing	10,000,000	308,955	10,000,000	5,000,000	YES
PFI and Finance Leases	0	0	0	0	YES
<b>Total debt</b>	<b>10,000,000</b>	<b>308,955</b>	<b>10,000,000</b>	<b>5,000,000</b>	

**9.3** 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.

## **10. TREASURY MANAGEMENT PRUDENTIAL INDICATORS**

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

**10.2 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 £13m required to manage day-to-day cash flow.

<b>Liability benchmark - Q2</b>	<b>31/03/2024 Actual (£)</b>	<b>31/03/2025 Forecast (£)</b>	<b>31/03/2026 Forecast (£)</b>	<b>31/03/2027 Forecast (£)</b>
Loans CFR	71,000	495,664	469,014	4,618,364
Less: Balance sheet resources	-24,268,000	-18,770,000	-19,225,000	-16,850,000
<b>Net loans requirement</b>	<b>-24,197,000</b>	<b>-18,274,336</b>	<b>-18,755,986</b>	<b>-12,231,636</b>
Plus: Liquidity allowance	13,000,000	13,000,000	13,000,000	13,000,000
<b>Liability benchmark</b>	<b>-11,197,000</b>	<b>- 5,274,336</b>	<b>-5,755,986</b>	<b>768,364</b>
<b>Existing borrowing</b>	<b>357,000</b>	<b>259,000</b>	<b>157,000</b>	<b>50,000</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.

**10.3 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>2024/25 (£)</b>	<b>2025/26 (£)</b>	<b>2026/27 (£)</b>	<b>No fixed date (£)</b>
Limit on principal invested beyond year end	15,000,000	15,000,000	15,000,000	15,000,000
Actual principal invested beyond year end at 30.09.2024	£0	N/A	N/A	12,500,000
Compiled?	Yes	N/A	N/A	Yes

**10.4** 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.

**10.5 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.

<b>Average Credit Rating Q2</b>	<b>2024/25 Target</b>	<b>30/09/2024 Actual</b>	<b>Complied?</b>



Portfolio average credit rating	A-	AA-	Y
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**10.6 Interest Rate exposures** – This indicator is set to control the Council’s exposure to interest rate risk. Bank Rate fell by 0.25% from 5.25% on 1st April to 5.00% 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	2024/25 Target	30.9.24 Actual	Complied?
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	-£0.153m	-£0.221m	No
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	£0.153m	£0.221m	No

Due to lower than forecast 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.

## 11. FINANCIAL IMPLICATIONS

11.1 Financial implications are outlined in the body of the report.

## 12. LEGAL IMPLICATIONS

12.1 There are no legal implications arising from this report.

## 13. RISK ASSESSMENT

13.1 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.

## 14. EQUALITIES IMPACT

14.1 None.

## 15. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

15.1 None directly arising from this report.

## 16. BACKGROUND PAPERS

16.1 None.

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## ANNEX A – ARLINGCLOSE ECONOMIC BACKGROUND



COTSWOLD

District Council

2024/25 Q1 and Q2 (6 months to 30 September 2024)

**Economic background:** UK headline consumer price inflation remained around the Bank of England (BoE) target later in the period, falling from an annual rate of 3.2% in March to 2.0% in May and then rebounding marginally to June to 2.2% in July and August, as was expected, due to base effects from energy prices. Core and services price inflation remained higher at 3.6% and 5.6% respectively in August.

The UK economy continued to expand over the period, albeit slowing from the 0.7% gain in the first calendar quarter to 0.5% (downwardly revised from 0.6%) in the second. Of the monthly figures, the economy was estimated to have registered no growth in July.

Labour market data was slightly better from a policymaker perspective, showing an easing in the tightness of the job market, with inactivity rates and vacancies declining. However, a degree of uncertainty remains given ongoing issues around the data collected for the labour force survey by the Office for National Statistics. Figures for the three months to July showed the unemployment rate fell to 4.1% (3mth/year) from 4.4% in the previous three-month period while the employment rate rose to 74.8% from 74.3%.

Over the same period average regular earnings (excluding bonuses) was 5.1%, down from 5.4% in the earlier period, and total earnings (including bonuses) was 4.0% (this figure was impacted by one-off payments made to NHS staff and civil servants in June and July 2023). Adjusting for inflation, real regular pay rose by 2.2% in May to July and total pay by 1.1%.

With headline inflation lower, the BoE cut Bank Rate from 5.25% to 5.00% at the August Monetary Policy Committee (MPC) meeting. The decision was finely balanced, voted by a 5-4 majority with four members preferring to hold at 5.25%. At the

## ANNEX A – ARLINGCLOSE ECONOMIC BACKGROUND



**COTSWOLD**  
District Council

September MPC meeting, committee members voted 8-1 for no change at 5.00%, with the lone dissenter preferring Bank Rate to be cut again to 4.75%. The meeting minutes and vote suggested a reasonably hawkish tilt to rates, with sticky inflation remaining a concern among policymakers.

The latest BoE Monetary Policy Report, published in August, showed policymakers expected GDP growth to continue expanding during 2024 before falling back and moderating from 2025 to 2027. Unemployment was forecast to stay around 4.5% while inflation was shown picking up in the latter part of 2024 as the previous years' energy price declines fell out of the figures before slipping below the 2% target in 2025 and remaining there until early 2027.

Arlingclose, the Council's treasury adviser, maintained its central view that Bank Rate would steadily fall from the 5.25% peak, with the first cut in August being followed by a series of further cuts, with November 2024 the likely next one, taking Bank Rate down to around 3% by the end of 2025.

