



Friday, 16 May 2025

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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 **Tuesday, 27 May 2025 at 4.00 pm.**

Rob Weaver
Chief Executive

To: Members of the Audit and Governance Committee
Councillors to be appointed at Annual Council 21 May 2025; Christopher Bass and John Chesshire (Independent Members)

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 7 - 16)

To confirm the minutes of the meeting of the Committee held on 28 January 2025.

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. **Risk Management Policy** (Pages 17 - 30)

Summary/Purpose

This report presents the latest version of the Council's Risk and Opportunity Management Strategy.

Recommendation

That the Audit and Governance Committee resolves to:

- I. Approve the Risk and Opportunity Management Strategy.

8. **Annual Governance Statement – Action Plan Update** (Pages 31 - 38)
Summary/Purpose
This report presents the Audit and Governance Committee with a progress update for the Annual Governance Action plan for 24/25.
- Recommendation
That the Audit and Governance Committee resolves to:
1. Note the progress updates.
9. **Internal Audit Plan and Charter** (Pages 39 - 60)
Summary/Purpose
To present to the Audit and Governance Committee the Internal Audit Plan and Charter and Mandate for 2025/26 for consideration and approval.
- Recommendation
That the Audit and Governance Committee resolves to:
- I. Approve the proposed Internal Audit Plan 2025/26 and Internal Audit Charter & Mandate.
10. **Internal Audit Progress Report** (Pages 61 - 82)
Summary/Purpose
To present a summary of the audit work concluded since the last meeting of this Committee.
- Recommendation
That the Audit and Governance Committee resolves to:
- I. Note the report.
11. **Update on Government overhaul of local audit in England** (Pages 83 - 102)
Summary/Purpose
To provide a briefing on Local Audit Reform following the Government consultation response.
- Recommendation
To note the briefing note on Local Audit Reform.
12. **2024/25 External Audit Plan** (Pages 103 - 122)
Summary/Purpose
To receive the 2024/2025 Audit Plan from Bishop Fleming, the Council's external auditors.

Recommendation

That the Audit and Governance Committee resolves to:

- I. Consider and note the 2024/2025 External Audit Plan.

13. **CFEU Update Report (RIPA and IPA annual update)** (Pages 123 - 132)

Summary/Purpose

To provide the Committee with assurance over the counter fraud activities of the Council. Direct updates will continue to be provided biannually.

Work streams are presented to the Committee detailing progress and results for consideration and comment as the body charged with governance in this area.

The report also provides the annual update in relation to the Regulation of Investigatory Powers Act 2000 (RIPA), the Investigatory Powers Act 2016 (IPA) and the Council's existing authorisation arrangements.

Recommendation

That the Committee:

- I. Considers and comments on the report.

14. **Whistleblowing Policy** (Pages 133 - 156)

Summary/Purpose

To present the Audit and Governance Committee with an updated Whistle-Blowing Policy for approval.

To update and replace the existing Whistle-Blowing Policy to highlight key legislation and the roles and responsibilities of Members, Officers and other parties.

Recommendation

That the Committee resolves to:

1. Approve and adopt the Policy attached to this report.
2. Authorises the Monitoring Officer to approve future minor amendments to the Policy in consultation with the Counter Fraud and Enforcement Unit, Legal Services and the Leader of the Council.

15. **Annual Standards Update** (Pages 157 - 172)

Summary/Purpose

To present the Audit and Governance Committee with standards updates and issues, including Code of Conduct Complaints for the year ending 31 March 2025.

Recommendations

That Committee resolves to:

1. Note the update for the financial year 2024 - 2025.
2. Note the Committee on Standards in Public Life's response to the

Government's consultation: "Strengthening the standards and conduct framework for local authorities in England".

16. **2024/25 Draft Accounting Policies** (Pages 173 - 200)

Summary/Purpose

This report presents the accounting policies to be included in the 2024/25 Statement of Accounts. This provides Members with the opportunity to review and approve the policies in advance of the preparation of the Statement of Accounts 2024/25. Approving the accounting policies in advance of the preparation of the accounts represents best practice.

Recommendations

It is recommended that:

1. The Audit and Governance Committee considers and approves the draft accounting policies for 2024/25 included at Annex A;
2. Further necessary amendments to the policies set out at Annex A (occurring subsequent to this meeting) are included within the draft (unaudited) and/or final (audited) Statement of Accounts when presented to this Committee.

(END)

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Audit and Governance Committee
28/January2025



COTSWOLD
District Council

Minutes of a meeting of Audit and Governance Committee held on Tuesday, 28 January 2025

Members present:

Nigel Robbins	Helene Mansilla
Patrick Coleman	Michael Vann
Jeremy Theyer	Len Wilkins

Officers present:

Michelle Burge, Chief Accountant	Angela Claridge, Director of Governance and Development (Monitoring Officer)
Lucy Cater, Assistant Director (SWAP)	Nickie Mackenzie-Daste, Senior Democratic Services Officer
Emma Cathcart, Head of Service, Counter Fraud and Enforcement Unit	David Stanley, Deputy Chief Executive and Chief Finance Officer

Councillor Alex Walling (Bishop Fleming)

310 Apologies

The Chair opened the meeting.

Apologies were received from John Chesshire and Councillor Christopher Twells. The Director of Governance and Development apologised for her slightly late arrival.

311 Substitute Members

There were no substitute members.
The Chair confirmed that the meeting was quorate.

312 Declarations of Interest

There were no declarations of interest.

313 Minutes

The minutes of the previous meeting, held 21 November 2024, were considered and the following amendment requested:

Councillor Vann noted that in item 3.08, line 8 "capital loses" should be changed to "capital losses".

RESOLVED: The Committee APPROVED the minutes of the meeting held on 21 November 2024 subject to the above revision.

314 Public Questions

There were no public questions.

315 Member Questions

There were no member questions.

316 External Auditors Annual report 2023/24

The purpose of the item was to update the Committee on the findings of the financial statement and Value for Money (VFM) external audit of the 2023/24 financial year.

The External Auditor was expected to sign the accounts in the week commencing 3 February 2025, following the resolution of a few outstanding points. Signing would take place after the Committee had had the opportunity to review the findings of the audit work.

1. The Deputy Chief Executive & Section 151 Officer explained to Councillors that there were two additional papers related to the item: the Bishop Fleming audit completion report with annexes which addressed the findings from the Council's financial statements audit, including the updated annual statement of accounts for the financial year 2023-24.
2. the Bishop Flemming auditor's annual report focused on the value-for-money conclusion.

It was emphasised that this was not the final version, as some changes were still required to reflect the Council's budget position for 2024-25 and certain aspects of the Publica review narrative.

Alex Walling, Key Audit Partner from Bishop Fleming, presented the audit completion report, outlining key risks and compliance with auditing standards. This was Bishop Fleming's first year auditing The Council's local government accounts, and processes were still being refined. Despite delays in receiving working papers, the audit was largely smooth, with no significant issues identified.

In response to a question, it was confirmed that risks related to revenue and expenditure recognition were common, and local government-specific risks included

property valuation, investment properties, and pension fund net liability. The audit was ongoing, with outstanding work noted on p.15 and amendments on p.23. Minor audit adjustments were mostly presentational, with one unadjusted misstatement of £90,000 related to the Gloucestershire pension fund, deemed immaterial.

The Deputy Chief Executive highlighted competing priorities affecting audit readiness. Efforts would be made to bring forward VFM work to avoid last-minute tasks. The audit opinion deadline was set for 28 February 2025, with the audit certificate to be delivered by the National Audit Office (NAO)

It was noted that some meeting papers were received late. The Deputy Chief Executive acknowledged this, citing draft reports received the prior week and unexpected delays. He apologised and committed to reviewing processes for timely document delivery.

The Committee questioned the pension fund undervaluation, which was linked to a wider Gloucestershire fund undervaluation of £3m. The 2022 valuation stood at 90% funded, with the next expected to show improvement.

The Committee questioned the additional audit cost of £2,500 plus VAT. The Deputy Chief Executive attributed this to Bishop Fleming redeploying resources due to delays. The auditor emphasised the importance of adhering to agreed deadlines. Submission deadlines were confirmed as 27 February 2026, 31 January 2027, and 30 November 2027 moving forward. The backlog of 1,000 plus public sector audits was decreasing, but recruitment challenges in external audit firms remained. The audit fee increased by 151% to £131,000 under the new PSAA contract.

Members of the Committee stressed the need for adequate finance team resources. The Deputy Chief Executive agreed but highlighted the challenge of balancing costs and securing qualified staff. Options for additional hiring or interim staffing would be considered, with ongoing review due to increasing pressures from devolution.

The Deputy Chief Executive agreed that more resources were needed but acknowledged the balance between extra costs and the challenge of finding qualified finance staff for a niche role supporting financial statements. There was a commitment to discussing the resources required with the chief accountant and the chief executive .

The Committee inquired about a £12,000 fee on p.27, which covered additional work under the new ISA 315 standard. More stringent value-for-money assessments had also increased audit workload and costs. Corrections were needed in the Annual Governance Statement (e.g. land charges search rate to 90%). The draft auditor's annual report replaced the previous audit letter, focusing on financial sustainability, governance, and efficiency.

No significant weaknesses were identified, though some recommendations for improvement were made.

Public health was highlighted as a key area for future monitoring.
The final report would be completed after the auditor's opinion was issued.

The finance team was recognized for strong performance, and no major concerns were raised. Members thanked the finance team for all their hard work.

The Chair recapped next steps:

- Completion and final issuance of work by 28 February 2025.
- Signing of two management letters (p.31 of audit papers, p.153 of financial statements).
- Amendments to be issued separately, avoiding full report reissuance.
- Completion expected within weeks, well before the deadline.
- Member feedback would be welcomed and incorporated.

The recommendations in the report, having been proposed and seconded, were put to a vote and agreed by the Committee.

Resolved: The Audit and Governance Committee:

1. Noted the Audit Completion Report (Annex A) and revised 2023/24 Statement of Accounts (Annex C)
2. Delegated authority to the Deputy Chief Executive and S151 Officer, in consultation with the Chair of the Audit and Governance Committee, to approve the 2023/24 Statement of Accounts upon receipt of advice for any outstanding issues from the External Auditor.
3. Agreed that the Chair of the Audit and Governance Committee and Deputy Chief Executive and Section 151 Officer would sign the Letter of Representation (Annex D).

317 Local Code of Corporate Governance

The report presented the latest version of the Local Code of Corporate Governance for Cotswold District Council.

The Director of Governance and Development presented the annual report which required review and adoption.

It was noted that CIPFA and SOLACE had introduced the governance framework in 2016, recommending local codes of governance.

The document presented outlined the seven principles of good governance, detailed in paragraph 3.3.

It was noted that governance covers systems, processes, culture, values, and accountability, ensuring public interest.

When asked how the Council's governance compared to other Gloucestershire districts, the Director of Governance and Development noted that no forensic comparison had been done but emphasised ongoing learning from professional bodies.

The Deputy Chief Executive explained that the local code of corporate governance was essentially the template of the principles that would be used to develop the annual governance statement, assessing compliance with the code and flagging any issues. The Annual Governance Statement (AGS) would be issued at year-end on the 31 March 2025.

An all-member briefing on the code of conduct for complaints would be added to the member briefing programme. It was also noted that more information would be made available to Councillors through the portal.

Councillor Robbins confirmed that the AGS would be reviewed by the Committee before year-end.

The Committee asked that two amendments be noted for inclusion in the 2024/2025 version.

- Updating terminology from AONB to "Cotswold National Landscape."
- Quantifying the success of Crowdfund Cotswold and SpaceHive

Resolved: The Audit and Governance Committee adopted the latest version of the Local Code of Corporate Governance.

318 Annual Treasury Management Strategy and Annual Non-Treasury Investment Strategy 2025/26

The report invited the Committee to consider a Treasury Management Strategy and Non-Treasury Investment Strategy (Investment Strategy) for 2025/26 for adoption before 01 April 2025. The Treasury Management Strategy Statement (TMSS) for 2025/26 (Appendix 1); Non-Treasury Investment Strategy (Appendix 2) and Minimum Revenue Provision (MRP) Statement (Appendix 3) were prepared in accordance with CIPFA's "Prudential Code" and the "Treasury Management Code of Practice" (2021 editions), and the Ministry of Housing, Community and Local Government (MHCLG) revised guidance on Local Government Investments.

Deputy Chief Executive reiterated the apology already made by email for the late arrival of the reports.

It was noted that the final report would be going to Council on 24 February and that the reports presented to the Audit & Governance Committee were draft reports reflecting the emerging position on the Budget and the Capital Programme.

The draft Treasury Management Strategy (TMS) outlined how the Council intended to manage and invest its surplus cash and the principles upon which it may seek to borrow or how it would make investment decisions. It set out how the decisions would be reported to the Audit and Governance Committee.

It was noted that treasury management is determined according to SLY principle: security, liquidity, yield, in that order.

The TMS described a diversified portfolio including both short and longer-term investments, with an estimated total investment of £27.5m for the forthcoming financial year.

The IFRS 9 statutory override, set to expire on 31 March 2025, would require councils to account for unrealised losses on pooled funds, impacting financial flexibility. The Council would have to show adequate resources to mitigate the balance sheet situation for March 2026.

The current Medium Term Financial Strategy (MTFS) indicated a potential need for borrowing in 2027/2028. Borrowing would only proceed if necessary, with alternative options, such as generating capital receipts or reviewing expenditure, to be considered to reduce or eliminate the need for borrowing.

Non-Treasury Investment Strategy was also considered, setting out the approach, the limits and the risks. The role of Corporate Governance including the Audit and Governance Committee was highlighted and the requirement for non-treasury investment to be proportional was underlined.

The Committee considered the report and did not provide any feedback.

Councillor Mike Evemy, Cabinet Member for Finance and Transformation arrived as an observer during the course of this item.

319 Internal Audit Progress Report

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

The Assistant Director of SWAP Internal Audit Services presented the report which was an update on the Internal Audit team's work for Cotswold District Council. The report was extensive, covering eight final audit reports—three with substantial assurance, two

with reasonable assurance, and one with limited assurance. Additionally, two advisory reports were issued due to service transitions back to the Council from Publica, with no assurance ratings provided.

An update on Open Agreed Actions was included in Annex B, along with a draft plan for 2025-26, which members were invited to review and provide feedback on.

Councillors asked for clarity around the Emergency Planning function. It was confirmed that this service would remain within Publica, and that a Section 113 agreement was in place, allowing statutory officers across Cotswold, Forest of Dean, and West Oxfordshire District Council to provide strategic-level emergency planning support. Tactical-level support was adequately covered by Publica staff within the emergency planning team, with a detailed on-call rota and guidance in place. The Emergency Planning Service, when reviewed by the three partner councils, was considered to be robust under existing arrangements. While the nature of strategic-level support had changed for major incidents, tactical-level coverage remained sufficient.

The Committee raised concerns about the data protection and data breaches section and asked if the suggestions offered in the report were mandatory as the issues reported needed to be addressed. It was noted that the advisory report was conducted during a period of transition within Publica, and the data breach register was initially found to be of poor quality. Since then the data breach register had improved to meet expected standards as per the audit which followed best practices based on guidance from the Information Commissioner's Office.

A broader issue was identified regarding internal controls, particularly as services transferred from Publica to the Council. The Deputy Chief Executive emphasised that these concerns would not be ignored, and assured Members that a review of internal controls would take place.

Specific concerns were raised about human resources, including the lack of corporate monitoring of sickness absence reporting. It was acknowledged that approaches that had worked for Publica might not be suitable for the Council and might require modification. Assurance was given that advisory findings and best practice recommendations would be addressed. The Audit and Governance Committee would receive an update at its next meeting in May, detailing identified issues, actions taken, and further steps required.

The Planning Advisory Service was expected to review the planning service in March, likely recommending improvements related to internal controls and governance.

The Committee raised concerns about potential GDPR breaches in relation to data breaches. It was unclear whether a statutory breach had occurred, the Assistant Director of SWAP committed to reviewing this and updating the Committee. A follow-

up audit for both HR and data breaches would be included in the 2025-26 audit plan to ensure continued oversight.

It was suggested that audit judgment gradations (e.g. high, reasonable, limited) be visually clarified using a colour-coded system for easier interpretation.

Significant gaps were identified in budget monitoring, particularly regarding oversight of members' expenses and the lack of evidence for claims.

he Deputy Chief Executive acknowledged that budget monitoring had been insufficient and emphasised that the issue was not fraudulent claims but an administrative oversight related to a Special Responsibility Allowance. Improved monitoring measures had been introduced, including clearer responsibilities for Democratic Services and enhanced oversight of payroll changes, with monthly reports now being reviewed to ensure accuracy and mitigate reputational risks for Cotswold District Council.

The audit report identified some unspent allocation in both the UK Shared Prosperity Fund (UKSPF) and the regional Strategic Partnership Fund (RSPF). The Committee asked what actions were being taken to ensure the remaining £71k of Royal Agricultural University (RAU) Growth Hub funding would be spent effectively before the March 2025 deadline, and how were the project's outcomes being aligned with UKSPF and RSPF objectives to avoid repayment risk. The Deputy Chief Executive reassured and confirmed that adequate steps had been taken to minimize the risk and ensure the effective use of resources within grant conditions and the overall framework. An overview of spend would be provided in May.

The Committee discussed unresolved suspense account balances dating back to 2020, audit trail issues, and negative balances in revenues and benefits. The following actions are being taken:

- Historic suspense account values would be reviewed as part of the year-end process, with a firm implementation deadline of 31 March 2025. A final review to resolve any remaining discrepancies would be scheduled after financial year-end.
- Accurate reconciliation to be assured by matching payments to the correct accounts through regular reviews.
- Collaboration between finance and revenues staff to minimize errors and unclear balances.

The Committee thanked the Assistant Director for her report.

Resolved: The Audit and Governance Committee noted the report.

320 Annual Capital Strategy 2025/2026

The report presented the Capital Strategy for 2025/26 for consideration prior to its approval by Council before 1 April 2025.

The Capital Strategy 2025/26 (Appendix 1) was prepared in accordance with CIPFA's "Prudential Code" and the "Treasury Management Code of Practice" (2021 editions), and the Ministry of Housing, Community and Local Government (MHCLG) revised guidance on Local Government Investments.

The Capital Strategy was presented, outlining the Council's long-term ambitions, available capital resources, and approach to capital expenditure. It was noted that the strategy aligned with corporate priorities, enabling the Council to achieve its plans while emphasising sustainability, risk management, and governance.

The Deputy Chief Executive and the Chief Accountant offered to respond to questions.

There was a discussion around pooled funds and the Council's requirement to consider mitigation to ensure that there would be enough reserve balances to cover any eventual losses.

The Committee expressed disquiet around losing the statutory override IFR9. The Deputy Chief Executive stated that the government might argue that since discussions on the statutory override had been ongoing for five or six years, local authorities should have prepared for its eventual end, as proper accounting practice required recognising unrealised losses.

Councillors noted that if the statutory override was not renewed, many authorities would be forced to reallocate resources from their priorities and day-to-day services to cover unrealised losses.

It was noted that the Local Government Association (LGA) was actively lobbying to highlight the scale of the problem across the sector, emphasising that while individual councils like Cotswold District Council might manage, the overall impact across local authorities could be significantly larger.

There was a discussion around investment properties and their location. It was noted that the purchase of properties outside of the district had been funded by capital receipts. Councillors were reassured that the MTFS had taken into account the reduced rental values of high street properties with the effect of making decisions to retain or dispose of assets easier. It was noted that while existing properties could be retained, selling one and purchasing another outside the district would result in losing access to Public Works Loan Board (PWLb) borrowing option for approximately three years. Since PWLB remained the most cost-effective borrowing option, for capital projects this restriction could have significant financial implications.

The Committee suggested that some amendments be made to the draft tables.

The Deputy Chief Executive reassured members that the Audit and Governance Committee would have sight of the final reports before they were presented at Council on 24 February.

Resolved: The Audit and Governance Committee noted the report and undertook to consider the Draft Capital Strategy (appendix 1) for 2025/2026 and provide feedback to the Cabinet and Council for consideration as part of the Council's budget setting process.

321 Matters Exempt from Publication

The Chair proposed that the press and public be excluded for the remaining item of business. This proposal was seconded, put to the vote and agreed by the Committee.

Resolved: The Audit and Governance Committee excluded the press and the public from the meeting during consideration of item 11 in accordance with provisions of section 100A of the Local Government Act 1972 on the grounds that their presence could involve the likely disclosure of exempt information as described in paragraph 3 of schedule 12A of the Local Government Act 1972, with the public interest in maintaining the exemption outweighing the public interest in disclosure.

Live webcast concluded at 4:00pm

322 Cyber Security Report

The Committee received an update on cyber security from the Chief Technology Officer.

The Audit and Governance Committee discussed this report in private session.

It was noted that a member briefing session on the subject had been arranged for 10 June 2025.

Resolved: The Audit and Governance Committee noted the content of the report.

Meeting closed 18:49

The Meeting commenced at Time Not Specified and closed at Time Not Specified

Chair

(END)

Agenda Item 7



COTSWOLD
DISTRICT COUNCIL

Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	AUDIT AND GOVERNANCE COMMITTEE – 27 May 2025
Subject	RISK AND OPPORTUNITY MANAGEMENT STRATEGY
Wards affected	All
Accountable member	Leader of the Council Email: Democratic@Cotswold.gov.uk
Accountable officer	Angela Claridge, Director of Governance Email: Democratic@Cotswold.gov.uk
Report author	Cheryl Sloan, Business Manager, Governance, Risk & Business Continuity Email: Democratic@Cotswold.gov.uk
Summary/Purpose	This report presents the latest version of the Council's Risk and Opportunity Management Strategy.
Annexes	Annex A - Risk and Opportunity Management Strategy.
Recommendation(s)	That the Audit and Governance Committee resolves to: 1. Approve the Risk and Opportunity Management Strategy.
Corporate priorities	All
Key Decision	NO
Exempt	NO
Consultees/ Consultation	NA

1. EXECUTIVE SUMMARY

- 1.1** To present the Audit and Governance Committee with the latest Risk and Opportunity Management Strategy for committee approval.

2. BACKGROUND

- 2.1** The Audit and Governance Committee is the Committee of the Council charged with approving the Risk and Opportunity Management Strategy, reviewing risk management reports and making recommendations.
- 2.2** The report presents the latest version of the Council's Risk and Opportunity Management Strategy for committee approval.

3. MAIN POINTS

- 3.1** The Risk and Opportunity Management Strategy sets out the Council's approach to risk and opportunity management including; defining what is Risk and Opportunity Management, our risk appetite as a council, definitions, roles and responsibilities, and how we embed risk.
- 3.2** There have been no significant changes to the strategy, with the exception of Appendix A – Roles and Responsibilities, which has been reviewed following the transition of services back into the Council and reflect current arrangements.
- 3.3** The Committee are requested to review and approve the Risk and Opportunity Management Strategy.

4. FINANCIAL IMPLICATIONS

- 4.1** There are no direct 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** If the Council's governance arrangements are weak then Council is at risk of failing to safeguard the use of public funds. In turn this would lead to poor external assessments, damaging the reputation of the Council.

7. EQUALITIES IMPACT

- 7.1** An equalities impact assessment is not required for 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:

- Council's Risk Register

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

- 9.3** These documents will be available for inspection online at www.cotswold.gov.uk or by contacting democratic services democratic@cotswold.gov.uk for a period of up to 4 years from the date of the meeting.

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Risk and Opportunity Management Strategy

Table of Contents

1. Strategy Statement	2
Objectives of the Strategy	2
2. Introduction	3
What is Risk and Opportunity Management?	3
Risk Appetite	4
Benefits of Risk and Opportunity Management	4
Risk / Opportunity Definitions and Categories	5
3. The Risk and Opportunity Management Process	5
4. Roles and Responsibilities	6
Risk and Opportunity Management	6
Quality Assurance of Risk and Opportunity Management	7
5. Embedding Risk and Opportunity Management	7
Culture	7
6. Key Success Factors	8
Annex A - Roles and Responsibilities	9

About this document: Risk and Opportunity Management Strategy – May 2025

Responsible officer: Director of Governance & Development

Approved by Audit and Governance Committee on 27 May 2025 due for review in May 2027.
To be retained for six months after policy review or replacement.

1. Strategy Statement

Our aim is to run a council that's proactive and responsive to the needs of our residents and businesses in a fast-changing environment and to build for the future while respecting our heritage.

As a local authority operating within a dynamic environment, Cotswold District Council faces ongoing challenges and needs to continuously review its strategic approach to ensure viability for the future. As a result, we look at alternative ways of empowering our communities and alternative approaches to working with partners. Whilst these changes create opportunities, they may also create significant risk and uncertainty.

This strategy is focused on setting out the principles, tools, techniques, advice and support required for effective risk and opportunity management, from strategic to operational activities. The key is to ensure that the management of the risk is not a process that is dealt with in isolation but instead it should be embedded in every piece of work the Council does. Risk is unavoidable and the Council seeks to proactively manage it through the use of risk registers.

Objectives of the Strategy

The purpose of this strategy is to outline the overall approach to risk and opportunity management at Cotswold District Council. It is acknowledged that some risks will always exist and will never be eliminated but through effective mitigation can be managed to an agreed level at which risk can be tolerated.

The objectives of the risk and opportunity management strategy are to:

- Raise awareness of the principles and benefits of effective risk and opportunity management with all those responsible for the delivery of Council services.
- Embed risk and opportunity management as a key part of strategic, operational, financial, contract and project management.
- Embed risk and opportunity management into the culture of the Council.
- Establish a systematic approach to the identification, assessment, management and review of risk and opportunity.
- Identify and allocate roles and responsibilities for managing risk and opportunity.
- Make it easy to clearly identify the key strategic and operational risks and opportunities.
- Assess the likelihood of risks and opportunities occurring and their impact on the Council's objectives.
- Ensure risks and opportunities are fully considered when identifying and responding to changing social, environmental and legislative requirements.

These objectives will be achieved by:

- Establishing a clear risk and opportunity management process that is effectively communicated to all officers and members.
- Providing risk and opportunity management training to officers and members.
- Clearly defining roles and responsibilities for risk and opportunity management.
- Maintaining and reviewing registers of strategic, operational, contract and project risks and opportunities and assigning ownership for each task.
- Identifying risk and opportunities in relation to working in partnerships/contracts.

The 'Risk and Opportunity Management Strategy' will be reviewed periodically to take account of changing legislation, government initiatives, corporate priorities and experience gained within the Council.

2. Introduction

What is Risk and Opportunity Management?

Risk and Opportunity Management is the process used to identify, evaluate and manage the whole range of business risks and opportunities facing an organisation.

A **risk** can be defined as the potential of something happening which may have a negative impact on the Council's ability to deliver services, projects and achieve its objectives. Conversely, an **opportunity** will enhance the Council's ability to achieve and effectively deliver, however, there are often risks inherent in pursuing opportunities. By being alert to this and putting in place mechanisms to manage both the risks and opportunities effectively, the Council will be in a better position to continue to deliver services, remain viable, continue to innovate and use resources more efficiently.

ALARM (the Association of Local Authority Risk Managers) defines Risk Management as follows:

"Risk Management is the culture, processes and structures that are dedicated towards effective management of potential opportunities and threats to the organisation and its objectives".

Risk management is not necessarily about being 'risk averse', it is about being 'risk aware'.

Risk is ever present and some element of risk taking is inevitable if the Council is to achieve its priorities and objectives. Effective risk management is about making the most of opportunities and about achieving defined objectives once those decisions are made. By being risk aware the Council is in a better position to avoid threats and take advantage of opportunities.

Risk Appetite

A fundamental part of the Council's risk and opportunity framework is its appetite for risk. Risk appetite can be defined as 'the level of risk the Council is prepared to accept in pursuit of its corporate objectives'.

Risk appetites can be categorised as follows:

Averse	Cautious	Creative and Aware	Eager
<ul style="list-style-type: none">• Safe Business delivery options with low risks limited reward• Reluctant to take action given uncertainty	<ul style="list-style-type: none">• Safe delivery of options that have a medium degree of risk and potential for reward• Tight corporate control over change	<ul style="list-style-type: none">• Willing to consider all potential options that are most likely to result in success• Well evaluated risk taking• Learns from experience	<ul style="list-style-type: none">• Eager to be creative and innovative• Higher rewards despite inherent risk• Willing to accept significant loss• Actions when results are unknown

Risk appetite can help inform decisions about the nature and extent of risk mitigation activity required or which initiatives should be pursued. **The Council's risk appetite level is Cautious**, although this can change on a risk-to-risk basis. It is willing to consider all potential options but with well evaluated risks and learning from experiences.

Benefits of Risk and Opportunity Management

Successful Risk and Opportunity Management is about ensuring that the Council has the right controls in place to provide sufficient mitigation from risks, without missing the opportunities for development. Embedding Risk and Opportunity Management across the organisation can bring a number of benefits:

- Improved strategic, operational and financial management.
- Better decision making.
- Improved service delivery.
- Better outcomes for customers.
- Effective use of resources.
- Taking advantage of key opportunities.
- Effective mitigation of key risks.
- Encourages a culture of innovation.

- Identifying and controlling risks at an early stage means that major projects and opportunities are more likely to succeed.

Risk / Opportunity Definitions and Categories

Risk / Opportunity can be defined as “an uncertain event that, should it occur, will have an impact on the Council’s objectives, service delivery and/or reputation”. It is the combination of the probability of an event occurring (likelihood) and its effect, should it occur (impact).

Risks and opportunities are divided into five categories:

- **Strategic** - that could impact the successful achievement of the Council's long-term core objectives, priorities, reputation and outcomes. Unable to be managed at service level.
- **Operational** - that could have a significant financial, reputational and service delivery impact on the Council.
- **Partnership** - that could impact the successful achievement of the partnership's objectives.
- **Contract** - that could impact the successful achievement of the contract's outcomes/objectives in terms of delivery. These can be strategic and/or operational.
- **Project** - that could impact the successful achievement of the project in terms of service delivery, benefits realisation and engagement with key stakeholders. These can be strategic and/or operational.

3. The Risk and Opportunity Management Process

The Council has in place a five-stage process for managing risks and opportunities:



This shows how managing risks and opportunities needs to be a continuous process in order to be successful. The process must be regularly repeated to identify new risks and opportunities but also those risks and opportunities already identified must be reviewed

regularly to ensure they are being effectively managed. This is outlined in more detail in the Guide to Managing Risks and Opportunities.

4. Roles and Responsibilities

An approach that involves all appropriate members and officers is required to ensure that risk and opportunity management is fully integrated and embedded into the culture of the Council. All officers and members may have a role to play in identifying and assessing risk, however, there are certain roles within the Council that directly contribute to ensuring effective risk and opportunity management. These roles and responsibilities are outlined in detail in the diagram at Annex A. There are broadly two types of roles:

- Risk and Opportunity Management as part of business-as-usual activities.
- Quality Assurance of Risk and Opportunity Management.

Risk and Opportunity Management

- Members need to consider risks and opportunities when making key decisions and promote the management of risks and opportunities.
- Managers need to consider risks and opportunities when making decisions and ensure that risks and opportunities are managed effectively and consistently throughout the organisation.
- Risk and opportunity management includes:
 - Identifies and assesses new and emerging risks and opportunities.
 - Assigns accountability for each risk -> risk owner.
 - Assigns responsibility for taking action to mitigate risks or capitalise on opportunities -> responsible officer.
 - Monitors risks and opportunities via risk registers.
 - Regularly reviews and assesses risks & opportunities and the mitigation / action being taken.
 - Prioritises action.
 - Escalates risks as appropriate.
 - Engages stakeholders in discussions about risks and opportunities.
- All staff need to consider risk and opportunity as part of their everyday work, raising them with their line manager when necessary.

The Chief Finance Officer has an overarching role in assessing risk to ensure financial stability, as part of their (statutory) responsibility to ensure risks are identified, quantified and mitigated. They need to understand the risk appetite, and the overall financial risk to ensure that the risk appetite does not lead to taking more risk than there is money to mitigate.

Quality Assurance of Risk and Opportunity Management

- The Audit & Governance Committee approves the Risk and Opportunity Management Strategy, reviews risk management reports and makes recommendations
- The Director of Governance & Development is accountable for ensuring that risk management processes are in place and that there is effective quality assurance.
- Internal audit (SWAP) provides quality assurance through auditing risk and opportunity management.
- The Counter Fraud and Enforcement Unit provides quality assurance with respect to managing the risk of internal & external fraud.

5. Embedding Risk and Opportunity Management

For risk and opportunity management to be effective and a meaningful management tool, it needs to be an integral part of key management processes and day-to-day working. Monitoring of associated actions should be considered as part of a number of the Council's significant business processes:

- Corporate Decision Making – addressing significant risks and opportunities.
- Business Planning – updating service plans to reflect operational risks and current priorities.
- Project Management – considering risks and opportunities linked to delivering the project outcomes before and throughout the project. This includes risks that have an effect on service delivery, benefits realisation and key stakeholders.
- Partnership working – establishing procedures to record and monitor risk and opportunities that may impact the Council or its partnership aims.
- Commissioning - identifying and keeping under review risks associated with all stages of the commissioning cycle.
- Contract Management – identifying and keeping under review risks associated with all stages of contract management.
- Insurance – managing insurable risks and self-insurance arrangements.

Culture

Developing an effective risk and opportunity management culture is a critical part of the risk and opportunity management process and takes time. In building this culture it is important that:

- Lessons from activities that lead to loss or reputational damage or positive outcomes through improvements to services are shared and acted on.
- There is a clear analysis of the risks and a robust justification for decisions, enabling officers and members to be more creative and innovative in progressing opportunities that benefit the Council and the District.

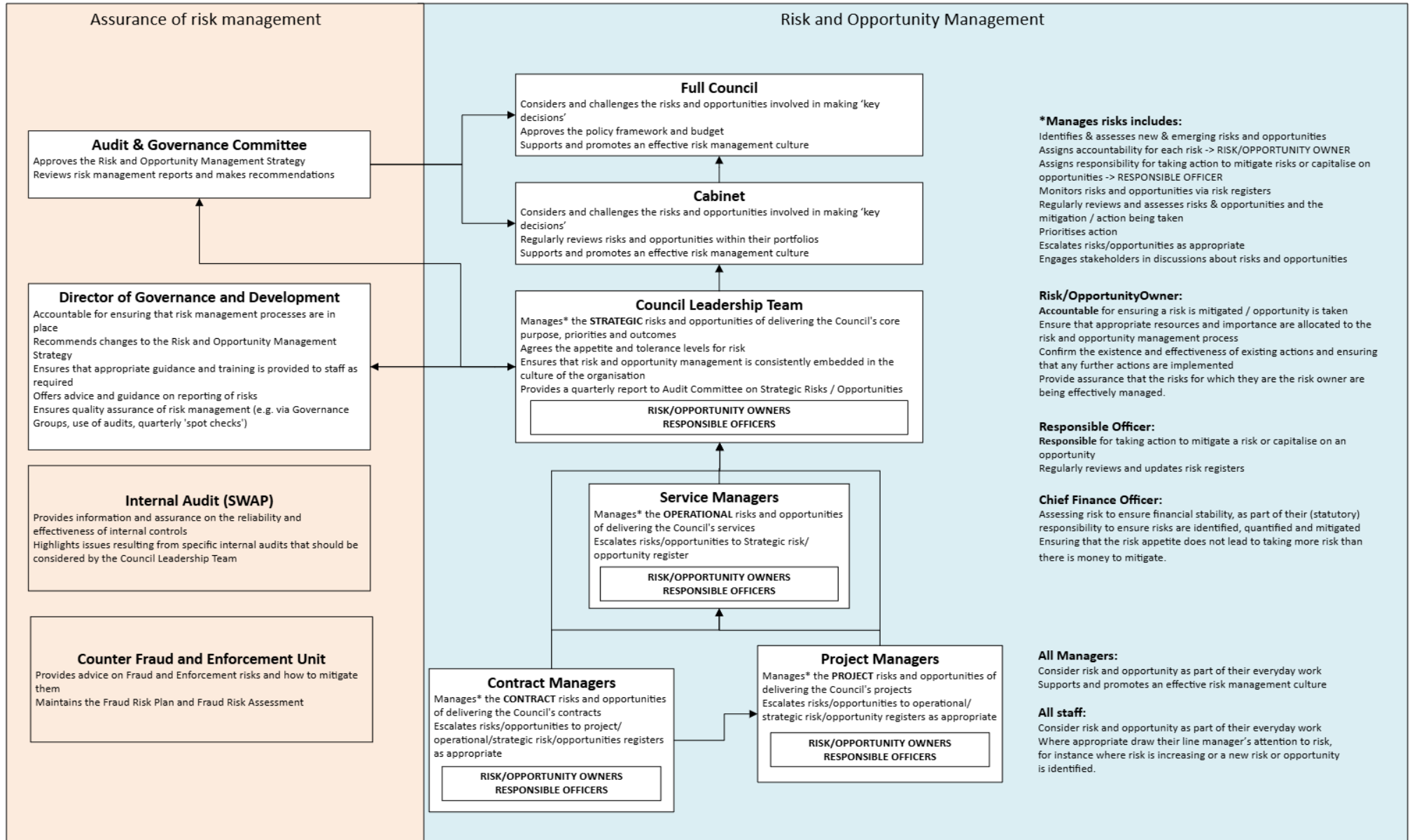
- Discussion on risk and opportunity in any context is conducted in an open and honest manner.

6. Key Success Factors

The following are crucial to the successful embedding of risk management:

- The implementation of this strategy must be endorsed by the Corporate Leadership Team and positively supported by all officers.
- Risk management needs to be part of the annual business planning process.
- Risks and opportunities should be incorporated within items for discussion as part of:
 - Strategy review.
 - Budget approval meetings.
 - Performance reviews.
 - Project planning and review meetings.
- There should be a regular update of the risk register by the managers who are accountable and responsible for their mitigation.
- Training will be provided to all staff, appropriate to their level of responsibility.

Annex A - Roles and Responsibilities



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Agenda Item 8



COTSWOLD
DISTRICT COUNCIL

Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	AUDIT AND GOVERNANCE COMMITTEE – 27 May 2025
Subject	ANNUAL GOVERNANCE STATEMENT ACTION PLAN 2024/25 UPDATE
Wards affected	All
Accountable member	Leader of the Council Email: Democratic@Cotswold.gov.uk
Accountable officer	Robert Weaver, CEO Email: Democratic@Cotswold.gov.uk
Report author	Cheryl Sloan, Business Manager, Governance, Risk & Business Continuity Email: Democratic@Cotswold.gov.uk
Summary/Purpose	This report presents the Audit and Governance Committee with a progress update for the Annual Governance Action plan for 24/25
Annexes	Annex A – Annual Governance Statement Action Plan 2024/25
Recommendation(s)	That the Audit and Governance Committee resolves to: 1. Note the progress updates
Corporate priorities	All
Key Decision	NO
Exempt	NO
Consultees/ Consultation	NA

1. EXECUTIVE SUMMARY

- 1.1** To present the Audit and Governance Committee with a progress update against the Annual Governance Action Plan for 24/25.

2. BACKGROUND

- 2.1** The Audit and Governance Committee is the Committee of the Council charged with overseeing governance.
- 2.2** Regulation 4 of The Accounts and Audit Regulations 2011 require the Council to produce an Annual Governance Statement (AGS), setting out the Council's governance arrangements.
- 2.3** Every year the Council reviews and updates the Annual Governance Statement. From the statement, an action plan is developed which identified areas for improvement to be delivered the following financial year to further improve Council Governance Arrangements.

3. MAIN POINTS

- 3.1** There are 10 key actions within the 2024/25 action plan, this includes any carry over actions from the 2023/24 action plan. The actions include the following:
- Freedom of Information
 - Complaints Process
 - New service delivery models
 - Council Constitution and Code of Corporate Governance
 - Emergency Planning and Business Continuity
 - Risk Management
 - Financial Management
 - Procurement
 - Peer Review
 - Legislative Changes
- 3.2** The plan identifies the specific tasks that will be undertaken in the respective areas of focus and sets timescales for their completion. The Action Plan also includes a RAG (Red-Amber-Green) rating to show whether the actions are 'on target', 'off target but

action being taken to ensure delivery', or 'off target and no action has yet been agreed to resolve the situation' and grey where actions are now complete.

- 3.3** All actions are either complete or Amber. Where actions have been high-lighted as Amber, this is not because the action has not been completed, but where there are elements of the action which will need to be carried over into next financial year.
- 3.4** Work is now underway to produce the 25/26 Annual Governance Action Plan, which will be included in the Statement of Accounts.

4. FINANCIAL IMPLICATIONS

- 4.1** There are no direct 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** If the Council's governance arrangements are weak then Council is at risk of failing to safeguard the use of public funds. In turn this would lead to poor external assessments, damaging the reputation of the Council. The areas of focus for the 2024/25, as identified in the AGS, provides a clear set of priorities for the continual improvement of governance and mitigation of risk.

7. EQUALITIES IMPACT

- 7.1** An equalities impact assessment is not required for 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:

- Annual Governance Statement 2023/24
- Statement of Accounts for 2023/24

9.2 These documents will be available for inspection online at www.cotswold.gov.uk or by contacting democratic services democratic@cotswold.gov.uk for a period of up to 4 years from the date of the meeting.

9.3 These documents will be available for inspection online at www.cotswold.gov.uk or by contacting democratic services democratic@cotswold.gov.uk for a period of up to 4 years from the date of the meeting.

ANNUAL GOVERNANCE ACTION PLAN 2024/25

Notes and key

Each action in the plan is marked with a 'traffic light' as follows:

Green	On target
Amber	Off target but action being taken to ensure delivery (where this results in a reviewed target date, this is made clear in the table)
Red	Off target and no action has yet been agreed to resolve the situation
Complete	Action has been completed

This action plan contains actions from the Annual Governance Statement 2023/24 which are coordinated and monitored by the CDC Management Team.

Key to officers:

Accountable officer (AO)

CEO - Chief Executive: Robert Weaver

CFO - Chief Finance (S.151) Officer: David Stanley

Dir Gov – Director of Governance: Angela Claridge

CA – Chief Accountant / Deputy S151 - Finance: Michelle Burge

Publica Responsible officer (RO)

BM Gov - Business Manager - Business Continuity, Risk and Governance: Cheryl Sloan

BM HR - Business Manager - People: John Llewellyn

BP Proc - Senior Procurement Business Partner: Ciaran O’Kane

No	Key Area of Focus	Planned Actions	Update	Owner / Target Date
1	Freedom of Information	<ul style="list-style-type: none"> Improve response times to Freedom of Information requests to ensure compliance with the relevant Act Publish a greater range of information to reduce the need to respond to regularly made Freedom of Information requests 	<ul style="list-style-type: none"> Review undertaken and now performing above 90% Work underway to further develop website and internal guidance for Managers 	BM Gov March 2025
2	Complaints Process	<ul style="list-style-type: none"> Introduce a revised customer complaints process which aligns to the new Customer Complaints Code issued by the Local Governance 	<ul style="list-style-type: none"> New complaint process approved and implemented on 1 April 2025 	BM Gov October 2024
3	New service delivery models	<ul style="list-style-type: none"> Conclude the review of future service delivery options to make sure the solutions needed for the council to achieve financial stability can be achieved, given the MTFS shortfall over the years ahead Insource services back from Publica and examine the priorities for a new service delivery model Implement options for efficiency and transformation Develop new values and behaviours 	<ul style="list-style-type: none"> Phase 1 successfully transferred on 1 November 2024 Phase 2 recommendation approved at Overview & Scrutiny, Cabinet and Council in March. Phase 2 transfer date 1 July 2025 Decision to 'pause' following phase 2 due to Devolution / Local Government Reorganisation New values and behaviours under development with CDC employees 	CEO November 2024
4	Council Constitution and Code of Corporate Governance	<ul style="list-style-type: none"> Undertake a full review of the Council's Constitution and Scheme of Delegation to reflect the new service delivery model Undertake a full review of the Council's Code of Corporate Governance to reflect the new service delivery model 	<ul style="list-style-type: none"> The Council constitution has been reviewed following the transfer of services under phase 1. This action will carry over into next financial year, as a further review will need to be completed when the phase 2 transition of services is complete 	Dir Gov March 2025

5	Emergency Planning and Business Continuity	<ul style="list-style-type: none"> • Ensure the Council has resilience and can respond effectively in the event of a significant local incident under the new service delivery model • Further develop business continuity plans to ensure they are robust and fit for purpose under the new service delivery model • To test the business critical Business Continuity Plans in 2024-25 	<ul style="list-style-type: none"> • Locality on-call, response team and rest teams now in place. • On-call by locality commenced on 1 April 2025 • Employees who hold a role in Emergency Planning have all been trained and ongoing training is in place. • BCPs have been reviewed annually and services which have transferred have reviewed their BCPs for any changes. • BCP process being reviewed inline with best practice and any changed will be implemented over the next 12-18 months. 	<p>BM GOV March 25</p> <p>Carry Over</p>
6	Risk Management	<ul style="list-style-type: none"> • To review the Risk Management Policy • To complete a risk maturity self-assessment 	<ul style="list-style-type: none"> • A new risk policy presented at Audit & Governance for May 2025 • Risk Maturity Assessment will be completed as part of the internal audit plan. 	<p>BM GOV March 25</p>
7	Financial Management	<ul style="list-style-type: none"> • To review the financial procedure rules and financial processes to be completed in 2024/25 against the CIPFA Financial Management Code. 	<ul style="list-style-type: none"> • This has been reviewed as part of the transition. 	<p>CFO March 2025</p>
8	Procurement	<ul style="list-style-type: none"> • Implementation of the Procurement Act 2023 and subsequent revision of contract procedure rules • To train officers as required. 	<ul style="list-style-type: none"> • The act is now live and contract procurement rules will be presented to Council for approval. • Training is scheduled for the new Financial Year. • A toolkit is being developed for use by officers who undertake procurement 	<p>BP Proc March 2025</p> <p>Carry Over</p>

9	Peer Review	<ul style="list-style-type: none"> To complete the Action Plan from the outcomes of the Peer Review. 	<ul style="list-style-type: none"> A review was completed in November and work continues on implementation of the action plan. 	CEO March 2025 Carry Over
10	Legislative Changes	<ul style="list-style-type: none"> To keep abreast of any legislative changes and Government Policy and action where required. 	<ul style="list-style-type: none"> Watching brief 	Dir Gov

Agenda Item 9



COTSWOLD
DISTRICT COUNCIL

Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	AUDIT AND GOVERNANCE COMMITTEE – 27TH MAY 2025
Subject	INTERNAL AUDIT PLAN 2025/26 AND INTERNAL AUDIT CHARTER AND MANDATE
Wards affected	N/A
Accountable member	Cabinet Member for Finance Email: Democratic@cotswold.gov.uk
Accountable officer	David Stanley, Chief Finance Officer Email: david.stanley@cotswold.gov.uk
Report author	Lucy Cater, Head of Internal Audit Email: lucy.cater@swapaudit.co.uk
Summary/Purpose	To present to the Audit and Governance Committee the Internal Audit Plan and Charter and Mandate for 2025/26 for consideration and approval.
Annexes	Annex A – PROPOSED INTERNAL AUDIT PLAN 2025/26 Annex B – INTERNAL AUDIT CHARTER AND MANDATE
Recommendation(s)	That the Audit and Governance Committee resolves to: 1. Approve the proposed Internal Audit Plan 2025/26 and Internal Audit Charter & Mandate
Corporate priorities	Ensure that all services delivered by the Council are delivered to the highest standard.
Key Decision	NO
Exempt	NO



Consultees/ Consultation	N/A
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1. BACKGROUND

Internal Audit

The primary role of Internal Audit is to provide assurance that the Council's systems provide for a proper administration of its affairs. To this end, Internal Audit carries out a programme of audits that is agreed annually with the Council's Management Team and the Audit and Governance Committee. The Internal Audit service is provided to the Council by SWAP Internal Audit Services (SWAP).

To satisfy the requirements of the Global Internal Audit Standards and the UK Application Note, and to reflect changes within the Council, SWAP needs to focus upon areas where the organisation now requires assurance. This reinforces the requirement for Internal Audit to follow a more flexible and risk-based plan.

The core financial systems delivered to the Council by Publica are covered within the Core Financials section of the Audit Plan. The scope of audits will include both Publica and client-side activities providing;

- Assurance to the client (Cotswold District Council) over the controls, and system controls, operated by Publica Officers, for each financial module.
- Periodic assurance over the other services provided by Publica.
- The required support to the External Auditor.

Internal Audit Charter and Mandate

The Internal Audit Charter and Mandate grants the internal audit function the authority to provide the audit committee and senior management with objective assurance, advice, insight, and foresight.

2. MAIN POINTS

Internal Audit Plan

A summary of the Proposed Internal Audit Plan for 2025/26 is included in Annex A'. This lists the risk-based assurance and consultancy work planned for the year. Counter fraud related audit work has not been included in this audit plan.

The Plan outlines a programme of work for 2025/26 as developed throughout January and February 2025 but due to the pace of change within Local Authorities, it is becoming increasingly difficult to accurately predict longer-term key organisational risks. Our approach to internal audit planning recognises this through a strategic 12 month rolling plan, whereby we have prepared an agile, risk assessed work plan containing key areas of coverage. This approach will ensure we are auditing the right areas, with the correct scope, at the right time.

We will revisit and adjust our programme of work on at least a quarterly basis to ensure alignment with the changing risk profile of the organisation's operations, systems and controls and with regard to sector risks. The regular input of Senior Management, and the Chief Financial Officer and review of the Authority's risk register will be considered in this process.

The audit plan contains an element of contingency in order that the plan can remain flexible and respond to new and emerging risks as and when they are identified and may include unannounced activity.

Internal Audit Charter and Mandate

The Internal Audit Charter & Mandate defines the nature, role, responsibility, status and authority of internal auditing within Cotswold District Council and outlines the scope of internal audit work, thereby providing context for consideration of the proposed Internal Audit plan. This document has been reviewed in accordance with the new Global Internal Audit Standards (GIAS) and the UK Application Note effective from April 2025.