The US Federal Reserve (the Fed) also cut interest rates during the period, reducing the Federal Funds Rate by 0.50% to a range of 4.75%-5.00% at its policy meeting in September. The forecasts released at the same time by the central bank suggested a further 1.00% of easing is expected by the end of the calendar year, followed by the same amount in 2025 and then a final 0.50% of cuts during 2026.

Having first reduced interest rates in June, the European Central Bank (ECB) held steady in July before cutting again in September, reducing its main refinancing rate to 3.65% and its deposit rate to 3.50%. Unlike the Fed, the ECB has not outlined a likely future path of rates, but inflation projections remain in line with the central bank's previous forecasts where it will remain above its 2% target until 2026 on an annual basis.

**Financial markets:** Sentiment in financial markets continued to mostly improve over the period, but the ongoing trend of bond yield volatility remained. The general upward trend in yields in the early part of the period was reversed in the later part, and yields ended the half-year not too far from where they started. However, the volatility in response to economic, financial and geopolitical issues meant it was a bumpy ride for bond investors during that time.

## ANNEX A – ARLINGCLOSE ECONOMIC BACKGROUND



COTSWOLD

District Council

Over the period, the 10-year UK benchmark gilt yield started at 3.94% and ended at 4.00% but hit a high of 4.41% in May and a low of 3.76% in mid-September. While the 20-year gilt started at 4.40% and ended at 4.51% but hit a high of 4.82% in May and a low of 4.27% in mid-September. The Sterling Overnight Rate (SONIA) averaged 5.12% over the period to 30th September.

**Credit review:** Arlingclose maintained its advised recommended maximum unsecured duration limit on all banks on its counterparty list at 100 days.

Having had its outlook increased by Fitch and ratings by S&P earlier in the period, Moody's upgraded Transport for London's rating to A2 from A3 in July.

Moody's also placed National Bank of Canada on Rating Watch for a possible upgrade, revising the outlook on Standard Chartered to Positive, the outlook to Negative on Toronto Dominion Bank, and downgrading the rating on Close Brothers to A1 from Aa3.

S&P upgraded the rating on National Bank of Canada to A+ from A, and together with Fitch, the two rating agencies assigned Lancashire County Council with a rating of AA- and A+ respectively.

Credit default swap prices were generally lower at the end of the period compared to the beginning for the vast majority of the names on UK and non-UK lists. Price volatility over the period was also generally more muted compared to previous periods.

Financial market volatility is expected to remain a feature, at least in the near term and, credit default swap levels will be monitored for signs of ongoing credit stress. As ever, the institutions and durations on the Council's counterparty list recommended by Arlingclose remain under constant review.

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**Audit and Governance Committee**

The Audit and Governance Committee is responsible for monitoring the adequacy and effectiveness of the Council's Governance arrangements.

The areas that Audit and Governance Committee looks at include;

- Internal controls,
- Risk management,
- Counter fraud arrangements
- Promoting and maintaining high standards of conduct of Members and, through Standards Sub-Committee, determining code of conduct complaints.

The Committee helps the Council to fulfil responsibilities for accountability to the local community, and meet the expectations of partners, regulators, and other stakeholders. Audit committees do not have decision making powers but do have responsibility for approving the Council's annual statement of accounts. Audit committees do not have powers to make recommendations like scrutiny committees but may "raise issues" with Cabinet or Council.

**21 November 2024**

Treasury Management Mid-Year Report	Leader of the Council - Cllr Joe Harris	David Stanley
Statement of Accounts and Audit Opinion	Deputy Leader - Cabinet Member for	Michelle Burge

Item	Cabinet Member	Lead Officer
	Finance - Cllr Mike Evey	
Corporate Risk Register	Leader of the Council - Cllr Joe Harris	Cheryl Sloan
Customer Complaints Policy and Procedure	Leader of the Council - Cllr Joe Harris	Cheryl Sloan
<b>28 January 2025</b>		
External Auditors Annual report 2023/24	Deputy Leader - Cabinet Member for Finance - Cllr Mike Evey	Michelle Burge
Local Code of Corporate Governance	Leader of the Council - Cllr Joe Harris	Cheryl Sloan
Annual Treasury Management Strategy and Annual Non-Treasury Investment Strategy 2024/25	Deputy Leader - Cabinet Member for Finance - Cllr Mike Evey	Michelle Burge
Cybersecurity Update	Leader of the Council - Cllr Joe Harris	John Chorlton
Internal Audit Progress Report	Deputy Leader - Cabinet Member for Finance - Cllr Mike Evey	Lucy Cater



Item	Cabinet Member	Lead Officer
Annual Capital Strategy 2025/26	Deputy Leader - Cabinet Member for Finance - Cllr Mike Evey	Michelle Burge
<b>29 April 2025</b>		
Risk Management Policy	Leader of the Council - Cllr Joe Harris	Cheryl Sloan
Annual Governance Statement – Action Plan Update	Deputy Leader - Cabinet Member for Finance - Cllr Mike Evey	Michelle Burge
Internal Audit Plan and Charter	Deputy Leader - Cabinet Member for Finance - Cllr Mike Evey	Lucy Cater
Internal Audit Progress Report	Deputy Leader - Cabinet Member for Finance - Cllr Mike Evey	Lucy Cater
CFEU Update Report (RIPA and IPA annual update)	Deputy Leader - Cabinet Member for Finance - Cllr Mike Evey	Emma Cathcart
Annual Standards Update	Leader of the Council - Cllr Joe Harris	Angela Claridge

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