3. FINANCIAL IMPLICATIONS

3.1 The Internal Audit Service is operating within the contract sum.

4. LEGAL IMPLICATIONS

4.1 None directly from this report. Internal Audit reviews consider compliance with legislation relevant to the service area under review.



5. RISK ASSESSMENT

- 5.1** Any weaknesses in the control framework, identified by Internal Audit activity, continues to threaten organisational objectives until recommendations are implemented.

6. EQUALITIES IMPACT

- 6.1** Under equality legislation, the Council has a legal duty to pay 'due regard' to the need to eliminate discrimination and promote equality in relation to:

- Race
- Disability
- Gender, including gender reassignment
- Age
- Sexual Orientation
- Pregnancy and maternity
- Religion or belief

The Council also has a duty to foster good relations, and to consider the impact of its decisions on human rights. The law requires that this duty to pay 'due regard' is demonstrated in the decision making process. Therefore, your report should contain a statement as to whether the recommendation has a particular impact on any of the above groups

Any reports which relate to new policies, procedures or services or changes to policies, procedures or services must be accompanied by an appropriate equalities impact assessment (EIA). You can access further guidance and the EIA template [via the portal](#) and the Council's Equality Policy [on the website](#).

7. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

- 7.1** These will be reported if identified in any of our audits.

8. ALTERNATIVE OPTIONS

- 8.1** None

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:

- Internal Audit Progress Reports

These documents will be available for inspection online at www.cotswold.gov.uk or by contacting democratic services democratic@cotswold.gov.uk for a period of up to 4 years from the date of the meeting.

(END)

Cotswold District Council

Proposed Internal Audit Plan 2025/26

Page 45

The internal audit plan represents a summary of the proposed audit coverage that the internal audit team will deliver throughout the 2025/26 financial year.

Introduction and Objective of the Audit Plan

Internal audit provides an independent and objective opinion on the Authority's risk management, governance, and control environment by evaluating its effectiveness.

Prior to the start of each financial year, SWAP, in conjunction with senior management, put together a proposed plan of audit work. The objective of our planning process and subsequent plan is to put us in a position to provide a well-informed and comprehensive annual audit opinion, based on sufficient and appropriate coverage of key business objectives, associated risks, and risk management processes.

The outcomes of each of the audits in our planned programme of work, will provide senior management and Members with assurance that the current risks faced by the Authority in these areas are adequately controlled and managed.

When reviewing the proposed internal audit plan (as set out in Appendix 1), key questions to consider include:

- Are the areas selected for coverage this coming year appropriate?
- Does the internal audit plan cover the organisation's key risks as they are recognised by the Senior Management Team and Audit Committee?
- Is sufficient assurance being received within our annual plan to monitor the organisation's risk profile effectively?

Internal Audit Planning 2025/26

The proposed 2025/26 plan presented in Appendix 1 provides coverage of the Authority's key corporate objectives and risks as well as core areas of recommended coverage.

Internal audit is only one source of assurance and should be considered as such.

Update to Approach

Due to the pace of change within Local Authorities, it is becoming increasingly difficult to accurately predict longer-term key organisational risks. Our approach to internal audit planning recognises this through a strategic 12 month rolling plan, whereby we have prepared an agile, risk assessed work plan containing key areas of coverage. This approach will ensure we are auditing the right areas, with the correct scope, at the right time.

We will revisit and adjust our programme of work on at least a quarterly basis to ensure alignment with the changing risk profile of the organisation's operations, systems and controls and with regard to sector risks. The regular input of Senior Management and review of the Authority's risk register will be considered in this process. Our 2025/26 audit plan will contain an element of contingency in order that the plan can remain flexible and respond to new and emerging risks as and when they are identified and may include unannounced activity.

The proposed audit plan at Appendix 1 provides coverage of the Authority's key corporate objectives and risks, as well as our core areas of recommended audit activity.

Internal audit coverage can never be absolute and responsibility for risk management, governance and internal control arrangements will always remain fully with management. Internal audit cannot provide complete assurance over any area, and equally cannot provide any guarantee against material errors, loss or fraud.

Internal Audit Planning 2025/26

Our documented risk assessment helps to ensure that sufficient and appropriate areas are identified for consideration in our internal audit programme of work.

As above, it is the responsibility of the Authority's Senior Leadership Team, and the Audit Committee to ensure that, with consideration of our risk assessment, the overall programme of work throughout the year contains sufficient and appropriate coverage.

Internal Audit Risk Assessment (updated)

Our 2025/26 internal audit programme of work is based on a documented risk assessment, which SWAP will re-visit regularly, but at least annually. The input of senior management as well as review of the Authority's risk register has been considered in this process.

Below we have set out a summary of the outcomes of the risk assessment for Cotswold District Council



It should be noted that the audit titles and high-level scopes included below are only indicative at this stage for planning our resources. At the start of each audit, an initial discussion will be held to agree the specific Terms of Engagement for the piece of work, which includes the objective and scope for the review.

Core Audit Areas – Areas of Coverage and Brief Scope	Directorate
Publica Controls and Transactional Testing – Annual Audits	
Core Financials – Publica Controls and Transactional Testing <i>A review of the controls operating within Publica in respect of the Core Financial systems:</i> <ul style="list-style-type: none"> • Accounts Payable (Creditors) • Accounts Receivable (Debtors) • Treasury Management • Bank Reconciliation • Payroll • Procurement 	Business Services
Human Resources <ul style="list-style-type: none"> • Human Resources 	Organisational Effectiveness
Revenues and Benefits <i>A review of the controls operating in respect of:</i> <ul style="list-style-type: none"> • Council Tax • National Non-Domestic Rates • Housing Benefit and Council Tax Support <i>Scope to be confirmed</i>	Residents' Services
ICT Audits <i>Audits to be discussed and confirmed with the Chief Technology Officer and ICT Audit and Compliance Manager</i>	ICT
Governance <i>Risk Management</i> <i>Emergency Planning and Business Continuity</i> <i>Freedom of Information and Complaints</i> <i>Equality and Diversity</i> <i>Performance Management</i>	Risk Management and Governance
Regulatory Services <i>A review of either Licensing / Environmental Health</i> <ul style="list-style-type: none"> • Public Protection Income Streams, budget monitoring, reconciliations 	

Internal Audit Planning 2025/26

Proposed Audit Areas – Areas of Coverage and Brief Scope	Directorate
Council Audits	
Core Financials <ul style="list-style-type: none"> Payroll Strategic Finance 	Corporate Resources
Business Grant Post Payment <i>Head of IA working with CFEU Manager re. recovery of overpayment of grants, Bad Debt information to BEIS</i>	
Data Maturity Assessment <i>Assessment of how the Council manages its data against the Data Maturity Framework</i>	Governance and Development
Wellbeing Support Available to Staff <i>Assessment of support available to staff during transition to Council</i>	Chief Executive
Climate Change <i>Follow-Up of 2023/24 audit and assessment of the Councils' commitment to Carbon Reduction targets / Climate Emergency</i>	
Carbon Reduction <i>Review to assess how carbon data is measured ensuring the Council continues to meet its commitment to carbon reduction.</i>	
Housing Strategy and Enabling	
Household Support Grants <i>Ensure payments made from Government Funding have been allocated / spent in accordance with guidance (Foodbank / Baby Account)</i>	
Planning Performance Agreements <i>Review control and transparency of Planning Performance Agreements</i>	Communities and Place
Planning Guarantee Data <i>Scope TBC</i>	
Compliance with Building Control Safety Regulations <i>Scope TBC – but meeting arranged with HSE for information gathering</i>	
Biodiversity – Compliance for Councils <i>Review to ensure the Council is meeting its obligations in respect of Biodiversity Legislation. Biodiversity Net Gain</i>	
Section 106s <i>Follow-Up of 2023/24 Audits to include review of fess and charges and declarations of interest</i>	

Internal Audit Planning 2025/26

Preparedness for the switch from Analogue to Digital <i>Ensure preparedness of the Council for services the switch from analogue to digital will affect e.g. lift telephones, fax machines etc</i>	
Property and Estates (Compliance and Health and Safety) <i>Follow-Up of 2023/24 Audits</i>	
S106 Agreements <i>Follow-Up of 2024/25 Audit</i>	
Data Protection / Breaches <i>Follow-Up of 2024/25 Audit</i>	
Human Resources <i>Follow-Up of 2024/25 Audit</i>	
Publica Transition Programme <i>Time allocated to support the Publica Transition Programme and Workstreams</i>	
Programmes and Projects <i>Time allocated to support Council Specific Programmes and Projects</i>	
Proposed audits will be considered, during the year, and discussed with Business Managers, Assistant Directors, CFOs and / or CEOs to confirm scope, timing and if it remains appropriate to undertake the audit. Liaison meetings will also identify any further areas (not included above) that would benefit from an Internal Audit Review. The Audit Plan will be updated, and agreed with CFOs as necessary	
Further requested assurance / advisory / support work	
Other Audit Involvement	
Management <i>Preparation of IA Monitoring Reports and preparation and attendance at Audit and Governance Committee. Annual Audit Planning. Attendance at Governance and Risk Groups. High level programme monitoring. Liaison meetings with CFOs and Management Teams. IA Team Liaison Meetings with Service Managers.</i> Follow-Up Audits <i>Follow-Up of Previous Year's Agreed Actions</i> <i>Follow-Up audit of all High Priority Agreed Actions</i> Specialist Groups	

<p><i>IA attendance at specialist groups e.g. Health and Safety Working Group, Procurement and Commissioning</i></p> <p>Grant Certification</p> <p><i>Review (income and expenditure) and certification of Grants received by the Council ensuring funding requirements have been met (to include Disabled Facilities Grants)</i></p> <p>Working with the Counter Fraud and Enforcement Unit</p> <p><i>Provision to ensure collaborative working with the CFEU and to ensure control weaknesses, identified during CFEU activity, are being actioned. Regular liaison meetings</i></p> <p>Contingency</p> <p><i>Provision for new work based on emerging risks and Investigations.</i></p>	
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Internal Audit Charter for SWAP Internal Audit Services (SWAP)

Purpose

SWAP Internal Audit Services creates, protects, and sustains value by providing the audit committee and management with independent, risk-based, and objective assurance, advice, insight, and foresight, that meets rigorous professional standards.

The internal audit function enhances:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

The internal audit function is most effective when:

- Internal auditing is performed by competent professionals in conformance with the Institute of Internal Auditors Global Internal Audit Standards™ which are set in the public interest.
- The internal audit function is independently positioned with direct accountability to the audit committee.
- Internal auditors are free from undue influence and committed to making objective assessments.

Commitment to Adherence to the Global Internal Audit Standards

The Accounts and Audit (England) Regulations, state that: *“A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account the public sector internal auditing standards or guidance.”*

The internal audit function will adhere to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements subject to the Application Note for UK Public Sector Internal Audit. The chief audit executive will report annually to the partner audit committee and senior management regarding the internal audit function's conformance with the Standards, which will be assessed through a quality assurance and improvement program, managed and monitored by the SWAP senior management team and the SWAP board.

Mandate

Authority

The audit committee grants the internal audit function the mandate to provide the audit committee and senior management with objective assurance, advice, insight, and foresight.

The internal audit function's authority is created by its direct reporting relationship to the audit committee. Such authority allows for unrestricted access to the audit committee.

The audit committee authorises the internal audit function to:

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives.
- Obtain assistance from the necessary personnel of the Partner and other specialized services from within or outside the Partner organisation to complete internal audit services.

Independence, Organisational Position, and Reporting Relationships

The chief audit executive will be positioned at a level in the organization that enables internal audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the internal audit function. The chief audit executive will report functionally to the audit committee and administratively (for example, day-to-day operations) to the [chief executive officer or equivalent/senior officer e.g., section 151 Officer]. This positioning provides the authority and status to bring matters directly to senior management and escalate matters to the audit committee, when necessary, without interference and supports the internal auditors' ability to maintain objectivity.

The chief audit executive will confirm to the audit committee, at least annually, the organisational independence of the internal audit function. If the governance structure does not support organisational independence, the chief audit executive will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. The chief audit executive will disclose to the audit committee any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function's effectiveness and ability to fulfill its mandate.

Changes to the Mandate and Charter

Circumstances may justify a follow-up discussion between the chief audit executive, audit committee, and senior management on the internal audit mandate or other aspects of the internal audit charter. Such circumstances may include but are not limited to:

- A significant change in the Global Internal Audit Standards.
- A significant acquisition or reorganisation within the organisation.
- Significant changes in the chief audit executive, audit committee, and/or senior management.
- Significant changes to the organisation's strategies, objectives, risk profile, or the environment in which the organisation operates.
- New laws or regulations that may affect the nature and/or scope of internal audit services.

Audit Committee Oversight

To establish, maintain, and ensure that the internal audit function has sufficient authority to fulfill its duties, the audit committee will:

- Discuss with the chief audit executive and senior management the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the internal audit function.
- Ensure the chief audit executive has unrestricted access to, communicates, and interacts directly with the audit committee, including in private meetings without senior management present.
- Ensure arrangements are in place to notify the chief audit executive of all suspected or detected fraud, corruption, or impropriety.
- Discuss with the chief audit executive and senior management other topics that should be included in the internal audit charter.
- Participate in discussions with the chief audit executive and senior management about the "essential conditions," described in the Global Internal Audit Standards in the UK Public Sector, which establish the foundation that enables an effective internal audit function.
- Approve the internal audit function's charter, which includes the internal audit mandate and the scope and types of internal audit services.
- Review the internal audit charter [annually] with the chief audit executive to consider changes affecting the organisation, such as the employment of a new chief audit executive / head of internal audit or changes in the type, severity, and interdependencies of risks to the organisation; and approve the internal audit charter [annually].
- Approve the risk-based internal audit plan.
- Collaborate with senior management to determine the budgets, qualifications, and competencies the organisation expects in a chief audit executive, as described in the Global Internal Audit Standards in the UK Public Sector.
- Review the chief audit executive's performance, provide feedback to the SWAP CEO, plus senior management, and the organisation's CEO.
- Receive communications from the chief audit executive about the internal audit function including its performance relative to its plan.
- Ensure a quality assurance and improvement program has been established.
- Review of the results of the quality assurance and improvement program annually.
- Make appropriate inquiries of management and the chief audit executive to determine whether scope or resource limitations are inappropriate.

Chief Audit Executive Roles and Responsibilities

Ethics and Professionalism

The chief audit executive will ensure that internal auditors:

- Conform with the Global Internal Audit Standards in the UK Public Sector, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the Partner organisation and be able to recognize conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the organisation.
- Report organisational behavior that is inconsistent with the organisation's ethical expectations, as described in applicable policies and procedures.

Objectivity

The chief audit executive will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the chief audit executive determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing operational duties for the Partner organisation or its affiliates.
- Initiating or approving transactions external to the internal audit function.
- Directing the activities of any Partner organisation's employees that are not employed by the internal audit function, except to the extent that such employees have been appropriately assigned to internal audit teams or to assist internal auditors.

Internal auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties and at least annually, such as the chief audit executive, audit committee, management, or others.
- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

Managing the Internal Audit Function

The chief audit executive has the responsibility to:

- At least annually, submit a risk-based internal audit plan to the audit committee and senior management for review and approval.
- Communicate the impact of resource limitations on the internal audit plan to the audit committee and senior management.
- Review and adjust the internal audit plan, as necessary, in response to changes in the Partner organisation's business, risks, operations, programs, systems, and controls.
- Communicate with the audit committee and senior management if there are significant interim changes to the internal audit plan.
- Ensure internal audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards in the UK Public Sector.
- Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the audit committee and senior management [annually] and for each engagement as appropriate.
- Ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the Global Internal Audit Standards in the UK Public Sector and fulfill the internal audit mandate.
- Identify and consider trends and emerging issues that could impact the Partner organisation and communicate to the audit committee and senior management as appropriate.
- Consider emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to methodologies designed to guide the internal audit function.
- Ensure adherence to the Partner organisation's relevant policies and procedures unless such policies and procedures conflict with the internal audit charter or the Global Internal Audit Standards in the UK Public Sector. Any such conflicts will be resolved or documented and communicated to the audit committee and senior management.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the chief audit executive cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary escalated to the audit committee.

Communication with the Audit Committee and Senior Management

The chief audit executive will report [annually] to the audit committee and senior management regarding:

- The internal audit function's mandate.
- The internal audit plan and performance relative to its plan.
- Significant revisions to the internal audit plan.
- Potential impairments to independence, including relevant disclosures as applicable.
- Results from the quality assurance and improvement program, which include the internal audit function's conformance with The IIA's Global Internal Audit Standards in the UK Public Sector and action plans to address the internal audit function's deficiencies and opportunities for improvement.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the audit committee.
- Results of assurance and advisory services.
- Management's responses to risk that the internal audit function determines may be unacceptable or acceptance of a risk that is beyond the Partner organisation's risk appetite.
- Clarification over the responsibility to complete a fraud risk assessment, and presentation of this where responsibility belongs to SWAP.

Quality Assurance and Improvement Program

The SWAP senior leadership team in collaboration with the chief audit executive / will develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The program will include external and internal assessments of the internal audit function's conformance with the Global Internal Audit Standards in the UK Public Sector, as well as performance measurement to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement. The program also will assess, if applicable, compliance with laws and/or regulations relevant to internal auditing. Also, if applicable, the assessment will include plans to address the internal audit function's deficiencies and opportunities for improvement.

Annually, the chief audit executive will communicate with the audit committee and senior management about the internal audit function's quality assurance and improvement program, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments. External assessments will be completed at least once every five years by a qualified, independent assessor or assessment team from outside both SWAP and the Partner Organisation; qualifications must include at least one assessor holding an active Certified Internal Auditor® credential.

Scope and Types of Internal Audit Services

The scope of internal audit services covers the entire breadth of the organization, including all the Partner organisation's activities, assets, and personnel. The scope of internal audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the audit committee and management on the adequacy and effectiveness of governance, risk management, and control processes for the Partner organisation.

The nature and scope of advisory services may be agreed with the party requesting the service, provided the internal audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

Internal audit engagements may include evaluating whether:

- Risks relating to the achievement of the Partner Organisation's strategic objectives are appropriately identified and managed.
- The actions of the Partner organisation's officers, directors, management, employees, and contractors comply with the Partner organisation's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations and programs are consistent with established goals and objectives.
- Operations and programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the Partner organisation.
- The integrity of information and the means used to identify, measure, analyze, classify, and report such information is reliable.
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

Approval/Signatures

Chief Audit Executive

Date

Audit Committee Chair

Date

Chief Executive Officer (SWAP)

Date

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COTSWOLD
District Council

Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	AUDIT AND GOVERNANCE COMMITTEE – 27TH MAY 2025
Subject	INTERNAL AUDIT PROGRESS REPORT
Wards affected	N/A
Accountable member	Cabinet Member for Finance Email: Democratic@cotswold.gov.uk
Accountable officer	David Stanley, Chief Finance Officer Email: david.stanley@cotswold.gov.uk
Report author	Lucy Cater, Head of Internal Audit Email: lucy.cater@swapaudit.co.uk
Summary/Purpose	To present a summary of the audit work concluded since the last meeting of this Committee.
Annexes	Annex A – Report of Internal Audit Activity 2024/25 Annex B – Agreed Actions
Recommendation(s)	That the Audit and Governance Committee resolves to: 1. Note the report
Corporate priorities	<ul style="list-style-type: none"> • Delivering Good Services • Responding to the Climate Emergency • Delivering Housing • Supporting Communities • Supporting the Economy
Key Decision	NO
Exempt	NO



COTSWOLD
District Council

Consultees/ Consultation	(N/A
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1. EXECUTIVE SUMMARY

- 1.1** The Council must ensure that it has sound systems of internal control that facilitate the effective management of all the Council's functions. The work delivered by SWAP Internal Audit Services (SWAP), the Council's internal audit service, is one of the control assurance sources available to the Audit, Compliance and Governance Committee, the Executive Leadership Team and Service Leadership Team and supports the work of the external auditor.
- 1.2** The Annual Internal Audit Opinion presented to the Audit, Compliance and Governance Committee provides an overall assurance opinion at the end of the financial year. This Internal Audit Progress Report, however, is designed to give the Audit, Compliance and Governance Committee the opportunity to comment on the work completed by the partnership and provide 'through the year' comment and assurances on the control environment.

2. BACKGROUND

- 2.1** The Internal Audit Service is provided to this Council by SWAP Internal Audit Services (SWAP). SWAP is a local authority-controlled company.
- 2.2** The report attached at Annex A sets out the work undertaken by SWAP for the Council since the last meeting of this Committee. It follows the risk-based auditing principles and, therefore, this is an opportunity for the Committee to be aware of emerging issues which have resulted in SWAP involvement.
- 2.3** Officers from SWAP will be in attendance at the Committee meeting and will be available to address Members' questions.

3. MAIN POINTS

- 3.1** The progress report enables the Audit Committee to monitor the work of the Internal Audit Service and ensure that it remains effective. It also provides the Committee with assurance opinions over areas reviewed within the reporting period, details of audit recommendations and the outcome of follow-up reviews conducted on previous audit recommendations.
- 3.2** We have finalised 2 audits since the last meeting of this committee
- Procurement Cards – Mid Reasonable



- Taxi Licensing Safeguarding – High Reasonable

3.3 We continue to follow up all agreed actions. A report (Annex B) showing all open agreed actions and those that have been actioned has been included for Members information.

4. FINANCIAL IMPLICATIONS

4.1 The Internal Audit Service is operating within the contract sum.

5. LEGAL IMPLICATIONS

5.1 None directly from this report. Internal Audit reviews consider compliance with legislation relevant to the service area under review.

6. RISK ASSESSMENT

6.1 Any weaknesses in the control framework, identified by Internal Audit activity, continues to threaten organisational objectives until recommendations are implemented.

7. EQUALITIES IMPACT

7.1 Under equality legislation, the Council has a legal duty to pay 'due regard' to the need to eliminate discrimination and promote equality in relation to:

- Race
- Disability
- Gender, including gender reassignment
- Age
- Sexual Orientation
- Pregnancy and maternity
- Religion or belief

7.2 The Council also has a duty to foster good relations, and to consider the impact of its decisions on human rights. The law requires that this duty to pay 'due regard' is demonstrated in the decision making process. Therefore, your report should contain a statement as to whether the recommendation has a particular impact on any of the above groups

7.3 Any reports that relate to new policies, procedures or services or changes to policies, procedures or services must be accompanied by an appropriate equalities impact



assessment (EIA) which should be included as an annex. You can access further guidance and the EIA template [via the portal](#) and the Council's Equality Policy [on the website](#).)

8. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

8.1 These will be reported if identified in any of our audits

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:

- Internal Audit Progress Reports

9.2 These documents will be available for inspection online at www.cotswold.gov.uk or by contacting democratic services democratic@cotswold.gov.uk for a period of up to 4 years from the date of the meeting.

(END)

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Cotswold District Council

Report of Internal Audit Activity

May 2025

Contents

The contacts at SWAP in connection with this report are:

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- Contents:

Internal Audit Definitions

Audit Plan Progress

Finalised Audit Assignments

Internal Audit Definitions

At the conclusion of audit assignment work each review is awarded a “Control Assurance Definition”;

- **No**
- **Limited**
- **Reasonable**
- **Substantial**

Audit Framework Definitions

Control Assurance Definitions

No	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Non-Opinion – In addition to our opinion based work we will provide consultancy services. The “advice” offered by Internal Audit in its consultancy role may include risk analysis and evaluation, developing potential solutions to problems and providing controls assurance. Consultancy services from Internal Audit offer management the added benefit of being delivered by people with a good understanding of the overall risk, control and governance concerns and priorities of the organisation.

Internal Audit Definitions

Recommendations are prioritised from 1 to 3 on how important they are to the service/area audited. These are not necessarily how important they are to the organisation at a corporate level.

Each audit covers key risks. For each audit a risk assessment is undertaken whereby with management risks for the review are assessed at the Corporate inherent level (the risk of exposure with no controls in place) and then once the audit is complete the Auditors assessment of the risk exposure at Corporate level after the control environment has been tested. All assessments are made against the risk appetite agreed by the SWAP Management Board.



Audit Framework Definitions

Categorisation of Recommendations

When making recommendations to Management it is important that they know how important the recommendation is to their service. There should be a clear distinction between how we evaluate the risks identified for the service but scored at a corporate level and the priority assigned to the recommendation. No timeframes have been applied to each Priority as implementation will depend on several factors; however, the definitions imply the importance.

	Categorisation of Recommendations
Priority 1	Findings that are fundamental to the integrity of the service’s business processes and require the immediate attention of management.
Priority 2	Important findings that need to be resolved by management
Priority 3	Finding that requires attention.

Definitions of Risk

Risk	Reporting Implications
High	Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.
Medium	Issues which should be addressed by management in their areas of responsibility.
Low	Issues of a minor nature or best practice where some improvement can be made.

Summary of Audit Findings

Audit Type	Audit Area	Status	Opinion	No of Rec	Priority			Comments
					1	2	3	
Operational	Appointment of Consultants	Final Report	Mid Reasonable	2	-	1	1	Reported in October
Operational	Accounts Payable – Qtly Review – 2023/24	Final Report	High Substantial	0	-	-	-	Reported in October
Operational	Emergency Planning	Final Report	Mid Substantial	1	-	-	1	Report in January
Governance	Data Protection / Breaches	Final Advisory Report	N/A	0	-	-	-	Report in January
Operational	Community Infrastructure Levy	Final Report	High Reasonable	2	-	1	1	Report in January
Operational	Members Allowances and Expenses	Final Report	Mid Limited	2	1	1	-	Report in January
Operational	Levelling Up Funding – UKSPF and RESF	Final Report	Mid Substantial	0	-	-	-	Report in January
Operational	Human Resources	Final Advisory Report	N/A	0	-	-	-	Report in January
Key Financial Control	Revenues and Benefits – Council Tax and NNDR	Final Report	High Reasonable	2	-	1	1	Report in January
Key Financial Control	Revenues and Benefits – Council Tax Benefit and Housing Benefits	Final Report	Mid Substantial	0	-	-	-	Report in January
Follow-Up	Procurement Cards	Final Report	Mid Reasonable	3	-	2	1	Report Included
Follow-Up	Taxi Licensing Safeguarding	Final Report	High Reasonable	2	-	1	1	Report Included

Summary of Audit Findings

APPENDIX C

Audit Type	Audit Area	Status	Opinion	No of Rec	Priority			Comments
					1	2	3	
Operational	Section 106s	Draft Report						
Governance	Data Retention	Draft Report						
Operational	CFEU	Draft Report						
Core Financial	Payroll	In Progress						
Operational	Digital Exclusion	In progress						
Operational	Leisure and Culture Facilities	In Progress						
Operational	Climate Change – Operational	In Progress						
Operational	Accounts Payable – Qtly Review – 2024/25	In Progress						
ICT	Disaster Recovery – Revenues and Benefits	Delayed						
Grant Certification	Carbon Data 2022/23	Complete						

Summary of Audit Findings

APPENDIX C

Audit Type	Audit Area	Status	Opinion	No of Rec	Priority			Comments
					1	2	3	
Support / Advisory	Support to Publica Transition Programme. - Finance Workstream - HR Workstream - ICT Workstream - OnBoarding Meetings	On-Going						
Support	Business Grant Funding – Aged Debt	On-Going						Quarterly review of Business Grant Overpayment Aged Debts with Head of Service, Counter Fraud and Enforcement Unit for reporting to BEIS
Support	Procurement Review	In Progress						Support to CFEU
Advisory	Procurement and Commissioning Group	On Going						
Advisory	Health and Safety Working Group	On Going						
Advisory	Risk Management Group	On Going						
Advisory	Project Management – Active Cotswold	On Going						
Advisory	Co-Ordination Team / Emergency Planning	On Going						Support to CDC's Rest Centre and Co-Ordination Teams
Follow-Up	Follow-Up of Agreed Actions (not included in an audit above)	On Going						

Summary of Audit Findings

APPENDIX C

Audit Type	Audit Area	Status	Opinion	No of Rec	Priority			Comments
					1	2	3	
Other Audit Involvement	Working with the Counter Fraud and Enforcement Unit	On Going						
Other Audit Involvement	Management of the IA Function and Client Support	On Going						
Other Audit Involvement	Contingency – Provision for New Work based on emerging risks							

The following are the Internal Audit reports, of each audit review finalised,
since the last Committee update

Taxi Licensing Safeguarding Follow Up – Final Report – February 2025

Audit Objective

To ensure the Council is fulfilling its safeguarding duties in relation to taxi driver licensing.

Executive Summary



Assurance Opinion

There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

Management Actions

Priority 1	0
Priority 2	1
Priority 3	1
Total	2

Organisational Risk Assessment

Low

Our audit work includes areas that we consider have a low organisational risk and potential impact. We believe the key audit conclusions and any resulting outcomes still merit attention but could be addressed by service management in their area of responsibility.

NB: The Key Conclusions below are a reflection of the audit at the time of fieldwork: September - November 2024.

There is a potential risk that effective delivery of taxi driver licencing could be affected during the Publica transition. All Licensing activity must be considered throughout the transition process to ensure there is adequate resource and resilience, and that public safety can be assured.

Key Conclusions



The Licensing Team Leader (LTL) does not currently reconcile income recorded in the Uniform system to income received in Business World (the Council's main accounting system) as per the Financial Rules. Also, the number of licenses issued is not reconciled, which means potentially the risk of issuing licenses without payment is not mitigated. The LTL will liaise with Finance to develop a robust process and ensure compliance with the Financial Rules.



The Hackney Carriage & Private Hire Licensing Policy and Council website have not been updated to state the Council have adopted the Gloucestershire wide Common Standards Policy. The LTL advised it would be nice to have this information updated, but it is not currently a priority.



Evidence was supplied to support the LTL monitors service requests/complaints using Excel spreadsheets generated from Uniform, which require manual manipulation. The LTL advised she felt the current system worked, but she plans to bring in a new process to make defining and analysing service requests/complaints clearer and quicker, however this will take time to

Audit Scope

A follow up of our November 2023 Position Statement has been undertaken. Suggestions and considerations were provided to aid the service improve processes which were being updated at the time.

Control areas reviewed are as follows:

- Application checks and license reviews
- Safeguarding training
- Complaints procedure

Discussions were held with the Licensing Team Leader and evidence sought to support statements made.



- A 3-year cycle of Safeguarding refresher training is now in place. This is managed using Uniform system parameters.
- Evidence has been supplied to support the LTL undertakes a monthly 10% management check of supporting evidence saved against applications in Uniform.
- The LTL maintains a separate record of expenditure and uses this document to budget monitor and reconcile spend against Business World.

Other Relevant Information

The LTL advised she has worked with ICT to tidy up Uniform and confirmed Licensing Officers now input data into more fields than before, so the quality of their data has improved, and that system housekeeping is ongoing. We would agree this work should continue to ensure the integrity of data held in the Uniform system.

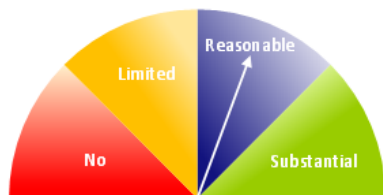
We note the 10% management checks were not undertaken while the LTL was out of the business for a period of time during 2024. She completed these checks retrospectively on her return to work.

Procurement Card Follow Up – Final Report – April 2025

Audit Objective

Follow-Up of 2022/23 audit to assess adherence to new policy / scheme.

Executive Summary



Assurance Opinion

There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

Management Actions

Priority 1	0
Priority 2	2
Priority 3	1
Total	3

Organisational Risk Assessment

Low

Our audit work includes areas that we consider have a low organisational risk and potential impact.

Key Conclusions



Review of the card register (January 2025) found 1 ex-officer who left in October 2024 was still active. The Accounting Technician confirmed the card was cancelled on the online banking system in January 2025. Managers will be reminded it is their responsibility to inform finance when a card holder leaves so cards can be cancelled in a timely manner.

Since the Publica transition, it has been unclear who is formally responsible for managing CDC's Procurement card register. An Officer will be assigned to manage the card register and Lloyds online account to ensure card usage is managed and reviewed in accordance with the policy.



The Treasury Accountant advised (November 2024) her team have not reviewed the Lloyds Bank Procurement Cards - Policy & Procedures (July 2023), and they have not undertaken a review of all card holders and approval limits annually as per the policy.

The policy and procedures will be reviewed to ensure all responsibilities are appropriately allocated, so procurement cards are managed and reviewed in accordance with agreed guidance and there is separation of duties.



At the time of audit work (January 2025) procurement card spend had not been published on the Council website within 30 days of month end, as per the policy. Guidance will be reviewed, and amended if appropriate, to allow for internal processes to be undertaken and spend will be published within new agreed timescales.

Audit Scope

A follow up of our August 2022 Position Statement has been undertaken. Suggestions and considerations were provided in 2022 to aid the service while a new card scheme was explored, and a new policy was introduced with the aim of addressing control weaknesses identified at the time.

Discussions were held with Finance Officers and evidence sought to support statements made.



- The Lloyds Bank Procurement Cards - Policy & Procedures (July 2023) includes key control requirements for card holders, and card security and unused cards.
- Declarations were seen for all 4 CDC procurement card holders.
- A recent bank statement (November 2024) shows they are no longer addressed to an ex-officer.

Other Relevant Information

Since our position statement was issued things have changed, and it might not now be appropriate to have a centralised register with all partnership cardholder's information on it. Consideration should be given to whether a separate excel card register is maintained to avoid duplication of the information held on the Lloyds online account; signed declarations and approvals should continue to be held by finance.

Amalgamating the procurement card schemes as suggested in our position statement may not now be appropriate. Once all phases of the Publica transition are complete all organisations must consider their approach to procurement card management and if they can benefit from consistencies in approach. Each organisation will need to consider access to systems and information, and who can make purchases and undertake processes on their behalf.

The Chief Accountant advised they were trialling the use of virtual procurement cards, and further testing was needed before a decision could be made on introducing them.

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Page 81

Page 81

CDC Open Agreed Actions May 2025										
ID (Act)	ID (Issue)	Audit Title	Title (Issue)	Issue Status	Period	Priority Score	AP Status	Original Timescale	Timescale	Follow-Up Assessment
3512	3291	CDC - Bank Reconciliation - 2023/24	Review of Suspense Accounts	Pending Remediation	2023/24	3	In Progress	31/03/2024	31/05/2025	February 2025: Timescale extended to end of F/Y to be actioned in final accounts
2987	2789	CDC - Property Services - Compliance and Health & Safety - March 2023	Risk Assessment (RA) for All Council Owned Properties	Pending Remediation	2023/24	2	In Progress	30/06/2024	31/05/2025	May 2025: System has been updated. IA to conduct follow-up June 2025
2984	2786	CDC - Property Services - Compliance and Health & Safety - March 2023	Central Property Database Accuracy	Pending Remediation	2023/24	3	In Progress	30/09/2024	31/05/2025	May 2025: System has been updated. IA to conduct follow-up June 2025
3175	2968	PUB - ICT Business Continuity/Disaster Recovery 2023/24	ICT and Emergency Planning Formal Engagement and Alignment	Pending Remediation	2023/24	2	In Progress	31/03/2024	31/07/2025	April 2025: Timescale extended at the request of the CTO until after the phase 2 transition as council structures and emergency arrangements have not been finalised.
3536	3313	PUB - Use of Waivers - 2023/24	Contract Waiver Report Templates	Pending Remediation	2023/24	3	In Progress	31/12/2024	31/08/2025	May 2025: The updated waiver template remains outstanding, therefore, extended the date for another 3 months.
5348	5005	CDC - Community Infrastructure Levy 2023/24	Roles and responsibilities are not formally defined in guidance.	Pending Remediation	2024/25	2	In Progress	31/01/2025	31/01/2025	May 2025: Awaiting update from CDC Planning Officers on progress.
5349	5006	CDC - Community Infrastructure Levy 2023/24	CIL Payment Requests.	Pending Remediation	2024/25	3	In Progress	31/01/2025	31/01/2025	May 2025: Awaiting update from CDC Planning Officers on progress.
5933	5567	CDC - CT/NNDR 2024/25	CDC Historical Revenues and Benefits Suspense Account Entries.	Pending Remediation	2024/25	2	In Progress	31/03/2025	31/07/2025	May 2025: Business Manager - Environmental, Welfare & Revenue Service requested deadline be extended to 31/7/25. Deadline extended.
5932	5566	CDC - CT/NNDR 2024/25	CDC Revenues and Benefits Suspense Account Monitoring.	Pending Remediation	2024/25	3	In Progress	31/03/2025	31/07/2025	May 2025: Business Manager - Environmental, Welfare & Revenue Service requested deadline be extended to 31/7/25. Deadline extended.
5749	5389	CDC - Data Breaches - 2023/24	CDC Data Protection Suggestions	Pending Remediation	2024/25	2	In Progress	30/06/2025	30/06/2025	
5346	5003	CDC - Members Allowances and Expenses 2024/25	Budget Monitoring.	Pending Remediation	2024/25	1	In Progress	28/02/2025	31/05/2025	March 2025: The Head of Democratic and Electoral Services advised that they are awaiting finance guidance and support on the reconciliation process.
5347	5004	CDC - Members Allowances and Expenses 2024/25	Evidence of Expense Claims	Pending Remediation	2024/25	2	In Progress	28/02/2025	31/05/2025	March 2025: The Head of Democratic and Electoral Services has provided a process which comes into effect from the 1st April 2025. Therefore, the timescale has been extended to allow us to sample check expense payments against the new process.
5800	5438	CDC - Taxi Licensing Safeguarding Follow Up	CDC Taxi Licensing Income Reconciliation.	Pending Remediation	2024/25	2	In Progress	30/06/2025	30/06/2025	
5451	5102	CDC - Taxi Licensing Safeguarding Follow Up	CDC Hackney Carriage & Private Hire Licensing Policy	Pending Remediation	2024/25	3	In Progress	30/06/2025	30/06/2025	
4550	4262	PUB - Human Resources 2023/24	No clear corporate ownership of absence monitoring and reporting – Inconsistent BW Data	Pending Remediation	2024/25	1	In Progress	31/12/2024	31/07/2025	May 2025 - roll out of new service expected 1st July 2025, timescale extended following update from Director.
4282	4012	PUB - Human Resources 2023/24	There is no consistent sickness absence management process across Publica	Pending Remediation	2024/25	1	In Progress	28/02/2025	31/07/2025	May 2025 - roll out of new service expected 1st July 2025, timescale extended following update from Director.
4378	4105	PUB - Human Resources 2023/24	Manager's guidance documentation has not been reviewed since 2019	Pending Remediation	2024/25	3	In Progress	28/02/2025	31/07/2025	May 2025 - roll out of new service expected 1st July 2025, timescale extended following update from Director.



BRIEFING NOTE – LOCAL AUDIT REFORM

Consultation

The Government published its response to the consultation on Local Audit Reform in April 2025 (the consultation ran from December 2024 to the end of January 2025).

The intention of the consultation was to seek views from the sector on how to fix the local audit system which has been beset by a backlog of outstanding unaudited accounts (and hence a lack of a formal audit opinion).

The ministerial foreword to the consultation set out why getting local audit 'right' is important:

Local audit should be the bedrock of local accountability and transparency, of trust and confidence in councils to spend taxpayer money wisely. But the system is broken – we have lost a key part of our early warning system over local government finances at the time we need it the most. The scale of this failure was epitomised by the backlog of outstanding unaudited accounts which led to a paralysis of local audit – with just one per cent of councils and other local bodies publishing audited accounts on time last year and a backlog of nearly 1,000 outstanding audits dating back to 2015/16.

The consultation asked stakeholders for their views on a number of different reforms the Government had identified as key to resolving the current position.

Annex A contains the consultation questions.

The full consultation is available here:

<https://www.gov.uk/government/consultations/local-audit-reform-a-strategy-for-overhauling-the-local-audit-system-in-england/local-audit-reform-a-strategy-for-overhauling-the-local-audit-system-in-england - executive-summary>

Public Finance article on the consultation response

The article below was published in Public Finance and is a good summary of the key points made by Jim McMahon on publication of the consultation response.



BRIEFING NOTE – LOCAL AUDIT REFORM

A package of 16 commitments to reform the “fragmented and broken” English local audit system has been unveiled by local government minister Jim McMahon.

The commitments follow a consultation on the government’s local audit strategy, which included the creation of the Local Audit Office.

The government’s response pledged to ensure audit deadlines are “realistic and achievable, with clear guidance provided” while exploring “pragmatic solutions” for authorities with disclaimed audits. It will develop a “phased approach” for reintroducing full reporting requirements.

Ministers also promised to make regulatory risk more proportionate for audit firms, clarify the application of auditing standards and reduce reporting requirements “where appropriate, to lessen the workload on local bodies and auditors.

The government pledged to raise the upper audit threshold to ease administrative burdens, and to introduce “a risk-based approach” to enable the LAO to determine audit regimes that are proportionate and appropriate. Statutory guidance on audit committees will also be published.

Ministers will work with the organisations that make up the local audit system to produce additional guidance, advice and support for auditors on rebuilding assurance, particularly for auditing opening balances.

A bespoke quality review will be commissioned in the spring “focused on learning, improvement and sharing of good practice rather than inspecting and grading audits”.

Regulatory enforcement or sanctions relating to “build back” activity was highly unlikely to be in the public interest, the government conceded.

The government will also work with the National Audit Office to update guidance and provide “more clarity on requirements, particularly for auditing opening balances for statutory reserves”, with a framework expected to be in place by July.

Other commitments include working with devolved governments and CIPFA to review the content and format of local authority accounts and options for reform ahead of the LAO’s establishment, including whether to introduce standardised statements. It will amend primary legislation to separate pension fund accounts from administering



BRIEFING NOTE – LOCAL AUDIT REFORM

authority main accounts as well extending the exemption on local authority infrastructure asset valuation.

“We inherited a broken local audit system, not fit for purpose, inefficient, fragmented and with a massive backlog,” McMahon said. “We are working in lock-step with local bodies to clear the backlog and move towards a simplified streamlined system.”

Public Finance, 16 April 2025

Consultation Response

The consultation response provides an update on the broad commitments outlined in the original consultation with the responses across the 6 main areas.

1. Purpose of Local Audit
2. Local Audit Office remit
3. Financial reporting and accounts
4. Capacity and Capability
5. Underpinning the system: Relationships and audit regimes
6. Local Audit backlog

Annex B contains the breakdown of responses to each consultation question (as published).

The full consultation response is available here:

<https://www.gov.uk/government/consultations/local-audit-reform-a-strategy-for-overhauling-the-local-audit-system-in-england/outcome/local-audit-reform-government-response-to-the-consultation-to-overhaul-local-audit-in-england>

1. Purpose of Local Audit

The consultation response did not provide any updated view on the purpose of Local Audit (with the original consultation document indicating the 8 core principles below should define Local Audit). The core principles underpinning local audit and the operation of the Local Audit Office (LAO), as set out in the consultation response are:



BRIEFING NOTE – LOCAL AUDIT REFORM

- **Value for money.** A system that provides confidence that bodies and the new LAO have arrangements in place to deliver value for money for taxpayers.
- **Transparency** of the sector's financial health and value for money arrangements.
- **Capacity and capability.** A sustainable and resilient market with access to the right expertise and with sufficient capacity to serve all eligible bodies.
- **External scrutiny** to independently identify issues, challenge and drive improvement
- **Professionalism.** Building a sector attractive to auditors to build careers and become future audit leaders.
- **Proportionality.** Local audit that is proportionate and relevant, from regulations to governance.
- **Stronger accountability.** Scrutiny and reporting of issues and high standards of financial reporting to promote public accountability.
- **Timely.** High quality accounts audited and published on time to ensure relevance and increase value to the public, including timely reporting of issues.

2. Local Audit Office remit

The consultation response set out in more detail the remit of the Local Audit Office. The original consultation document established the broad principles for the LAO remit:

- Be statutory and independent, with a remit to streamline and simplify the system.
- Assume the functions of appointing and contracting auditors for local authorities. This would remove the power for authorities to appoint their own auditor.
- Adopt ownership of the Code of Audit Practice from the NAO and deliver relevant training. It would have powers to interpret ISA requirements for the local audit context (though the FRC would continue to maintain ownership of ISAs for the UK as a whole).
- Hold responsibility for quality oversight of local audit, including overseeing an inspection programme, enforcement and some elements of supervision.



BRIEFING NOTE – LOCAL AUDIT REFORM

- Publish national insight reports on local audit health, which could include emerging trends, quality, market sustainability, VFM arrangements and statutory recommendations and PIRs.
- Oversee professional bodies with regard to their remit for the qualification, registration and conduct of local auditors.

The Local Audit Office (LAO) will have five strategic responsibilities:

1. **Coordinating the System:** The LAO will act as the central coordinating body for the local audit system, ensuring that audits are conducted efficiently and effectively across all local councils.
2. **Contract Management:** The LAO will manage contracts with audit firms, ensuring that they deliver high-quality audit services and adhere to the Code of Audit Practice.
3. **Ownership of the Code of Audit Practice:** The LAO will be responsible for maintaining and updating the Code of Audit Practice, which sets out the standards and requirements for local audits.
4. **Quality Oversight:** The LAO will oversee the quality of audits conducted by audit firms, ensuring that they meet the required standards and provide accurate and reliable information.
5. **Reporting:** The LAO will report on the performance of the local audit system, providing transparency and accountability to local taxpayers.

The aim is for the LAO to improve local audit efficiency through:

1. **Centralized Coordination:** By acting as the central coordinating body, the LAO will streamline the currently fragmented local audit system. This centralization will ensure that audits are conducted more efficiently and consistently across all local councils 1.
2. **Contract Management:** The LAO will manage contracts with audit firms, ensuring that they deliver high-quality audit services. This will help maintain a consistent standard of auditing and reduce inefficiencies caused by varying practices among different firms 1.
3. **Quality Oversight:** The LAO will oversee the quality of audits, ensuring that they meet the required standards. This oversight will help identify and address any issues promptly, leading to more reliable and accurate audits 1.



BRIEFING NOTE – LOCAL AUDIT REFORM

4. **Simplified Reporting:** The LAO will simplify financial reporting requirements, making them more proportionate to the size and complexity of the council. This will reduce the administrative burden on councils and allow them to focus more on delivering services 1.
5. **Structured Escalation Routes:** The LAO will develop structured escalation routes to address issues and barriers faced by auditors. This will ensure that any problems are resolved quickly and efficiently, preventing delays in the audit process 2.
6. **Review of Barriers:** The LAO will review and remove barriers to auditors exercising their powers. This will enable auditors to perform their duties more effectively and without unnecessary hindrances 2.

3. Financial Reporting and accounts

In the response, the Government committed to review the content and format of local authority accounts with relevant stakeholders. This will include ensuring the Accounting Code does not require more disclosures than is necessary and consider the purposes and users of local authority accounts.

It is likely this will involve technical discussion on accounting standards and a review of the way in which guidance (i.e. the Accounting Code) is developed. Specifically, the Government is recommending a more collaborative approach to accounting issues:

CIPFA will maintain responsibility for its Code of Practice on Local Authority Accounting. However, given the urgent need for action and for more collaborative approaches to the issues, the government, and devolved governments, will work with CIPFA to identify priorities and a programme plan for reform. This will include a joint review of the content and format of local authority accounts, in consultation with relevant stakeholders, to ensure they are not unduly complex and meet user requirements for transparency, accountability and understandability. The government and CIPFA are committed to work together to set out options for accounts reform in readiness for the establishment of the LAO and identify solutions to reduce complexity and burden, and increase accessibility and efficiency, focussing on the examples offered by stakeholders. This will also include further consideration of the introduction of standardised statement first recommended in the Redmond Review, although this should not be a substitute for ensuring accounts meet user



BRIEFING NOTE – LOCAL AUDIT REFORM

needs. The government will also agree with CIPFA any governance changes needed to ensure an appropriate and active role for the LAO and how the government can support CIPFA to drive reform

A further consideration is how Pension Fund accounts are produced, audited and signed off separately from the main body's accounts. Some of the delays in Local Audits being completed is due to the status of the main body's accounts – if these are not signed off then other body's accounts that include their element of the pension fund cannot be signed off.

4. Capacity and Capability

The Government's response indicates a willingness to consider how barriers entry to the local audit market can be reviewed.

Perhaps more importantly, an element of public provision will be put in place – thereby reducing reliance on the private sector to provide all local audit capacity.

The government will establish public provision of audit services to support the private market. The government will explore options to mitigate the unintended consequence of an increased competitive market. It will introduce public provision through a phased approach to gradually scale up over time and explore various delivery models. The government will collaborate with the NAO, other public audit bodies and private firms to build capacity and recruit new auditors into the sector through the creation of an attractive new career pathway in public sector local audit. The LAO will implement safeguards to ensure independence and prevent conflicts of interest within its oversight role.

Relationships and Audit regimes

The part of the consultation sought views on the composition of audit committees, how external auditors and key audit partners (statutory officers) interacted, and what the thresholds and arrangements should be for smaller authorities (typically Parish and Town Councils).

Of most relevance is the view on audit committees:



BRIEFING NOTE – LOCAL AUDIT REFORM

The December strategy commits to require twice-yearly meetings between Key Audit Partners (KAPs) and authorities' statutory officers (Head of Paid Service, Monitoring Officer and Section 151 Officer). We will mandate audit committees with at least one independent member and consideration at full council, where this requirement does not yet apply in the sector. The government will consider further the merits of mandating audit committee chairs to be independent members. As outlined in the recent English Devolution White Paper, the government will also work with the sector to explore how to improve external scrutiny of value for money on local public spending. This will include exploring a Local Public Accounts Committee model alongside reforms to local audit where we will review how the audit system supports and provides external assurance.

5. Local Audit Backlog

The Government have provided the sector with a series of backstop dates that audit opinions are required by. Should these dates not be achieved in a given year, the external auditor will need to consider the appropriateness of a modified or disclaimed opinion.

The backstop dates are shown below. The Council received an unmodified opinion (i.e. unqualified/clean) before the backstop date for the 2023/24 accounts and is planning for and anticipating a similar position for subsequent years.

- 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

The consultation response outlined measures the government intend to take to rebuild confidence and assurance including

- additional guidance, advice and support for auditors
- work with the NAO to issue updates to existing guidance providing more clarity on requirements, particularly for auditing opening balances for statutory reserves, that will support a proportionate and more consistent approach by audit firms



BRIEFING NOTE – LOCAL AUDIT REFORM

6. Next Steps

The Council will need to consider whether the governance arrangements already in place for the Audit and Governance Committee are adequate/fit for purpose given the government's views expressed in the consultation response.

The Council will need to ensure adequate resources are available to meet the backstop dates in terms of publication of draft accounts, responding to external audit queries, finalising the accounts ahead of publication.

More generally, a summary of what Councils should consider is set out below:

1. **Prepare for Implementation:** Councils should start preparing for the establishment of the new Local Audit Office (LAO) and the transition to the new system. This includes reviewing current accounts preparation practices and identifying areas that need improvement.
2. **Enhance Governance Structures:** Councils will need to strengthen their audit committees and governance structures. This may involve appointing new members, providing training, and consulting on additional functions for the LAO.
3. **Simplify Financial Reporting:** Councils should review their financial reporting processes and make necessary adjustments to comply with the simplified requirements. This will help reduce administrative burdens and improve efficiency.
4. **Build Capacity and Capability:** Councils should invest in training and development to enhance the capacity and capability of their finance teams. This may include providing professional development opportunities, and collaborating with other councils to share best practices.
5. **Foster Collaboration with Auditors:** Councils should work closely with auditors to build stronger relationships and foster a collaborative approach to auditing. This will help improve financial management and governance.

In addition, councils should take several proactive steps to ensure a smooth transition and effective implementation of the new system:



BRIEFING NOTE – LOCAL AUDIT REFORM

1. **Review Current Audit Practices:** Councils should start by reviewing their existing audit practices and identifying areas that need improvement. This will help them understand the gaps and prepare for the changes required by the new Local Audit Office (LAO).
2. **Strengthen Governance Structures:** Enhancing governance structures is crucial. Councils should focus on strengthening their audit committees by appointing qualified members, providing training, and defining clear roles and responsibilities. This will ensure that the audit committees are well-equipped to handle the new requirements.



BRIEFING NOTE – LOCAL AUDIT REFORM

Consultation Questions:

Consultation questions

Question 1: Do you agree the LAO should become a new point of escalation for auditors with concerns?

Question 2: Do you agree relevant issues identified should be shared with auditors, government departments and inspectorates?

Question 3: Should the LAO also take on the appointment and contract management of auditors and for smaller bodies in the longer term? If so, when should responsibilities transfer from SAAA?

Question 4: Should the LAO oversee a scheme for enforcement cases relating to local body accounts and audit?

Question 5: How could statutory reporting and Public Interest Reports be further strengthened to improve effectiveness?

Question 6: Should the scope of Advisory Notices be expanded beyond unlawful expenditure, or actions likely to cause a loss or deficiency, as defined by the Local Audit and Accountability Act, to include other high-risk concerns?

Question 7: Should the LAO own the register of firms qualified to conduct local audits?

Question 8: Should the LAO hold the power to require local bodies to make changes to their accounts, so that auditors could apply to the LAO for a change to be directed instead of needing to apply to the courts?

Question 9: What are the barriers to progressing accounts reform?

Question 10: Are there structural or governance barriers to accounts reform that need to be addressed?

Question 11: Should any action to reform be prioritised ahead of the establishment of the LAO?



BRIEFING NOTE – LOCAL AUDIT REFORM

Question 12: Are there particular areas of accounts which are disproportionately burdensome for the value added to the accounts?

Question 13: Do you agree that the current exemption to the usual accounting treatment of local authority infrastructure assets should be extended and if so, when should it expire?

Question 14a: Should the LAO adopt responsibility for CIPFA's Code of Practice on Local Authority Accounting?

Question 14b: Are there other options relating to responsibility of CIPFA's Code of Practice?

Question 15: Should the Accounting Code be freely available if it is not transferred to the LAO?

Question 16: What additional support should be provided to finance teams, audit committees and elected members to develop and strengthen financial governance?

Question 17: How should KAP eligibility be extended further, should some categories of local audit be signed off by suitably experienced RIs (and if so, which)?

Question 18: Should the market include an element of public provision?

Question 19: If yes, should public provision be a function of the LAO?

Question 20: What should the initial aim be in relation to proportion of public and private provision?

Question 21: Should the Secretary of State, in consultation with the LAO and for defined periods, set an envelope within which the body could determine the appropriate proportion of public provision for the market?

Question 22: Do you think that the Chair of an audit committee should be an independent member?

Question 23: Do you have views on the need for a local public accounts committees or similar model, to be introduced in combined authority areas across England?



BRIEFING NOTE – LOCAL AUDIT REFORM

Question 24: Would such a model generate more oversight of spending public money locally?

Question 25: How would the creation of such a model impact the local audit system and the work of local auditors?

Question 26: Do you agree that the MLA threshold should be increased?

Question 27: Do you agree that some local bodies should be declared exempt from the regulatory focus of an MLA? For example, should Integrated Care Boards be exempt?

Question 28: Do you agree that smaller authorities' thresholds should be increased?

Question 29: Do you agree that the lower audit threshold of £25,000 should be increased broadly in line with inflation?

Question 30: Are there other changes that would improve the accounting and limited assurance regime for smaller authorities?

Question 31: What additional support, guidance or advice do local bodies and/or auditors need for future statutory deadlines (including backstop dates) for the publication of audited accounts?

Question 32: Do you think that financial reporting and/or auditing requirements should be amended for a limited period after the backlog has been cleared and as assurance is being rebuilt, to ensure workload and cost are proportionate?



BRIEFING NOTE – LOCAL AUDIT REFORM

Consultation Question responses:

Question 1: Do you agree the LAO should become a new point of escalation for auditors with concerns?

- Respondents who agreed with the proposal: 201 (84%)
- Respondents who disagreed with the proposal: 5 (2%)
- Respondents who did not answer this question or did not have a view: 33 (14%)

Question 2: Do you agree relevant issues identified should be shared with auditors, government departments and inspectorates?

- Respondents who agreed with the proposal: 189 (79%)
- Respondents who disagreed with the proposal: 10 (4%)
- Respondents who did not answer this question or did not have a view: 40 (17%)

Question 3: Should the Local Audit Office (LAO) also take on the appointment and contract management of auditors for smaller bodies in the longer term?

- Respondents who agreed with the proposal: 119 (50%)
- Respondents who disagreed with the proposal: 52 (22%)
- Respondents who did not answer this question or did not have a view: 68 (28%)

Question 4: Should the LAO oversee a scheme for enforcement cases relating to local body accounts and audit?

- Respondents who agreed with the proposal: 177 (74%)
- Respondents who disagreed with the proposal: 12 (5%)
- Respondents who did not answer this question or did not have a view: 50 (21%)

Question 5: How could statutory reporting and Public Interest Reports (PIRs) be further strengthened to improve effectiveness?



BRIEFING NOTE – LOCAL AUDIT REFORM

Question 6: Should the scope of Advisory Notices be expanded beyond unlawful expenditure, or actions likely to cause a loss or deficiency, as defined by the Local Audit and Accountability Act, to include other high-risk concerns?

- Respondents who agreed with the proposal: 111 (46%)
- Respondents who disagreed with the proposal: 59 (25%)
- Respondents who did not answer this question or did not have a view: 69 (29%)

Question 7: Should the LAO own the register of firms qualified to conduct local audits?

- Respondents who agreed with the proposal: 164 (69%)
- Respondents who disagreed with the proposal: 21 (9%)
- Respondents who did not answer this question or did not have a view: 54 (23%)

Question 8: Should the LAO hold the power to require local bodies to make changes to their accounts, so that auditors could apply to the LAO for a change to be directed instead of needing to apply to the courts?

- Respondents who agreed with the proposal: 115 (48%)
- Respondents who disagreed with the proposal: 61 (26%)
- Respondents who did not answer this question or did not have a view: 63 (26%)

Question 9: What are the barriers to progressing accounts reform?

Question 10: Are there structural or governance barriers to accounts reform that need to be addressed?

- Respondents who agreed with the proposal: 144 (60%)
- Respondents who disagreed with the proposal: 30 (13%)
- Respondents who did not answer this question or did not have a view: 65 (27%)

Question 11: Should any action to accounts reform be prioritised ahead of the establishment of the LAO?



BRIEFING NOTE – LOCAL AUDIT REFORM

- Respondents who agreed with the proposal: 131 (55%)
- Respondents who disagreed with the proposal: 53 (22%)
- Respondents who did not answer this question or did not have a view 55 (23%)

Question 12: Are there particular areas of accounts which are disproportionately burdensome for the value added to the accounts?

- Respondents who agreed with the proposal: 163 (68%)
- Respondents who disagreed with the proposal: 25 (10%)
- Respondents who did not answer this question or did not have a view: 51 (21%)

Question 13: Do you agree that the current exemption to the usual accounting treatment of local authority infrastructure assets should be extended and if so, when should it expire?

- Respondents who agreed with the proposal: 155 (65%)
- Respondents who disagreed with the proposal: 22 (9%)
- Respondents who did not answer this question or did not have a view 62 (26%)

Question 14(a): Should the LAO adopt responsibility for CIPFA's Code of Practice on Local Authority Accounting?

- Respondents who agreed with the proposal: 78 (33%)
- Respondents who disagreed with the proposal: 101 (42%)
- Respondents who did not answer this question or did not have a view: 60 (25%)

Question 14(b): Are there other options relating to responsibility of CIPFA's Code of Practice?

- Respondents who agreed with the proposal: 63 (26%)
- Respondents who disagreed with the proposal: 86 (36%)
- Respondents who did not answer this question or did not have a view 90 (38%)



BRIEFING NOTE – LOCAL AUDIT REFORM

Question 15: Should the Accounting Code be freely available if it is not transferred to the LAO?

- Respondents who agreed with the proposal: 185 (77%)
- Respondents who disagreed with the proposal: 10 (4%)
- Respondents who did not answer this question or did not have a view 44 (18%)

Question 16: What additional support should be provided to finance teams, audit committees and elected members to develop and strengthen financial governance?

Question 17: How should Key Audit Partners (KAP) eligibility be extended further? Should some categorise of local audit be signed off by suitably experienced Responsible Individuals (and if so, which)?

Question 18: Should the market include an element of public provision?

- Respondents who agreed with the proposal: 149 (62%)
- Respondents who disagreed with the proposal: 22 (9%)
- Respondents who did not answer this question or did not have a view: 68 (28%)

Question 19: If yes, should public provision be a function of the LAO?

Question 20: What should the initial aim be in relation to proportion of public and private provision?

Question 21: Should the Secretary of State, in consultation with the LAO and for defined periods, set an envelope within which the body could determine the appropriate portion of public provision for the market?

- Respondents who agreed with the proposal: 77 (32%)
- Respondents who disagreed with the proposal: 56 (23%)
- Respondents who did not answer this question or did not have a view: 106 (44%)

Question 22: Do you think that the Chair of an audit committee should be an independent member?



BRIEFING NOTE – LOCAL AUDIT REFORM

- Respondents who agreed with the proposal: 80 (33%)
- Respondents who disagreed with the proposal: 99 (41%)
- Respondents who did not answer this question or did not have a view: 60 (25%)

Question 23: Do you have views on the need for a local public accounts committees or similar model, to be introduced in strategic authority areas across England?

- Respondents who agreed with the proposal: 95 (40%)
- Respondents who disagreed with the proposal: 72 (30%)
- Respondents who did not answer this question or did not have a view: 72 (30%)

Question 24: Would such a model generate more oversight of spending public money locally?

- Respondents who agreed with the proposal: 72 (30%)
- Respondents who disagreed with the proposal: 72 (30%)
- Respondents who did not answer this question or did not have a view 95 (40%)

Question 25: How would the creation of such a model impact the local audit system and the work of local auditors?

Question 26: Do you agree that the Major Local Audits (MLA) threshold should be increased?

- Respondents who agreed with the proposal: 136 (57%)
- Respondents who disagreed with the proposal: 20 (8%)
- Respondents who did not answer this question or did not have a view: 83 (35%)

Question 27: Do you agree that some local bodies should be declared exempt from the regulatory focus of Major Local Audits (MLA)? For example, should Integrated Care Boards be exempt?

- Respondents who agreed with the proposal: 66 (28%)



BRIEFING NOTE – LOCAL AUDIT REFORM

- Respondents who disagreed with the proposal: 64 (27%)
- Respondents who did not answer this question or did not have a view: 109 (46%)

Question 28: Do you agree that smaller authorities' thresholds should be increased?

- Respondents who agreed with the proposal: 132 (55%)
- Respondents who disagreed with the proposal: 23 (10%)
- Respondents who did not answer this question or did not have a view: 84 (35%)

Question 29: Do you agree that the lower audit threshold of £25,000 should be increased broadly in line with inflation?

- Respondents who agreed with the proposal: 147 (62%)
- Respondents who disagreed with the proposal: 20 (8%)
- Respondents who did not answer this question or did not have a view: 72 (30%)

Question 30: Are there other changes that would improve the accounting and limited assurance regime for smaller authorities?

- Respondents who agreed with the proposal: 46 (19%)
- Respondents who disagreed with the proposal: 59 (25%)
- Respondents who did not answer this question or did not have a view: 134 (56%)

Question 31: What additional support, guidance or advice do local bodies and/or auditors need for future statutory deadlines (including backstop dates) for the publication of audited accounts?

Question 32: Do you think that financial reporting and/or auditing requirements should be amended for a limited period after the backlog has been cleared and as assurance is being rebuilt, to ensure workload and cost are proportionate?

- Respondents who agreed with the proposal: 100 (42%)



BRIEFING NOTE – LOCAL AUDIT REFORM

- Respondents who disagreed with the proposal: 68 (28%)
- Respondents who did not answer this question or did not have a view: 71 (30%)



COTSWOLD
District Council

Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	AUDIT AND GOVERNANCE COMMITTEE – 27 MAY 2025
Subject	EXTERNAL AUDIT PLAN 2024/2025
Wards affected	All
Accountable member	Lead Cabinet Member for Finance and Transformation Email: Democratic@cotswold.gov.uk
Accountable officer	David Stanley Deputy Chief Executive and S151 Officer Email: david.stanely@cotswold.gov.uk
Report author	Michelle Burge, Chief Accountant Email: michelle.burge@cotswold.gov.uk
Summary/Purpose	To receive the 2024/2025 Audit Plan from Bishop Fleming, the Council's external auditors
Annexes	Annex A – 2024/2025 External Audit Plan
Recommendation(s)	That the Audit and Governance Committee resolves to: 1. Consider and note the 2024/2025 External Audit Plan.
Corporate priorities	<ul style="list-style-type: none"> Delivering Good Services
Key Decision	NO
Exempt	NO
Consultees/ Consultation	Deputy Chief Executive and S.151 Officer.



1. BACKGROUND

- 1.1** Each year, external audit are required to provide the Audit and Governance Committee with an:
- overview of the nature and scope of the audit; and
 - bring to their attention the key aspects of the audit.
- 1.2** The scope of the work is set in accordance with the National Audit Office's Code of Audit Practice (the Code) and International Standards on Auditing (ISAs) (UK). External audit are required to provide an independent opinion as to whether the financial statements give a true and fair view of the financial position of the Council at the year end and of its expenditure and income for the year. Their opinion also confirms whether the accounts have been properly prepared in line with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 and in accordance with the requirements of the Local Audit and Accountability Act 2014.
- 1.3** Bishop Fleming are also required to satisfy themselves that the Council has made proper arrangement for securing economy, efficiency and effectiveness in its use of resources and report on the arrangements in place in respect of financial sustainability, governance and improving economy, efficiency and effectiveness.

2. MAIN POINTS

- 2.1** The annex to the report contains the External Audit Plan for the year ended 31 March 2025.
- 2.2** The plan outlines the key financial risks that could potentially result in a material misstatement within the draft statement of accounts and highlights the external auditor's assessment of materiality.
- 2.3** Materiality for the 2024/2025 statements has been set at £1.014m. Misstatement either individually or in aggregate above the materiality level could reasonably be expected to influence the users understanding of the financial statement and/or decisions taken based on them. The materiality level applies to both monetary and disclosure requirements and adherence to acceptable accounting practice and applicable law.



2.4 Planning work in respect of value for money arrangements are ongoing but no risks of significant weakness have been identified at this stage.

2.5 A representative from Bishop Fleming will be attending the meeting to present the plan and answer any questions.

3. ALTERNATIVE OPTIONS

3.1 None

4. FINANCIAL IMPLICATIONS

4.1 The audit fee for 2024/25 is £151,327 and will be met from the 2024/25 budget provision.

5. LEGAL IMPLICATIONS

5.1 None directly arising from the report.

6. RISK ASSESSMENT

6.1 The audit plan states that the audit fee is 'based on the expectation that complete and materially accurate financial statements, with supporting working papers, will be available within agreed timeframes and the audit reflects as far as possible the previous assessment of audit risk and complexity. The Deputy Chief Executive has requested that Bishop Fleming provide advanced notice of any work which is likely to incur additional audit fees.

7. EQUALITIES IMPACT

7.1 None directly arising from this report.

8. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

8.1 None directly arising from this report.

9. BACKGROUND PAPERS

9.1 None.

(END)

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For the year ended 31 March 2025



Contents

1. General Audit Information	4
2. Audit Team	9
3. Timetable	10
4. Audit Fees	11
5. Ethical Issues	11

Appendices

1. Required communications with the Audit and Governance Committee
2. Implementation of IFRS 16 Leases
3. Sector updates

Welcome

The purpose of this report is to give you an overview of the nature and scope of our audit work and bring to your attention the key aspects of the audit. The document also ensures that there is good communication between us, as auditors, and you.

If you have any queries regarding the plan, including the arrangements noted below, then please do not hesitate to contact us.

This Audit Plan has been prepared for the sole use of the management and those charged with governance of the Council. Except where required by law or regulation, this report should not be made available to any other parties without our prior written consent. No responsibilities are accepted by Bishop Fleming towards any party acting or refraining from action as a result of this plan.

We are issuing our 2024/25 External Audit Plan now to ensure that there is timely discussion of the key areas of focus.

Alex Walling – Key Audit Partner

T: 0117 2358838

E: awalling@bishopfleming.co.uk

1. General Audit Information

Engagement objectives and scope

The scope of our work is set in accordance with the National Audit Office's Code of Audit Practice (the Code) and the International Standards on Auditing (ISAs) (UK). Our work is planned to provide a focused and robust audit. We are required to provide an independent opinion as to whether the financial statements:

- give a true and fair view of the financial position of the Council at the year end and of its expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Throughout the audit we will also ensure that, in line with the latest Auditing Standards, we communicate on a regular basis with the Audit and Governance Committee as those charged with governance.

We are also required to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025. The Code requires us to report on the Council's arrangements under three specified reporting criteria:

- Financial sustainability – how the Council plans and manages its resources to ensure it can continue to deliver its services;
- Governance – how the Council ensures it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness – how the Council uses information about its costs and performance to improve the way it manages and delivers its services.

The respective responsibilities of the audited body and the auditor are summarised in the Code. They are also set out in the PSAA Statement of Responsibilities of auditors and audited bodies issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as your external auditor.

Audit reports

Financial statements

On completion of our audit work on the financial statements, we will issue our Audit Completion Report to those charged with governance, which will set out our findings.

In our auditor's report, we will report on the basis under which the financial statements have been prepared and whether they give a true and fair view. The audit report will also:

- report on whether other information presented with the audited financial statements (for example, the Narrative Report and Annual Governance Statement) is materially consistent with the financial statements or our knowledge obtained in the audit; and
- conclude on the appropriateness of management's use of the going concern basis of accounting.

The form and content of our auditor's report may need to be amended in light of our audit findings.

We are required to report to you by exception the following matters, if:

- the Annual Governance Statement does not comply with "Delivering Good Governance in Local Government: Framework 2016 Edition" published by CIPFA/SOLACE; or
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014; or

- we make a written recommendation to the Council under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

Where no matters are identified, this will also be confirmed.

Value for Money arrangements

On the completion of our work on whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, we will issue our Auditor's Annual Report to those charged with governance. This will provide a commentary on the Council's arrangements under the three specified criteria. The report will also set out whether any significant weaknesses were identified and any relevant recommendations.

Audit materiality

In planning and performing our audit work we will consider whether the financial statements are free from 'material misstatement'.

Materiality is an expression of the relative significance of a particular matter in the context of the financial statements as a whole. In general, misstatements, including omissions, are considered to be material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

The assessment of whether a misstatement is material in the context of the financial statements is a matter of professional judgement and will have regard to both the size and the nature of the misstatement, or a combination of both. It is also affected by our perception of the financial information needs of users of the financial statements. Thus, different materiality levels may be appropriate when considering different aspects of the financial statements.

If there are any areas of specific concern in which you would like us to pay particular attention to then we will be pleased to discuss this with you, and whether our audit approach can be readily adapted to accommodate such a level in that area, or whether it will be more appropriate for a special exercise to be carried out on the area.

Our basis of materiality has been set as follows:

	Basis of materiality
Cotswold District Council	2% of gross expenditure based on the 2023/24 financial statements This equates to £1,014,000

Whilst the level of materiality is applied to the financial statements as a whole, we must also address the risk that any identified unadjusted audit differences are material when considered in aggregate. To reduce the risk of this being the case, we apply a lower level of materiality which we utilise within our work, known as Performance Materiality. This is set at a lower level than overall materiality and is determined by our assessment of the element of audit risk that pertains to the internal control environment of the Council.

Risk assessment and significant risks

Financial statements

When planning our audit work, we will seek to minimise the risk of material misstatements occurring in the financial statements. To do this, we consider both the risk inherent in the financial statements themselves and the control environment in which the Council operates. We then use this assessment to develop an effective approach to the audit.

This risk assessment directs our testing towards the balances and transactions at the greatest risk of material misstatement so as to minimise the risk of undetected material misstatements. However, we do not test every group of transactions or balances but carry out sample testing of balances and transactions. Therefore, there is an inherent and unavoidable risk that some material misstatements may not be detected and therefore audit procedures should not be relied upon to detect all material misstatements, fraud, irregularities or instances of non-compliance.

Based on our knowledge of the Council, we have identified the following as significant risk areas to be addressed during the audit along with our proposed audit approach.

Significant risks:

Risk	Audit Approach
Management override of controls (required under the ISAs)	<p>We are required by auditing standards (ISA 240) to consider fraud and management override of controls to be a significant risk for all audits as no matter how strong a control environment, there is the potential for controls to be overridden or bypassed. To address this risk, we will:</p> <ul style="list-style-type: none">• Review the reasonableness of accounting estimates and critical judgements made by management;• Test material journals processed at the year-end; and• Test other journals with key risk attributes. <p>In testing journals, we will use data analytics tools to interrogate the whole population of journals posted in the year and focus on those with key risk factors.</p>
Valuation of land and buildings	<p>There is a risk over the valuation of these assets due to the values involved and the high degree of estimation uncertainty, due to the sensitivity of the estimate to changes in key assumptions and judgements. To address this risk, we will:</p> <ul style="list-style-type: none">• Document our understanding of the processes and controls put in place by management, and evaluate the design of the controls;• Review the instructions provided to the valuer and the valuer's skills and expertise, in order to determine if we can rely on the management expert;• Write to the valuer to confirm the basis on which the valuation was carried out;• Confirm that the basis of valuation for assets valued in year is appropriate based on their usage;• Review the appropriateness of assumptions used in the valuation of land and buildings. For assets not formally revalued in the year we will assess how management has satisfied itself that these assets are not materially different from the current value at the year-end;• Review accuracy and completeness of information provided to the valuer, such as floor areas;• Test a sample of revaluations made during the year to ensure that they have been input correctly into the Council's asset register; and• Form our own expectations regarding the movement in property values and comparing this to the valuations reflected in the Council's financial statements, following up valuation movements that appear unusual.

Risk	Audit Approach
Valuation of investment properties	<p>There is a risk over the valuation of these assets due to the values involved and the high degree of estimation uncertainty, due to the sensitivity of the estimate to changes in key assumptions and judgements. To address this risk, we will:</p> <ul style="list-style-type: none"> • Document our understanding of the processes and controls put in place by management, and evaluate the design of the controls; • Review the instructions provided to the valuer and the valuer's skills and expertise, in order to determine if we can rely on the management expert; • Write to the valuer to confirm the basis on which the valuation was carried out; • Confirm that the basis of valuation for assets valued in year is appropriate based on their usage; • Review the appropriateness of assumptions used in the valuation; • Review accuracy and completeness of information provided to the valuer, such as floor areas; • Test a sample of revaluations made during the year to ensure that they have been input correctly into the Council's asset register; and • Form our own expectations regarding the movement in property values and comparing this to the valuations reflected in the Council's financial statements, following up valuation movements that appear unusual.
Valuation of the pension fund net liability	<p>There is a risk over the valuation of the pension fund net liability due to the values involved and the high degree of estimation uncertainty, due to the sensitivity of the estimate to changes in key assumptions. To address this risk, we will:</p> <ul style="list-style-type: none"> • Document our understanding of the processes and controls put in place by management, and evaluate the design of the controls; • Review the instructions provided to the actuary and the actuary's skills and expertise, in order to determine if we can rely on the management expert; • Consider the accuracy and completeness of the information provided to the actuary; • Ensure that the disclosures in the financial statements in respect of the pension fund liability are consistent with the actuarial report from the actuary; • Carry out procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and • Obtain assurances from the auditor of Gloucestershire Pension Fund in respect of the controls around the validity and accuracy of membership data, contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

As part of our planning, we have rebutted the risks of fraud in revenue recognition (required under the ISAs) and fraud in expenditure recognition (required under the Financial Reporting Council's Practice Note 10: Audit of Financial Statements and regularity of public sector bodies in the United Kingdom).

Other risks:

For the 2024/25 audit, we have included an 'other risk' relating to the first-year implementation of IFRS 16 Leases.

Risk	Audit Approach
Implementation of IFRS 16 Leases	<p>2024/25 will be the first year in which local government bodies are required to implement the provisions of IFRS 16 leases. There are transitional arrangements in place for the 'cumulative catch-up' approach mandated by CIPFA in the 2024/25 Code of Practice which will require an adjustment to the opening balances as well as supporting disclosures in the accounts. The value of the right of use assets and lease liabilities arising will depend on the nature and value of the underlying leases as well as assumptions adopted by the Council for the incremental borrowing rate.</p> <p>From initial discussions with officers the risk of material misstatement at Cotswold District Council is expected to be minimal based on the value of the estimate and its sensitivity to changes in assumptions. Therefore we do not consider this to be a significant risk, but as this is the first year of implementation, we have included this as an 'other risk' in our Audit Plan. To address this risk, we will:</p> <ul style="list-style-type: none">• Document our understanding of the processes and controls put in place by management for identifying lease contracts, including those not covered by the transitional arrangements, and evaluate the design of the controls;• Review the appropriateness of assumptions used in calculating the estimate;• Review the completeness and accuracy of the data gathering exercise;• Confirm the appropriateness of application of exemptions for existing contracts such as short term and low value leases;• Review the required transitional disclosures and the application of the adjustment to the opening balances; and,• Test a sample of leases for accuracy in calculating the right of use asset and lease liabilities. <p>Additional guidance on the implementation of the new standard is included in Appendix 2 of this Audit Plan.</p>

We will report back to you, as part of our completion audit work, on the outcome of our work addressing both the significant and other risk areas.

Value for money arrangements

As part of our planning work, we have also considered whether there are any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources that we need to perform further procedures on.

Our planning work is ongoing, but we have not identified any risks of significant weakness at this stage.

We will keep our risk assessment under continual review and any changes will be communicated to those charged with governance.

Control environment

Through our audit planning procedures, we will continue to develop our understanding of the control environment in which the Council operates.

At the time of issuing our Audit Plan we have concluded that the control environment in which the Council operates is effective and we will tailor our audit approach accordingly.

Although we consider that the Council operates effective and formalised controls, we will not incorporate controls-based testing into our audit approach. Therefore, our work will focus on substantive procedures.

Adjusted and unadjusted items

Of the potential audit adjustments that we identify during our audit work, some may require adjustment. The decision to make an adjustment to the financial statements is one that the Council will need to make.

At the conclusion of the audit, we shall provide you with a schedule of potential adjustments that we identified during our audit work.

We will require you to confirm that you have considered the items and whether you have decided to adjust them in the financial statements; this will be included in the letter of representation.

We shall also provide you with a schedule, detailing those items that we identified during our audit work, which have not been adjusted for in the financial statements. This summary will not include errors that are 'clearly trivial', defined by us as those errors which individually account for no more than 5% of our materiality level.

We will require you to confirm that you have duly considered these unadjusted errors and that you have decided not to adjust for them in the financial statements; this will also be included in the letter of representation.

Fraud

While the Council has the ultimate responsibility for the prevention and detection of fraud, we are required to obtain reasonable assurance that the financial statements are free from material misstatement, including those arising as a result of fraud. Our audit approach includes the consideration of fraud throughout the audit, including making enquiries of management and those charged with governance.

Prior year recommendations

We will follow up on the progress made by the Council in addressing the recommendations made by us in respect of issues reported in our 2023/24 Audit Completion Report and our 2023/24 Auditor's Annual Report.

2. The Audit Team

Key Audit Partner:	Alex Walling
Email:	awalling@bishopfleming.co.uk
Manager:	Jonathan Saunders
Email:	jonathan.saunders@bishopfleming.co.uk

3. Timetable

A full audit timetable has been included below:

Cotswold District Council YEAR END: 31 March 2025			
Date	Requirement	Bishop Fleming	Council
Throughout 2025	Regular liaison meetings with management and the Chair of Audit and Governance Committee	✓	✓
March - April 2025	Planning procedures and interim audit work undertaken, examining systems and controls in place, and completion of early substantive testing.	✓	✓
4 April 2025	Date for issue of audit deliverables	✓	
30 May 2025	Date for receipt of VFM self-assessment from management		✓
June – July 2025	Audit team to undertake VFM work	✓	
30 June 2025	Date for receipt of the draft financial statements		✓
30 June 2025	Date for receipt of audit deliverables		✓
August – September 2025	Audit fieldwork to be undertaken, completing work on significant risk areas and other material balances.	✓	✓
September 2025	Audit completion meeting to discuss draft Audit Completion Report	✓	✓
30 September 2025	Presentation of Audit Completion Report and Auditor's Annual Report to those charged with governance	✓	✓

4. Audit Fees

Cotswold District Council, in line with most other local government bodies, opted into the national scheme run by Public Sector Audit Appointments (PSAA) for the appointment of its external auditor for the five-year period with effect from 2023/24. PSAA set the scale fee for the audit of Cotswold District Council under the contract. The audit scale fee set by PSAA for the Council and our proposed variations are set out below:

PSAA scale fee 2024/25	£151,327
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Proposed fee variations at the planning stage:

Review of implementation of IFRS 16	TBC
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Total (excluding VAT)	TBC
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The scale fees set by PSAA:

- are based on the expectation that complete and materially accurate financial statements, with supporting working papers, will be available within agreed timeframes (as set out in [PSAA's Statement of Responsibilities document](#)); and
- reflect as far as possible the previous assessment of audit risk and complexity.

Where work was substantially more or less than envisaged by the scale fee, we will propose that the fees should be varied. PSAA determine the outcome of any fee variations. The proposed fee variations set out above reflect issues that were not reflected in the scale fee when it was set by PSAA.

As the individual responsible for the project management of the audit, Jonathan Saunders will monitor the position in relation to any issues that could potentially give rise to a fee variation and discuss them with the s.151 officer at the earliest opportunity.

There are no non-audit fees proposed at the planning stage.

5. Ethical Issues

In order to comply with professional and ethical standards we are required to communicate to you all significant facts and matters that, in our professional judgement, may affect the firm's independence. This is for reference only, and unless you wish to make any comments, there is no need to respond.

Threats & safeguards

The standards require us to consider the perceived potential threats to our objectivity and independence in carrying out the audit. We are not providing any other audit related or non-audit related services. We have not identified any threats to the firm's independence.

Overall assessment

We can confirm that we comply with the Financial Reporting Council's (FRC) Ethical Standard and are able to issue an objective opinion on the financial statements. There are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention.

Maintaining objectivity & independence

As a firm we have policies and procedures in place to monitor auditor objectivity and independence on a regular basis. If any additional threats are identified, we will of course advise you immediately.

We also perform an annual review of completed audit engagements for quality control purposes.

If you would like to discuss any of the above, please contact us.

Appendices

1. Required communications with the Audit and Governance Committee

Under the auditing standards, there are certain communications that we must provide to the Audit and Governance Committee as those charged with governance. These include:

Required communication	Where addressed
Our responsibilities in relation to the financial statement audit and those of management and those charged with governance.	Audit Plan
The planned scope and timing of the audit including any limitations, specifically including with respect to significant risks.	Audit Plan
With respect to misstatements: <ul style="list-style-type: none"> • uncorrected misstatements and their effect on our audit opinion; • the effect of uncorrected misstatements related to prior periods; • a request that any uncorrected misstatement is corrected; and • in writing, corrected misstatements that are significant. 	Audit Completion Report
With respect to fraud communications: <ul style="list-style-type: none"> • enquiries of those charged with governance to determine whether they have a knowledge of any actual, suspected or alleged fraud affecting the entity; • any fraud that we have identified or information we have obtained that indicates that fraud may exist; and • a discussion of any other matters related to fraud. 	Audit Completion Report Discussions at Audit and Governance Committees
Significant matters arising during the audit in connection with the entity's related parties.	Audit Completion Report
Significant findings from the audit including: <ul style="list-style-type: none"> • our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures; • significant difficulties, if any, encountered during the audit; • significant matters, if any, arising from the audit that were discussed with management; • written representations that we are seeking; • expected modifications to the audit report; and • other matters significant to the oversight of the financial reporting process or otherwise identified during the audit that we believe will be relevant to the Committee when fulfilling their responsibilities. 	Audit Completion Report
Significant deficiencies in internal controls identified during the audit.	Audit Completion Report
Where relevant, any issues identified with respect to authority to obtain external confirmations or inability to obtain relevant and reliable audit evidence from other procedures.	Audit Completion Report
Audit findings regarding non-compliance with laws and regulations	Audit Completion Report Discussions at Audit and Governance Committees
Significant matters in relation to going concern.	Audit Completion Report
Indication of whether all requested explanations and documents were provided by the entity.	Audit Completion Report
Confirmation of independence and objectivity of the firm and engagement team members.	Audit Plan Audit Completion Report

2. Implementation of IFRS 16 Leases

The CIPFA Code of Practice 2024/25 requires local authorities to adopt the provisions of IFRS 16 Leases from 1 April 2024. This standard replaces IAS 17 Leases.

The Code includes one adaptation to the standard for leases with nil consideration and several interpretations for the transitional arrangements applied at 1 April 2024. Under the transitional arrangements, local authorities are required to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 Leases and IFRIC 4.

The key tasks for authorities are:

- To apply the standard to any leases classified as such under IAS 17
- Consider any exemptions for existing contracts (short term and low value leases)
- Review any arrangements which are not covered by the transitional provisions (leases for nil consideration and, where relevant, housing tenancies)
- Determine and adopt accounting policies for recognition and measurement at transition
- Document key judgements and estimates
- Adjust opening balance sheet at transition (1 April 2024) for cumulative impact

CIPFA has mandated a 'cumulative catch-up' approach, in which the application is retrospective but does not restate comparative information. The cumulative effect of initial application should be recognised as an adjustment to the opening balances at the date of initial application (1 April 2024).

In the year of implementation additional disclosures will be required confirming that the change in accounting policy is in accordance with transitional provisions in Code and describing the nature of the change in accounting policy and the transitional provisions. Authorities will also be required to explain the difference between the operating lease commitments disclosed at 31 March 2024, discounted using the incremental borrowing rate at application date, and liabilities recognised at initial application date, and disclose the weighted average incremental borrowing rate applied to lease liabilities recognised in the Balance Sheet at the date of initial application.

As your auditors, we will engage with you to undertake early work on arrangements for transitional implementation as part of our interim audit. In order to facilitate this, best practice for authorities will be to prepare an accounting paper detailing:

- what the authority has done to identify arrangements covered by the Code's definition of a lease, including those which may not be covered by the transitional provisions such as those for nil consideration
- key accounting policy approaches, including the threshold for low value items and the framework for determining discount rates, and any supporting detail for those judgments
- any application of materiality and the justification for this, and the approach to determining any arrangements for consolidating leases into portfolios
- draft disclosures for the impact of the transitional arrangements.

3. Sector updates

Devolution and Local Government Reorganisation

On 16 December 2024 the Secretary of State for Housing, Communities and Local Government published the English Devolution White paper. The White Paper announced planned changes to the Devolution Framework, aimed at “completing the map” by establishing new Strategic Authorities throughout England. Although the White Paper allows for other options, these Strategic Authorities are intended to be partnerships of multiple Local Authorities across a large geography with their own Mayor. These Strategic Authorities will be given a range of competences in areas such as transport and local infrastructure and skills and employment support and empowered to deliver on them.

In concert with the Devolution Framework, the White Paper also announced a significant programme of Local Government Reorganisation. The programme will see an end to the remaining two-tier areas, with all local authorities reorganised into unitary councils. It is expected that these new unitary councils will have a minimum population of 500,000. The government’s plan is for devolution and reorganisation to work in sequence in order to facilitate changes being made quickly, based on the proposals put forward by existing authorities.

Since the White Paper was published, six new devolved areas have been announced under the Devolution Priority Programme – Cumbria, Cheshire and Warrington, Greater Essex, Hampshire and Solent, Norfolk and Suffolk, and Sussex and Brighton.

Local audit reform and the local audit backstop

The White Paper also included proposals for local audit reform. A consultation was held from 18 December 2024 to 29 January 2025 to receive responses in this area. As of 12 February 2025, the Financial Reporting Council (FRC) stepped back from the role of system leader for local audit, to be replaced by the Local Audit Office which will combine powers and responsibilities currently dispersed across the sector.

Local audit reform follows on from the backstop arrangements implemented in 2024 to address the outstanding backlog of local authority audits. Outstanding audit opinions for the financial years 2022/23 and earlier were required to be issued by 13 December 2024 except in exceptional circumstances, in the form of a disclaimer if necessary. For 2023/24 opinions, this date was 28 February 2025. The system is intended to allow both local authorities and audit providers to focus their resources on current years of account, with the intention to rebuild assurance across a number of years in cases where disclaimers of opinion were necessary. For the next four years, the statutory publication date for unaudited accounts will be 30 June, while the planned backstop dates are:

- 2024/25: 27 February 2026
- 2025/26: 31 January 2027
- 2026/27: 30 November 2027
- 2027/28: 30 November 2028



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COTSWOLD
District Council

Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	AUDIT AND GOVERNANCE COMMITTEE – 27 MAY 2025
Subject	COUNTER FRAUD AND ENFORCEMENT UNIT REPORT
Wards affected	All
Accountable member	Cabinet Member for Finance Email: Democratic@Cotswold.gov.uk
Accountable officer	David Stanley, Deputy Chief Executive and Chief Finance Officer Email: Democratic@Cotswold.gov.uk
Report author	Emma Cathcart, Head of Service Counter Fraud and Enforcement Unit Email: Democratic@Cotswold.gov.uk
Summary/Purpose	<p>To provide the Committee with assurance over the counter fraud activities of the Council. Direct updates will continue to be provided biannually.</p> <p>Work streams are presented to the Committee detailing progress and results for consideration and comment as the body charged with governance in this area.</p> <p>The report also provides the annual update in relation to the Regulation of Investigatory Powers Act 2000 (RIPA), the Investigatory Powers Act 2016 (IPA) and the Council's existing authorisation arrangements.</p>
Annexes	None.
Recommendation(s)	That the Committee: 1. Considers and comments on the report.
Corporate priorities	<ul style="list-style-type: none"> Delivering Good Services
Key Decision	NO



Exempt	NO
Consultees/ Consultation	<p>Work plans are agreed and reviewed regularly with the Director of Finance.</p> <p>Any Policies drafted or revised by the Counter Fraud and Enforcement Unit have been reviewed by Legal Services and have been issued to the relevant Senior Officers, Governance Group and Corporate Management for comment.</p>



1. EXECUTIVE SUMMARY

- 1.1** The Audit and Governance Committee oversees the Council's counter fraud arrangements, and it is therefore appropriate for the Committee to be updated in relation to counter fraud activity.
- 1.2** Work plans have been agreed with the Deputy Chief Executive and the Council's Management and details relating to work delivery are presented, in this report, to Audit and Governance Committee as the body charged with governance in this area.
- 1.3** The work plan for 2024/25 included a focus on fraud risk mitigation regarding grant schemes and polygamous working as high-risk areas. A Grant Management Policy and supporting toolkit detailing fraud risk areas, mitigation and suggestions relating to verification activities has been drafted for consideration by Governance Group and the Corporate Leadership Team. The work stream regarding polygamous working has commenced and initial engagement will be made with Human Resources. A further update will be shared in the next report to Audit and Governance Committee.
- 1.4** The work plan for 2025/26 includes a focus on procurement following the introduction of the new legislation. A work stream will be developed with Internal Audit (SWAP) to provide assurance in this area. In addition, the team will be developing a more relatable and streamlined approach to fraud risk and whistle-blowing training to ensure awareness is raised with all staff across the organisation.

2. BACKGROUND

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

3. MAIN POINTS

- 3.1** The Counter Fraud and Enforcement Unit (CFEU) Head of Service forms part of the core Multi-Agency Approach to Fraud (MAAF) group. The core group consists of attendees from Gloucestershire Constabulary Economic Crime Team, Trading



Standards, Victim Support, NHS and colleagues from Gloucester City and County Councils. The MAAF has been set up to discuss fraud trends, victim care and communication of fraud scams across Gloucestershire. Through collaborative working the main purpose is to raise awareness to minimise and disrupt fraud.

- 3.2** The Gloucestershire MAAF webpage is now in development. A campaign to launch this will be publicised soon. The website is an opportunity to put in place a communication medium that will be accessible to residents and staff in the county and beyond. This dedicated webpage will enable the group to shape fraud related messaging and offer guidance, advice on fraud and signpost people to the support that is available. The site will enable the group to educate our communities on the changing threat and to provide success stories and testimonials in order to reduce the stigma and increase reporting.
- 3.3** In relation to the Business Grant Schemes, as previously reported, the focus now relates to debt; recovery, reconciliation and transfer to the Department for Business and Trade (DBT). A further extension to the deadline for debt liability transfer from 31 December 2024 to 30 June 2025 has been granted.
- 3.4** The Council paid approximately £75,500,000 to businesses during the pandemic. The CFEU identified £1,092,176 which was paid due to fraud and error. Invoices were raised accordingly and to date £579,264 has been recovered and returned to central government. Where debt has not been repaid, the CFEU are transferring liability to DBT for recovery.
- 3.5** All Local Authorities participate in the Cabinet Office's National Fraud Initiative, which is a data matching exercise to help prevent and detect fraud nationwide. The use of data by the Cabinet Office in a data matching exercise is carried out with statutory authority under Part 6 of the Local Audit and Accountability Act 2014. It does not require the consent of the individuals concerned under Data Protection Legislation.
- As previously reported, earlier in the financial year, matches relating to the 2021/22 data sets resulted in increased Council Tax revenue of £18,116 and 7 Civil Penalties, totalling £490 being applied.
 - In relation to the 2022/23 and 2023/24 data sets, the CFEU received 1,652 Council Tax related matches. These have been reviewed, and 113 recommendations were made to the Revenues Team resulting in 69 accounts



being updated, increased Council Tax revenue of £40,806 and 57 Civil Penalties, totalling £3,990, being applied.

- Results relating to the 2022/23 matches regarding housing application discrepancies have been collated. 130 matches were received and reviewed; 21 recommendations were issued to the Housing Team and therefore 13 applications were removed representing £55,679 in loss avoidance.
- 1,284 matches have been received as part of the 2024/25 cycle – these relate to Council Tax, Housing Benefit, Council Tax Reduction Scheme, Housing and Payroll discrepancies and will be reviewed in due course.

3.6 Criminal Enforcement, Regulation of Investigatory Powers Act and Investigatory Powers Act refresher training was delivered to the enforcement employees in across the Council and Publica during the year.

3.7 A data matching exercise has been completed across the partnership in relation to awards of small business rates relief. 5 premises were flagged for further investigation and subsequently 1 account is under review and 2 accounts were updated resulting in additional business rates totalling £24,680.

3.8 A review of the Housing Waiting List has been completed. This included verification of applications within Emergency Band (35 applications), Gold Band (34 applications) and Silver Band (203 applications). This resulted in 139 recommendations being referred to the Housing Team. 30 applications have been removed representing a figure of £128,490.

3.9 Each cancelled housing application represents a property which can be reallocated to another eligible family. The National Fraud Initiative applies a figure of £4,283 for each application removed, to represent the value of future losses prevented as a result of removing an applicant. This represents a saving on the cost of temporary accommodation. In addition, the result of the band re-prioritisation is that those families who are correctly banded have a greater chance of being housed and housed more speedily.

3.10 In December 2024 there were approximately 15,527 active household applications on the register for Gloucestershire, 1,684 of those relate to the Council. The CFEU undertakes reviews of the Emergency, Gold and Silver Band Lists for Cheltenham Borough, Cotswold District, Forest of Dean District, Stroud District and Tewkesbury



Borough Councils. This consistent approach provides assurance that both locally and across the County we are maximising savings in this area and ensuring priority applicants are dealt with expediently.

3.11 The CFEU Officer receives the list of applications within the individual bands, the review of the Emergency and Gold Banded applications is undertaken as a priority. The task of the reviewing officer is to establish the veracity of the reason for the application, for example overcrowding, homelessness, significant medical need or downsizing. Checks relating to occupancy and residential status / history are made and any discrepancies are forwarded to the Housing Team for review.

3.12 Reactive Case Results 2024/25:

3.13 In addition to the work carried out under the annual work plan, as a dedicated investigatory support service, the CFEU undertakes a wide range of enforcement and investigation work according to the requirements of each Council. This includes criminal investigation and prosecution support for enforcement teams, investigations into employee/member fraud and corruption, or tenancy and housing fraud investigation work. During the year the team received 98 referrals, 34 cases were opened, 36 cases were closed, 68 referrals resulted in advice / referral was declined and 25 matters were referred to the Department for Work and Pensions.

- 15 cases were opened in relation to regulatory enforcement with teams across the Council and Publica. This resulted in the removal of 6 incorrect Council Tax discounts/exemptions and 1 property being brought into ratings. Increased Council Tax revenue totalling £13,396 and 3 Civil Penalties totalling £210 being applied.

3.14 The CFEU undertakes the investigation of alleged fraud and abuse in relation to the Council Tax Reduction Scheme (Council Tax Support) and acts as the single point of contact for the Department for Work and Pensions (DWP) Housing Benefit investigations. 3 cases were opened, and 7 cases were closed resulting in the following.

- Increased Council Tax revenue of £8,763 has been raised.
- 1 Criminal Penalty totalling £697 was accepted.
- 1 Prosecution. The individual received a Fine for £100.



- 3.15** Following the approval of the updated Council Tax, Council Tax Reduction Scheme and Housing Benefit Penalty and Prosecution Policy, a refresher session was held with the Revenues and Benefits team to confirm processes and what matters should be referred to the CFEU. In addition, work has now commenced to review all Council Tax Reduction Scheme (Council Tax Support) claims administered by the Council.
- 3.16** During 2024/25, the team received 4 referrals relating to staff matters. 5 cases were closed; results as follows:
- 2 cases relating to the falsification of timesheets; 1 individual resigned during the investigation, the other matter could not be progressed, but the individual is no longer undertaking work on behalf of Publica.
 - 2 grievance reports were issued to HR with recommendations for consideration.
 - 1 case relating to unreturned equipment – this was recovered.
- 3.17** The team undertook an investigation relating to a member of staff undertaking full time employment for multiple Councils. The individual was dismissed last year however the individual is also the subject of a prosecution for fraud. The case is listed for trial at Gloucester Crown Court later this year.
- 3.18** The team also received 12 referrals relating to Member Code of Conduct complaints. 3 cases were closed finding no breach.
- 3.19 Regulation of Investigatory Powers Act 2000 (RIPA) / Investigatory Powers Act 2016 (IPA)**
- 3.20** The Council's policies are based on the legislative requirements of these Acts and supporting guidance relating to directed surveillance and the acquisition of communications data.
- 3.21** The Policies were reviewed and presented to the Audit and Governance Committee in November 2019; these were adopted by Cabinet in December 2019. The Use of the Internet and Social Media in Investigations and Enforcement Policy, presented to Audit and Governance Committee in October 2021 and adopted by Cabinet in January 2022.
- 3.22** The Policies were reviewed in July 2023 by the Investigatory Powers Commissioner's Office (IPCO). The Policies were fully endorsed with a request to remove any reference to the OSC Procedures and Guidance document as it has been removed from circulation. This has been done. It is not therefore proposed that the Policies will be



presented to Members for approval following the review, but copies can be found on the Council's website. There have been no subsequent amendments to date.

- 3.23** The Council must have a Senior Responsible Officer and Authorising Officers to approve any applications for surveillance or the use of a Covert Human Intelligence Source, before the Court is approached. The Senior Responsible Officer is the Chief Executive, and the Authorising Officers are the Deputy Chief Executive and Chief Finance Officer, the Director of Governance and Development (Monitoring Officer) and the newly appointed Head of Legal Services.
- 3.24** All applications for communications data are made online via the National Anti-Fraud Network (NAFN) which acts as the single point of contact for Councils. There is a requirement for the Council to nominate a Designated Senior Officer who will confirm to NAFN that the Council is aware of any request and approves its submission. This role is undertaken by the Head of Service, CFEU.
- 3.25** The Council was inspected by IPCO, regarding its compliance with the legislation in July 2023. The next inspection is due in 2026.
- 3.26** There have been no RIPA applications made by the Council during 2024/25. 1 application was made for communications data and there have been 2 Non-RIPA applications made during 2024/25 concerning overt activity.
- 3.27** The Council takes responsibility for ensuring its procedures relating to surveillance and the acquisition of communications data are continuously improved and all activity is recorded.

4. FINANCIAL IMPLICATIONS

- 4.1** The Council has a duty to prevent fraud and corruption with Section 3 of the report providing members with an update on the work of CFEU and the increased revenue and penalties applied following casework and successful investigations. The report details the following:

- Revenue - £105,761 (includes Council Tax revenue which is ultimately shared amongst precepting authorities)
- Penalties - £4,690
- Loss Avoidance - £184,169



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

5. LEGAL IMPLICATIONS

- 5.1** In general terms, the existence and application of an effective fraud risk management regime assists the Council in effective financial governance which is less susceptible to legal challenge.
- 5.2** The Authority is also required to ensure that it complies with the Regulation of Investigatory Powers Act 2000, the Investigatory Powers Act 2016 and any other relevant/statutory legislation regarding investigations. Any authorisations for directed/covert surveillance or the acquisition of communications data undertaken should be recorded appropriately in the Central Register.

6. RISK ASSESSMENT

- 6.1** The Council is required proactively to tackle fraudulent activity in relation to the abuse of public funds. The CFEU provides assurance in this area.
- 6.2** Failure to undertake such activity would accordingly not be compliant and expose the Authority to greater risk of fraud and/or corruption.
- 6.3** If the Council does not have effective counter fraud and corruption controls, it risks both assets and reputation.

7. EQUALITIES IMPACT

- 7.1** The promotion of effective counter fraud controls and a zero tolerance approach to internal misconduct promotes a positive work environment.
- 7.2** The CFEU seeks to ensure that public authorities' actions are consistent with the Human Rights Act 1998 (HRA). It balances safeguarding the rights of the individual against the needs of society as a whole to be protected from crime and other public safety risks.

8. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

- 8.1** None directly.

9. BACKGROUND PAPERS

- 9.1** None.

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COTSWOLD
District Council

Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	AUDIT AND GOVERNANCE COMMITTEE – 27 MAY 2025
Subject	WHISTLE-BLOWING POLICY
Wards affected	All
Accountable member	Leader of the Council Email: Democratic@Cotswold.gov.uk
Accountable officer	Angela Claridge, Director of Governance and Development (Monitoring Officer) Email: Democratic@Cotswold.gov.uk
Report author	Emma Cathcart, Head of Service Counter Fraud and Enforcement Unit Email: Democratic@Cotswold.gov.uk
Summary/Purpose	To present the Audit and Governance Committee with an updated Whistle-Blowing Policy for approval. To update and replace the existing Whistle-Blowing Policy to highlight key legislation and the roles and responsibilities of Members, Officers and other parties.
Annexes	Annex A – Whistle-Blowing Policy Annex B – Whistle-Blowing Flowchart Annex C – Managers Guidance
Recommendation(s)	That the Committee resolves to: 1. Approve and adopt the Policy attached to this report. 2. Authorises the Monitoring Officer to approve future minor amendments to the Policy in consultation with the Counter Fraud and Enforcement Unit, Legal Services and the Leader of the Council.
Corporate priorities	<ul style="list-style-type: none"> Delivering Good Services
Key Decision	NO



Exempt	NO
Consultees/ Consultation	Consultation has been undertaken with Human Resources Officers, Legal representatives and Monitoring Officers across the Counter Fraud and Enforcement Unit Partnership.



1. EXECUTIVE SUMMARY

- 1.1** The Counter Fraud and Enforcement Unit is tasked with reviewing the Council's Whistle-Blowing Policy.
- 1.2** Whistle-Blowing is legislative, and the Policy has therefore been reviewed to ensure it is fit for purpose.

2. BACKGROUND

- 2.1** The Policy, attached at Annex A, has been updated in accordance with the review period. Review frequency is as required by legislative changes or every three years.
- 2.2** The changes are relatively minor in relation to content, amendments have been made to the wording of the policy to enhance clarity and understanding. The Policy has been refreshed and includes an entry at 4.16 which highlights the Office for Environmental Protection's role and how to contact them, as per their email request. Reference to reports made 'in good faith' have been removed, a whistle-blower is required to 'reasonably believe' the allegation is true. For ease of reference, new text is shown in red and text to be removed is shown as struck through. This is now a shared Policy for all staff employed by Cotswold, Forest of Dean and West Oxfordshire District Councils and Publica.
- 2.3** The Policy details employer responsibilities to ensure that the Council protects staff who report or whistle-blow about any areas of concern within the organisation and/or within Publica. The Policy also safeguards those against whom allegations are made. In administering its responsibilities, the Council has a duty to protect staff members who choose to alert the authority to wrongdoing and to protect employees against whom vexatious allegations are made.
- 2.4** All referrals received by the Counter Fraud and Enforcement Unit and Human Resources must be dealt with in the correct manner adhering to Regulations, Legislation and Guidance. This includes internal alerts of wrongdoing which must adhere to whistle-blowing legislation. Adherence to this legislation in the workplace means the Council is less susceptible to legal challenge.
- 2.5** Any breach of the Policy or the revealing of the identity of someone that has made an anonymous disclosure could result in litigation action against the Council and a significant fine. Whistle-Blowing is embedded in the Employment Rights Act 1996 (as amended by the Public Interest Disclosure Act 1998). This legislates that an employee has the right to take a case to an Employment Tribunal if they have been victimised at work or lost their job as a consequence of 'blowing the whistle'.



- 2.6** The Policy highlights the key legislation and the roles and responsibilities of Members, Statutory Officers, Public Directors, Senior Managers, Officers and other parties.
- 2.7** If an individual is considering raising a concern the Policy will enable them to understand the type of issues which can be raised, how the person raising a concern will be protected from victimisation and harassment, how to raise a concern and what the Council will do because of the report.
- 2.8** The Council has a responsibility to prevent wrongdoing within the authority by promoting high ethical standards and encouraging the exposure of any abuse.
- 2.9** Audit Committee last considered the Whistle-Blowing Policy in April 2022.
- 2.10** Awareness will be raised with staff and refresher training will be provided following approval of the Policy.
- 2.11** The flow chart attached at Annex 2 will accompany the Policy to provide a one-page overview of the Policy and process for staff.
- 2.12** In addition, a managers guidance document, attached at Annex 3 is also published to assist any staff member who receives a whistle-blowing report.

3. FINANCIAL IMPLICATIONS

- 3.1** There are no direct financial implications as a result of this report.
- 3.2** The support of the Whistle-Blowing Policy will help to support the prevention and detection of misuse of public funds and fraud therefore reducing potential financial loss to the Council.

4. LEGAL IMPLICATIONS

- 4.1** There are no significant legal implications associated with this report.
- 4.2** The Policy is set out to ensure the Council, its Officers, Member, employees and contractors (including agency staff) comply with and adheres to the legislation governing whistle-blowing in the workplace meaning the Council is less susceptible to legal challenge.
- 4.3** Any breach of the Policy or the revealing of the identity of someone that has made an anonymous disclosure could result in litigation action against the Council and a significant fine.



5. RISK ASSESSMENT

- 5.1** If the Council does not have an effective Whistle-Blowing Policy and procedures it puts staff and its reputation at risk. The Council must fulfil its legal obligations in relation to whistle-blowing arrangements.
- 5.2** Without an appropriate Policy in place the Council is unable to take effective and efficient measures to ensure staff are protected when making allegations of wrongdoing and that staff are protected from vexatious allegations.

6. EQUALITIES IMPACT

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

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

7. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

- 7.1** None directly.

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:

- Audit Committee Report April 2022 – Whistle-Blowing Policy.
- Cabinet Report June 2022 – Whistle-Blowing Policy.

- 8.2** These documents will be available for inspection at the Council Offices at Trinity Road, Cirencester, GL7 1PX during normal office hours for a period of up to 4 years from the date of the meeting. Please contact the author of the report.

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Version Control:	
Document Name:	Whistle-Blowing Policy
Version:	1. 3 ²
Responsible Officer:	Emma Cathcart, Counter Fraud and Enforcement Unit Head of Deb Bainbridge, Human Resources
Approved by:	CDC – Cabinet June 2022 FODDC - Audit Committee March 2022 WODC – Cabinet May 2022 Publica – Board February 2022
Next Review Date	<u>March 2028</u> January 2025

Revision History

Revision date	Version	Description
January 2018	1.1	Update to include further reporting choices / information
January 2022	1.2	Review
<u>March 2025</u>	<u>1.3</u>	<u>Review</u>

Consultees

Internal	External
Human Resources Legal Services Corporate Management / <u>Senior Leadership Team</u>	

Distribution

Name	
All staff (intranet)	

CONTENTS

1	INTRODUCTION AND PURPOSE OF THE POLICY	3
2	AIMS AND SCOPE OF THE POLICY	5
3	EMPLOYEE SAFEGUARDS AND ASSURANCES	7
3.1.	Harassment or Victimisation	7
3.8.	Confidentiality and Anonymity.....	8
4	PROCEDURE	9
4.1.	Raising a concern as an employee	9
4.7.	Raising a concern as an elected Member	9
4.10.	Raising a concern as a third party contractor, agency employees etc.....	9
4.13.	Alternative Reporting Routes	10
4.17.	Process	10
5	HOW THE COUNCIL AND PUBLICA WILL RESPOND.....	11
6	RESPONSIBILITIES	13
7	FURTHER INFORMATION.....	14
8	POLICY REVIEW.....	14

1 INTRODUCTION AND PURPOSE OF THE POLICY

- 1.1. Staff Employees are often the first to realise that there may be something of concern occurring within the Council or its wholly owned company, Publica. The majority of ~~Usually any~~ issues can be resolved swiftly and satisfactorily ~~h~~However, when these concerns relate to more serious matters, employees may be discouraged from expressing their concerns or 'whistle-blowing'.
- 1.2. Whistle-blowing is the term used when an employee passes on information concerning wrongdoing. This can also be called 'making a disclosure' or 'blowing the whistle'. Typically (although, not always) the wrongdoing will be something that the employee has witnessed at work.
- 1.3. Employees may feel disloyal and may fear victimisation or harassment. In such circumstances, it may be easier to ignore the concern rather than report what may just be a suspicion of malpractice. However, any person raising a concern is protected in law.
- 1.4. Whistle-blowing law is embedded in the Employment Rights Act 1996 (as amended by the Public Interest Disclosure Act 1998). This legislation provides that an employee has the right to take a case to an Employment Tribunal if they have been victimised at work or lost their job as a consequence of 'blowing the whistle'.
- 1.5. To be covered by this law, an employee who makes a disclosure must reasonably believe:
 - That they are acting in the public interest; referring to considerations which affect the good order and functioning of the Council for the benefit of its constituents. Public interest can also be described as being for the benefit of society, the public or the community as a whole. Personal ~~– therefore personal~~ grievances and complaints are therefore not ordinarily covered by whistle-blowing law unless it is within the public interest or where bullying, harassment or discrimination concerns a number of employees or is affecting their rights in a significant way;
 - That the disclosure of information indicates past, present or future wrongdoing within the following categories:
 - (a) criminal offences which may include financial impropriety such as fraud;
 - (b) failure to comply with legal obligations;
 - (c) miscarriages of justice;
 - (d) endangering another person's health and safety;
 - (e) damage to the environment;
 - (f) covering up any wrongdoing in any of the above;

Whistle-Blowing Policy

- 1.6. Employees are not prevented from making disclosures in the public interest by 'gagging clauses' in Settlement or ~~Compromise~~ or Non-Disclosure Agreements. In short, where an employee wishes to make a disclosure that is in the public interest and relates to wrongdoing as detailed above, this cannot be prevented by a clause within a Settlement or ~~Compromise~~ or Non-Disclosure Agreement.
- 1.7. The Council and Publica are now part of various shared service arrangements, and it is important that there is clear guidance for anyone wishing to raise an issue. This ~~P~~policy applies to all employees of the Council and, Publica. Whilst the same protections may not be as directly applicable and to individuals to individuals working within the organisations who are not employees (e.g. contractors, agency employees, volunteers, Councillors, employees staff of associated employers etc.), all are encouraged to read this Policy and report any concerns confidentially for investigation.
- 1.8. The Council and Publica are committed to the highest possible standards of openness, probity and accountability. In line with that commitment, we wish to encourage employees and others with serious concerns about any aspect of the work carried out by any of the organisations to come forward and voice them without fear of reprisal.
- 1.9. This Policy is intended to encourage and enable employees to make disclosures at an early stage, rather than waiting. Employees are also encouraged to raise any issues internally with the Council and/ or Publica first rather than raising it outside of the organisations. If issues are raised externally in the first instance you may weaken the protection given to you under the Public Interest Disclosure Act 1998.
- 1.10. This Policy also seeks to ensure concerns are raised in the right way and seeks to protect those ~~staff members~~ employees against whom complaints are made from malicious allegations. The Council and Publica have a duty to investigate all reports of irregularity. This does not mean that the organisations support the allegation.
- 1.11. This Policy should be read if you are considering raising a concern to provide clarification in relation to the following:
- The type of issues which can be raised.
 - How the person raising a concern will be protected from victimisation and harassment.
 - How to raise a concern.
 - What the Council and Publica ~~organisation~~ will do as a consequence of the report.

- 1.12. This Policy has been agreed with any relevant trade unions or non-union representatives.
- 1.13. Disclosures can be made to the Officers as detailed in this Policy or to their nominated Deputy Officer.

2 AIMS AND SCOPE OF THE POLICY

2.1. This Policy aims to:

- Encourage employees to raise serious concerns at the earliest opportunity and to question and act upon concerns about potential malpractice.
- Encourage employees to be watchful for illegal or unethical conduct and report anything of that nature of which they become aware. Everyone should be aware of the importance of preventing and eliminating wrongdoing at work.
- Ensure all reported allegations are treated in absolute confidence, with every effort made by the Council and Publica not to reveal a whistle-blower's identity if they so wish. However, it may be necessary for the whistle-blower to become an identified witness at an appropriate time, particularly if it has not been possible to substantiate the allegation by other means. The implications of this and the appropriate support/protection arrangements will be discussed with the whistle-blower. This is detailed at Part 3: Employee Safeguards and Assurances.
- Ensure all reported allegations are treated fairly, ethically and consistently.
- Provide a robust procedure and ensure any matter raised under this procedure will be investigated thoroughly, promptly and confidentially, and the outcome of the investigation reported back to the employee who raised the issue, as appropriate.
- Provide reassurance for those making a referral ~~acting in good faith~~ that they will be protected from possible reprisals or victimisation. This means that the continued employment and opportunities for future promotion or training of the employee will not be prejudiced because he or she has raised a legitimate concern. Victimisation of an employee for raising a qualified disclosure is a disciplinary offence.
- If misconduct is discovered as a result of any investigation under this procedure, the relevant organisation's disciplinary procedure will be used, in addition to any other appropriate measures. This could include internal criminal investigation and appropriate further action.
- Allow whistle-blowers to raise concerns and proceed further if they are dissatisfied with the organisational response. It should be recognised that certain cases will have to proceed on a confidential basis and that feedback will be limited due to legal constraints.

Whistle-Blowing Policy

- 2.2. This Policy is not a substitute for other policies and procedures on such matters as personal grievances, bullying and harassment, health and safety, safeguarding issues (children and/or adults) or complaints. It should also not be used to raise matters relating to an employee's own terms and conditions of service.
- 2.3. There are existing procedures in place to enable employees to lodge a grievance relating to their own employment. This process does not form part of this Policy. For further guidance on whistle-blowing and grievances, employees can contact the Advisory, Conciliation and Arbitration Service (ACAS) at www.acas.org.uk/grievances.
- 2.4. If a member of the public has a concern about any service they have been provided by the Council or Publica then this should be raised appropriately as a complaint or as a general matter to be considered. There are existing procedures in place which relate to this. However, if that concern relates to malpractice by an ~~member of staff~~ employee, then they should be directed to Human Resources at the earliest opportunity.
- 2.5. If a member of the public has concerns relating to malpractice by a Councillor, then they should be directed to Democratic Services or the Monitoring Officer for the appropriate Council at the earliest opportunity.
- 2.6. Making malicious, vexatious or false allegations will not be tolerated and is a disciplinary offence. If a person makes an allegation ~~in good faith and~~ that they reasonably believes it to be true, but it is not confirmed by the investigation, the Council and Publica will recognise your concern. However, if a person makes an allegation frivolously, maliciously or for personal gain, appropriate action, which could include disciplinary proceedings, may be taken.
- 2.7. An instruction to cover up wrongdoing is itself a disciplinary offence. If told not to raise or pursue any concern, even by a person in authority such as a manager, employees should not agree to remain silent and should report the matter at the earliest opportunity.
- 2.8. This Policy and procedure is primarily for issues where the interests of others or of the organisation itself are at risk. That issue may be one of the following (although this list is not exhaustive). The following are examples of concerns that might be raised:
- Financial irregularities including fraud, corruption or unauthorised use of public funds or other assets.
 - Conduct which is against the law, a miscarriage of justice or a failure to meet a legal obligation.
 - Failure to observe health and safety regulations, or actions which involve risks to the public or other employees.

- Damage to the environment.
- A criminal offence being committed.
- Claiming benefits and/or expenses to which there is no entitlement.
- The conduct of contractors and/or suppliers to the Council.
- Sexual, racial, disability or other discrimination.
- Neglect or abuse; physical or verbal.
- Any other unethical conduct, malpractice, negligent or unprofessional behaviour.
- Discriminatory acts not specifically covered by other procedures.
- Concealment of any of the above.

3 EMPLOYEE SAFEGUARDS AND ASSURANCES

3.1. Harassment or Victimisation

- 3.2. The Council and Publica recognise that the decision to report a concern can be a difficult one to make, not least because of the fear of reprisal from those responsible for the malpractice.
- 3.3. The Council and Publica will not tolerate harassment or victimisation in any form of anyone raising a legitimate concern. Any employee who attempts at any stage to apply any retribution or detriment to a whistle-blower will face serious disciplinary charges.
- 3.4. The Council and Publica will support and protect whistle-blowers who raise an issue in line with this Policy, in accordance with the safeguards contained in the Public Interest Disclosure Act 1998. This legislation protects everyone from victimisation and dismissal when speaking out against corruption or malpractice at work.
- 3.5. Protection does not mean that if an employee is already the subject of disciplinary action or redundancy procedures that those procedures would cease or be suspended as a result of their whistle-blowing.
- 3.6. It may be that the employee making the report is (or was) directly involved in the action now being raised. In such circumstances it is in the employee's own interest to come forward as soon as possible. The Council and Publica cannot promise not to act against such an employee but the fact that they came forward may be taken into account.
- 3.7. If the whistle-blowing referral raises any safeguarding issues they will be dealt with in accordance with the relevant Safeguarding Policies.

3.8. Confidentiality and Anonymity

- 3.9. All reports will be treated in the strictest of confidence and every effort will be made to protect, and not disclose, the identity of an informant if that is their wish. However, if disciplinary or other proceedings are an option as a result of the investigation it may not be possible to take any action without further assistance, in which case the informant may be asked to become an identified witness and provide a witness statement. It is possible that the identity of the informant will become obvious during the investigation. In addition there is a risk that some colleagues may speculate about the source of the original complaint.
- 3.10. The law does not compel an organisation to protect the confidentiality of a whistle-blower. However, it is considered best practice to do so unless required by law to disclose it.
- 3.11. Any requests for disclosure of information relating to or collected as part of any whistle-blowing complaint or investigation will be considered and determined in accordance with the relevant provisions of the Freedom of Information Act 2000 and Data Protection Regulations / Legislation.
- 3.12. At all times the informant will receive full support from the Council and Publica. There will be a limited number of people aware of the investigation at any one time but there will always be a representative from Human Resources involved in the process.
- 3.13. This Policy encourages a whistle-blower to put their name to an allegation. If you do not reveal your identity then you will not receive a response or feedback. It may also make the task of investigating the allegation and protecting the whistle-blower more difficult.
- 3.14. Concerns can of course be raised anonymously but are much less powerful. They can be considered at the discretion of the Council and Publica. In exercising this discretion the factors taken into account would include:
- The seriousness of the allegation.
 - The credibility of the concern.
 - The likelihood of confirming the allegation from other sources.
- 3.15. Employees who whistle-blow can seek independent support from the charity Protect. Details can be found by following the link below.
<https://protect-advice.org.uk/>

4 PROCEDURE

4.1. Raising a concern as an employee

4.2. An employee can choose who to report a concern to.

4.3. As a guide, issues should normally be raised with a member of the Human Resources Team. A decision can then be made in relation to how the matter will be dealt with and who should be informed depending on the seriousness and sensitivity of the issues involved and who is suspected of wrongdoing.

4.4. ~~If the Human Resources staff are not available,~~ Employees may also direct any concerns to Internal Audit or the Counter Fraud and Enforcement Unit.

4.5. Alternatively an employee can speak to their own manager, or someone they feel comfortable talking to but must outline that they are making a whistle-blowing disclosure.

4.6. A third party or Union representative may also attend any meetings for moral support however, they would be required to maintain confidentiality. A whistle-blower may also wish to take advice from, or invite, a trade union or professional association to raise a matter on their behalf. Meetings may be held away from the workplace if necessary.

4.7. Raising a concern as an elected Member

4.8. If an elected Member has any concerns about the work conducted by the Council or Publica, they should raise the matter directly with ~~Democratic Services,~~ the Chief Executive / Head of Paid Service or the Monitoring Officer. In the case of financial irregularity, disclosure may be made to the ~~Chief Finance Officer~~ appointed under Section 151 of the Local Government Act 1972 ('Section 151 Officer').

4.9. Concerns may also be directed to Internal Audit or the Counter Fraud and Enforcement Unit.

4.10. Raising a concern as a third party contractor, agency employees etc.

4.11. Concerns should be raised with the Head of Human Resources ~~Manager,~~ the Chief Executive or the Monitoring Officer. In the case of financial irregularity, disclosure may be made to the Section 151 ~~Officer appointed under section 151 of the Local Government Act 1972~~

4.12. Concerns may also be directed to Internal Audit or the Counter Fraud and Enforcement Unit.

4.13. Alternative Reporting Routes

- 4.14. There are a number of prescribed bodies and organisations who may be contacted if there is a reason not to raise the matter internally. Employees can find guidance by following the link below which provides a comprehensive list with contact details therein.

<https://www.gov.uk/government/publications/blowing-the-whistle-list-of-prescribed-people-and-bodies--2/whistleblowing-list-of-prescribed-people-and-bodies>

- 4.15. Publica employees may also raise concerns with one of the Company Non-Executive Directors if they feel they cannot raise concerns with those listed under 4.1 of this Policy.

- 4.16. In the case of Local Government, that would include raising concerns with the Council's External Auditor (to establish who this is, contact Public Sector Audit Appointments Limited <https://www.psaa.co.uk>). If the concerns relate to the conduct of public business, value for money or fraud and corruption relating to the provision of public services, employees may contact the National Audit Office <https://www.nao.org.uk>. If matters relate to failures to comply with environmental law, employees may contact the Office for Environmental Protection <https://www.theoep.org.uk>

- 4.17. The Council and Publica would not ordinarily expect a whistle-blower to make disclosures to the media prior to raising the matter internally. If a person does approach the media with their concerns, the informant should expect in most cases to lose their whistle-blowing law rights.

4.18. Process

- 4.19. Concerns may be raised by telephone, in person or in writing. The earlier the matter is raised, the easier it is to take action. A whistle-blower is asked to provide the nature of the concern and why they believe it to be true, background details giving names, dates and places where possible, together with any other supporting evidence or information. An informant may be asked if they have any personal interest in the matter.

- 4.20. When raising an issue or making an allegation it is important that it is made clear that an informant is doing so as a whistle-blower to ensure they are dealt with correctly.

- 4.21. Although it is not expected that a person ~~prove~~ proves beyond doubt that the allegation is correct, it will need to be demonstrated that ~~the allegation has been made in good faith and~~ there are reasonable grounds for concern.

- 4.22. A whistle-blower informant should:

- Make a referral after consideration of the facts in a calm manner.
- Make a note of the facts as soon as it is feasible to do so.
- Be specific with dates, times, locations, names etc.
- Deal with the matter promptly.
- Contact someone with the appropriate authority to deal with the matter.

4.23. A whistle-blower ~~informant~~ should not:

- Be reticent because they fear they are wrong.
- Approach, alert or confront the person they suspect of wrongdoing, directly themselves.
- Investigate personally – there are important rules of evidence which must be adhered to.
- Consult or discuss the matter with anyone other than those with the correct authority.
- Do nothing or leave it to someone else to report.

4.24. If approached by someone wishing to whistle-blow, a person should take full details and contact a member of the Human Resources Team to discuss the matter. It is imperative that employees do not undertake any kind of investigation or intelligence gathering exercise which could compromise the evidence.

4.25. It may be necessary for Human Resources (or other appropriate Officer) to take a preliminary statement to gather more information to entirely understand the situation and nature of the allegation.

5 HOW THE COUNCIL AND PUBLICA WILL RESPOND

5.1. The action taken by the Council and Publica will depend on the nature of the issue. The Council and Publica will respond to your concerns as quickly as possible. Please note that making initial enquiries about the concerns is not the same as accepting or rejecting them.

5.2. The overriding principle for the Council and Publica will be the public interest. In order to be fair to all employees, including those who may be wrongly or mistakenly accused, initial independent enquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take. This decision will be made by Human Resources, the relevant Council Statutory Officers (the Chief Executive/Head of Paid Service, the Monitoring Officer or the Section 151 Officer) or in the case of Publica employees, and Publica Directors. Where the matter relates to a Statutory Officer, appropriate steps will be taken in accordance with contractual arrangements and in accordance with legislation. The matters raised may be:

- Investigated internally, either in accordance with internal Policy and procedure or in line with criminal investigative regulations where appropriate. Whilst not all allegations will result in criminal action, this is an option open to the Council and Publica, and it is thus critical that the investigation is conducted in the appropriate manner. Evidence gathered as part of that investigation could form part of the disciplinary process whether or not criminal proceedings commence.
 - Referred to the Police or other external enforcement agency such as the Health and Safety Executive, Environment Agency etc.
 - Referred to the External Auditor.
 - Form the subject of an independent enquiry.
- 5.3. Concerns or allegations which fall within the scope of existing procedures will normally be referred for consideration under those procedures. In some situations, the matter may be resolved without the need for an investigation. Urgent and immediate action may be necessary where the security of relevant information is at risk or to protect the safety of employees.
- 5.4. If an investigation is appropriate, it may be necessary for this to be carried out under terms of strict confidentiality, i.e. by not informing the subject of the complaint until (or if) it becomes necessary to do so. However, in certain cases, such as allegations of ill treatment of others, suspension from work may have to be considered immediately. Protection of others is paramount in all cases.
- 5.5. Within ten working days of a concern being raised, the whistle-blower will receive the following in writing:
- Acknowledgement that the concern has been received.
 - Confirmation of how the Council and Publica propose to deal with the matter.
 - If an investigation is to take place, who will be conducting the investigation.
 - If further investigation is not appropriate, the reasons why.
 - Process information and employees support mechanisms.
- 5.6. Contact between the whistle-blower and the Officers considering the issues and/or conducting an investigation will depend on the nature of the matters raised, the potential difficulties involved, and the clarity of the information provided. If the matter is on-going then feedback may be limited; if the matter is dealt with promptly then the whistle-blower will be advised on the outcome.
- 5.7. You need to be assured that your disclosure has been properly addressed. Unless there are any legal reasons why this cannot be done, you will be kept informed of the progress and outcome of any investigation.
- 5.8. Coordination of any investigation will be undertaken by a member of Human Resources with the authority to do so.

- 5.9. The investigation process is independent and will seek to determine whether an irregularity has been committed, and if so, by whom. The investigator will have the authority to access all necessary data and other resources pertinent to a full, fair and properly conducted investigation.
- 5.10. Once an investigation has been completed there are a number of potential outcomes including the following:
- No case to answer/ case closed.
 - Informal action.
 - Formal action, disciplinary action and/or prosecution by the appropriate body. Suspension may also be appropriate. (For information relating to these outcomes see the relevant internal Policy or Procedure where applicable which will detail processes, actions and appeal information).
 - External referral to the Police and/or other body.
- 5.11. The Council and Publica will do what it can to minimise any difficulties that you may experience as a result of raising a concern. For instance, if you are asked to give evidence in criminal or disciplinary proceedings, the Council and Publica will arrange for you to receive appropriate advice and support.
- 5.12. If ~~an member of staff~~ **employee** is dissatisfied with the conduct of an investigation, whether as the person under investigation, as the informant, or in any other involved capacity, a complaint may be raised with Human Resources who will ensure this is reviewed by ~~an member of staff~~ **employee** who is independent and who has not previously been involved in the investigation.
- 5.13. This Policy does not prevent any person from taking external legal advice.

6 RESPONSIBILITIES

- 6.1. Managers should ensure all employees, including agency employees, consultants and contractors etc. are aware of and follow all Council and Publica Policies and Procedures. Managers should register any whistle-blowing cases brought to their attention immediately with Human Resources and provide support to any employee making such a complaint.
- 6.2. Employees should be vigilant and raise any serious concerns about aspects of work or practices which affect the integrity of the Council and Publica or safety of employees and/or the public.
- 6.3. Statutory Officers, Publica Directors and Senior Managers will respond to whistle-blowing submissions positively and within the timescales set out. The Chief

Whistle-Blowing Policy

Executive / Head of Paid Service and Managing Director has overall responsibility for ensuring that the Policy is adhered to.

- 6.4. Human Resources will record and deal with any whistle-blowing issues including the provision of any support and advice as required to include attendance at meetings as necessary.

7 FURTHER INFORMATION

- 7.1. ~~Further information on Council and Publica policy can be found in the following documents (or equivalent documentation / codes) :-~~

- ~~• The Constitution;~~
- ~~• Code of Conduct for Staff and the Councillors Code of Conduct which include information in relation to gifts and hospitality and declaring and registering interests;~~
- ~~• Counter Fraud and Anti-Corruption Policy;~~
- ~~• Corporate Enforcement Policy;~~
- ~~• Proceeds of Crime and Anti-Money Laundering Policy;~~
- ~~• Recruitment and Selection Policies and Procedures;~~
- ~~• Financial Rules;~~
- ~~• Contract Rules or equivalent;~~
- ~~• Fair Processing Statements;~~
- ~~• Disciplinary and Grievance Procedures;~~

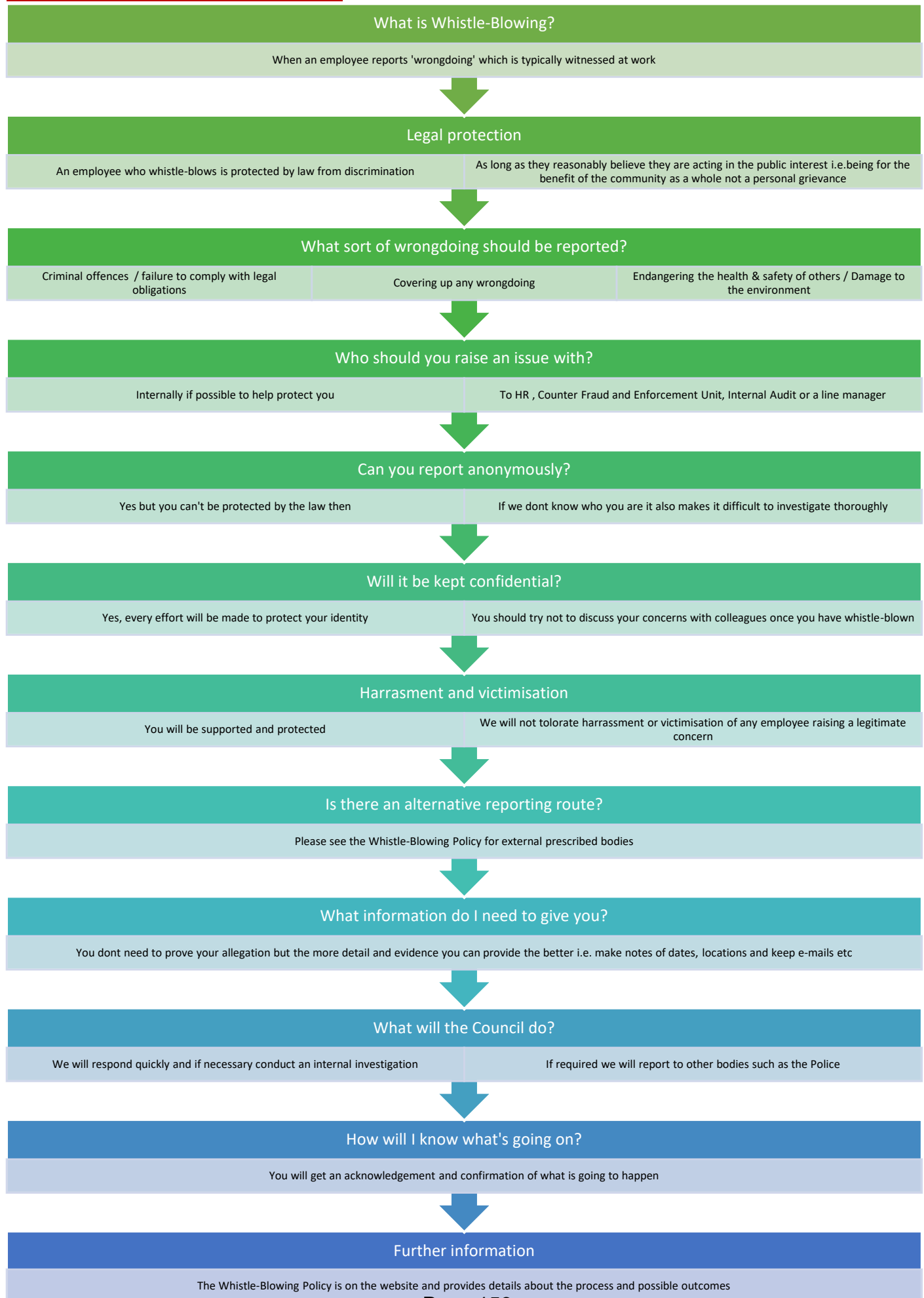
8 POLICY REVIEW

- 8.1. The Counter Fraud and Enforcement Unit and Human Resources will review and amend this Policy as necessary to ensure that it continues to remain compliant and meets legislative requirements and the vision of the Council and Publica.
- 8.2. Human Resources and the Counter Fraud and Enforcement Unit will monitor the effectiveness of the Policy and provide the necessary awareness sessions to employees.
- 8.3. ~~Responsible Department: Human Resources / Counter Fraud and Enforcement Unit~~
~~Date: January 2022~~

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

A SHORT GUIDE TO WHISTLE-BLOWING

Counter Fraud and Enforcement Unit



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WHISTLE-BLOWING GUIDANCE FOR HR / MANAGERS / LEADERSHIP TEAMS

When Managers or Senior Officers receive allegations about an individual employee or Councillor they need to be mindful of whether these fall within the remit of a whistle-blowing allegation.

The key criteria that indicate that whistle-blowing legislation should apply are as follows:

- Did an employee make the allegation? (If it was from a member of the public or a Councillor then it is not whistle-blowing as the same protections are not applicable however such referrals should be dealt with in confidence and can follow the spirit of the Whistle-Blowing Policy).
- Does the allegation relate to any of the following? (If not, it is not whistle-blowing).
 - 1) criminal offences which may include financial impropriety such as fraud;
 - 2) failure to comply with legal obligations;
 - 3) miscarriages of justice;
 - 4) endangering another person's health and safety;
 - 5) damage to the environment;
 - 6) covering up any wrongdoing in any of the above

Whistle-blowing legislation only protects the whistle-blower if they identify themselves and are not anonymous. However, this does not mean that the information cannot be kept confidential when they do identify themselves. Protecting the identity of the whistle-blower is extremely important whilst the allegations are investigated.

This means that not only should their identity be kept a secret, but also that as few people as possible should be aware that the allegation is the result of whistle-blowing.

The individual who is the subject of the investigation does not need to know that there is a whistle-blower. Once the veracity of the allegation is established, the individual will be notified that they are the subject of an investigation, according to the usual disciplinary, code of conduct or criminal investigation procedure.

The only time they may become aware that there was a whistle-blowing allegation is if the whistle-blower agrees to provide witness testimony for the investigation but even then, it may not mean that they can be specifically identified as the source of the original allegation.

A record of whistle-blowing allegations received must be kept. Please ensure that HR are notified so that a central record may be kept.

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COTSWOLD
District Council

Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	AUDIT AND GOVERNANCE COMMITTEE – 27 MAY 2025
Subject	ANNUAL STANDARDS UPDATE
Wards affected	None
Accountable member	Leader of the Council Email: Democratic@Cotswold.gov.uk
Accountable officer	Angela Claridge, Director of Governance & Development (Monitoring Officer) Email: angela.claridge@cotswold.gov.uk
Report author	Angela Claridge, Director of Governance & Development (Monitoring Officer) Email: angela.claridge@cotswold.gov.uk
Summary/Purpose	To present the Audit and Governance Committee with standards updates and issues, including Code of Conduct Complaints for the year ending 31 March 2025.
Annexes	Committee on Standard in Public Life.
Recommendation(s)	That Committee resolves to: <ol style="list-style-type: none"> 1. Note the update for the financial year 2024 - 2025. 2. Note the Committee on Standards in Public Life's response to the Government's consultation: "Strengthening the standards and conduct framework for local authorities in England".
Corporate priorities	<ul style="list-style-type: none"> • Delivering Good Services
Key Decision	NO
Exempt	NO



COTSWOLD
District Council

Consultees/ Consultation	
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1. EXECUTIVE SUMMARY AND BACKGROUND

- 1.1** The Localism Act 2011 requires the Council to have complaint handling arrangements in place. These enable an individual to make a formal complaint that an elected or co-opted member of Cotswold District Council, or a Town or Parish Council within the district area, has failed to comply with their Council's Code of Conduct for Members. The complaint handling arrangements seek to ensure that complaints are dealt with fairly and are resolved informally where appropriate.
- 1.2** As one of its functions, the Audit and Governance Committee, is responsible for promoting and maintaining high standards of conduct and for the determination of complaints regarding the conduct of Members. The Audit and Governance Committee previously received an annual update report for the financial years ending 31 March 2024 in relation to code of conduct complaints at its meeting on 24 July 2024.
- 1.3** On 25 September 2024, the Council adopted updated arrangements for assessing allegations under the code of conduct and approved an updated procedure for the Standards Hearing Sub-Committee. This sub-committee has the responsibility to conduct hearings following any formal investigation into an allegation that a Member of the District Council or a Town or Parish Council within the district area has failed or may have failed to comply with their Council's Code of Conduct for Members.
- 1.4** This report provides an update on the adoption of a Gloucestershire-wide of conduct and the number and status of code of conduct complaints.

2. GLOUCESTERSHIRE WIDE CODE OF CONDUCT

- 2.1** Full Council adopted the Gloucestershire-Wide Code of Conduct on 21 March 2023. Adopting a unified code of conduct has allowed greater clarity and consistency for members of the public about what behaviour they should expect from their representatives and has allowed that if complaints are brought against a member at both District and County level the same considerations apply.



3. NUMBER AND STATUS OF CODE CONDUCT COMPLAINTS

- 3.1** The Monitoring Officer has delegated authority, after consultation with the Independent Person, to determine whether a complaint requires formal investigation. Wherever practicable, the Monitoring Officer seeks resolution of complaints without formal investigation.
- 3.2** The summary of received complaints is set out in the table overleaf. Data recording is based upon the date the formal complaint is received, some complaints received in 2023/4, and notified in last year's report, will have been managed during 2024/5 but aren't included in the table.
- 3.3** In all cases where the Monitoring Officer has been required to consider a Code of Conduct complaint they have consulted with the Independent Person, as required by the Localism Act 2011. Following the retirement of one of the Council's Independent Persons, two new Independent Persons, Robert Cawley and Melvin Kenyon, were appointed on 31 July 2024. The Independent Persons continue to contribute in an invaluable and constructive manner. Individual discussions have been held between the Independent Persons and the Monitoring Officer reviewing how we can promote good conduct in parish and town councils to prevent the increasing numbers of complaints.
- 3.4** Financial Year 01.04.2024 – 31.03.2025

Stage of complaints process resolved	Outcome	# District	# Town or Parish
Assessment stage	No action – complaint withdrawn/incomplete information	1	3
	No action - complaint dismissed	4	19
	In progress	0	5
Investigation stage	No action – complaint dismissed	0	1



	Local resolution	0	0
	In progress	0	5
Local hearing stage	No action – complaint dismissed	0	0
	Sanctions applied or recommended	0	0
Total		6	33

3.5 This is a reduction of one formal complaint from the previous year but is still a considerable increase from 2 in 2022/23.

3.6 There are numerous other cases where contact has been made with the Monitoring Officer but the complainant decides not to pursue a formal complaint for a variety of reasons typically i), insufficient information is provided to assess the complaint, ii) the process doesn't allow the complainant to achieve the sanction they are looking for, or, iii) the complainant is anonymous, these are not logged as formal complaints, and therefore not included in the summary above. The procedure does permit anonymous complaints in exceptional and compelling reasons where the allegation can be evidenced without reference to the complainant. However, local authorities should not normally allow anonymous complaints as that is against the principles of transparency and fairness and make matters much more difficult to investigate.

4. LEARNING RESULTING FROM CODE OF CONDUCT COMPLAINTS

4.1 Members will note that for the last two financial years, the number of complaints has risen considerably. The majority of complaints relating to town and parish councillors have arisen from four councils – Chipping Campden Town Council, Tetbury Town Council, Bourton on the Water Parish Council and Moreton in Marsh Town Council. Tetbury Town Council and Bourton on the Water Parish Council have engaged with the county organisation, Gloucestershire Association of Parish & Town Councillors (GAPTC) to undertake training. Moreton in Marsh Town Council have



utilised an external auditor to review their procedures and examine some of their transactions and decision making.

- 4.2** Both nationally and locally, bullying and harassment continues to be one of the main behaviours complainants cite in allegations that a councillor has breached their respective councils Code of Conduct. This Council adopted the Local Government Association's "Debate Not Hate" campaign in July 2022 which aims to raise public awareness of the role of councillors in their communities, encourage healthy debate and improve the responses and support for local politicians facing abuse and intimidation.
- 4.3** The National Association of Local Councils (NALC) and Society of Local Council Clerks (SLCC) have introduced the "Civility & Respect" campaign for their town and parish council sector. Throughout the sector, there are growing concerns about the impact bullying, harassment, and intimidation are having on local (parish and town) councils, councillors, clerks and council staff and the resulting effectiveness of local councils.
- 4.4** In addition to bullying and harassment, the complaints related to a wide range of alleged breaches of the Code of Conduct including failure to treat individuals with respect and courtesy, bringing the Council into disrepute, and failure to declare interests. Furthermore, there has been an increase in complex and lengthy complaints covering a number of allegations.
- 4.5** Another theme emerging from complaints over the last year is the nature of the allegations have arisen or relates to matters where the councillor was not acting in their councillor capacity or as a representative of the authority and is a private matter. If this is the case, the Code of Conduct doesn't apply. Section 52(1) of the Local Government Act 2000 contains the duty for a Councillor to comply with the Code of Conduct. It requires every Councillor to sign a declaration of acceptance of office, in which they undertake that 'in performing his functions' they will observe the authority's Code of Conduct. As a general rule, the public expect councillors to uphold high standards of conduct and show leadership at all times whether in a councillor or other capacity.
- 4.6** There is a worrying theme of the misuse of the code of conduct complaints system as a weapon against others, particularly relating to planning issues. Some subject members (councillors subject to complaints) have suggested that complaints have



sometimes been used for revenge or to disrupt processes, which have incurred significant investigation costs for Cotswold District Council as a result.

- 4.7** The majority of complainants are members of the public, but there has been an increase in the number of complaints from councillors against other councillors – 15% of the 2024/25 complaints were generated by councillors.
- 4.8** Over the last year, three matters relating to councillor conduct have also been referred to the Police which were outside of the code of conduct complaints process. Investigations by the Police take primacy over allegations managed by the Monitoring Officer.
- 4.9** The Monitoring Officer continues to meet quarterly with the Monitoring Officers of the other Gloucestershire Councils and the Gloucestershire Association of Parish & Town Councils (GAPTC) in order to review existing practice and keep abreast of national and regional developments.

5. OTHER UPDATES – OPERATION FORD

- 5.1** Operation Ford a is a government initiative to ensure that any elected official (including Councillors and Police and Crime Commissioners) is provided with the appropriate safety and security advice.
- 5.2** As part of Operation Ford, a personal security update from Gloucestershire Constabulary was arranged for members on 13 May of which seven councillors attended.

6. STRENGTHENING THE STANDARDS AND CONDUCT FRAMEWORK FOR LOCAL AUTHORITIES IN ENGLAND.

- 6.1** On 18 December 2024, The Government launched a consultation on wide-ranging reforms to the local government standards system, including reintroducing powers of suspension and widening circumstances in which members can be disqualified. The consultation titled "[*Strengthening the standards and conduct framework for local authorities in England*](#)", also asks for views on implementing sanctions such as premises bans for councillors, setting up a national body for handling appeals, and requiring councils to have standards committees.



- 6.2** The consultation closed on 26 February 2025. Members attention is drawn to The Committee on Standards in Public Life's response shown in annex A. To date, no further detail or timescales have been announced in terms of changes arising from consultation responses.

7. FINANCIAL IMPLICATIONS

- 7.1** There are no financial implications resulting directly from the report. However, the significant increase in code of conduct complaints is putting considerable pressure on existing resources. Should this trend continue, the Council will need consider if additional resource is required.

8. LEGAL IMPLICATIONS

- 8.1** The Localism Act 2011 requires the Council to have a Code of Conduct which sets out the standards expected of Members whenever they act in their official capacity. The Code must also have in place a suitable procedure at a local level to investigate and determine allegations that elected Members and co-opted Members of the district council or town and parish councils within the district area have breached the Code of Conduct.

9. RISK ASSESSMENT

- 9.1** If the Council fails to adopt and maintain a Code of Conduct and a process for the investigation of complaints that are fit for purpose, robust and transparent then there are risks to the Council's reputation and to the integrity of its corporate governance and decision-making processes.

10. EQUALITIES IMPACT

- 10.1** Equalities and Human Rights issues are taken into account in the handling of Code of Conduct complaints.

11. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

- 11.1** There are no Climate and Ecological implications arising directly from this report.

12. BACKGROUND PAPERS

- 12.1** None.

Room G.07
1 Horse Guards Road
London
SW1A 2HQ

Jim McMahon OBE MP
Minister of State for Local Government and
English Devolution

Committee
on
Standards in
Public Life

Sent by email

3 March 2025

**‘STRENGTHENING THE STANDARDS AND CONDUCT FRAMEWORK FOR LOCAL
AUTHORITIES IN ENGLAND’: MINISTRY OF HOUSING, COMMUNITIES AND LOCAL
GOVERNMENT’S OPEN CONSULTATION**

Dear Minister,

The Committee on Standards in Public Life welcomes and is pleased to contribute to the government’s important consultation on strengthening the standards and conduct framework for local authorities in England. I am grateful too for being part of your roundtable held on 12 February. As you will be aware, the Committee on Standards in Public Life (CSPL) is an independent, non-departmental public body, sponsored by the Cabinet Office, that advises the Prime Minister on the arrangements for upholding standards across public life in England. CSPL is not a regulator and does not have investigative powers or consider individual cases.¹

The Committee has a long standing interest in local government standards which it first explored in its third report published in July 1997 ‘Standards of Conduct of Local Government in England, Scotland and Wales’,² and most recently in its 2019 report, which made 26 recommendations, and identified a further 15 best practice recommendations, ‘that all local authorities should implement to drive high ethical standards in local government’³. CSPL’s key recommendations included the introduction of a non-mandatory code of conduct (since

¹<https://www.gov.uk/government/organisations/the-committee-on-standards-in-public-life/about/terms-of-reference>

²<https://www.gov.uk/government/publications/standards-of-conduct-of-local-government-in-england-scotland-and-wales>

³https://assets.publishing.service.gov.uk/media/5c5c3f68e5274a3184bac66f/6.4896_CO_CSPL_Command_Paper_on_Local_Government_Standards_v4_WEB.PDF

provided by the Local Government Association); appropriate mechanisms for local authorities to deal with problems when they arise; greater transparency in decision making processes; and clearer rules on conflicts of interest. We are pleased that the government's consultation is exploring some of the recommendations presented in that report.

On Thursday 20th February 2025, the Committee held a seminar with a range of local government experts and practitioners with a wide range of views and experiences to inform CSPL's submission to this government consultation. A number of attendees had surveyed their members in advance of the seminar, and this provided added weight and insight to the discussion. We are grateful to all who participated in the seminar. A non-attributed note of the session will be published on our website shortly.

For ease of review we have summarised our submission into sections as set out in your consultation document.

Mandatory minimum prescribed code of conduct

The Committee said in its 2019 report, that there were benefits to local authorities being able to amend and have ownership of their own codes of conduct, hence the recommendation then was for an updated non-mandatory model code of conduct that should be voluntary and be able to be adapted by local authorities. In view of recent evidence, the Committee does now consider that there should be a mandatory minimum code of conduct. Establishing a core mandatory code would provide a strengthened and more consistent standards framework which is a key issue of public confidence.

Some practitioners told us that the ability to *add* to the code in a locality, to take account of particular issues, could be helpful but, notwithstanding the fact that the ability to amend the code could give local councillors local 'ownership', *amending* the code may well undermine the spirit behind the proposal of having a mandatory code. We agree and consider that a core mandatory code, along with standardised training, would also enable any future appeals body to deal more easily with complaints.

We would recommend that accompanying guidance supported any published code of conduct to provide greater clarity on the issues or behaviour expected. For example, describing what type of behaviours constitute bullying under the code, would leave people in no doubt about the standard of personal behaviour required. The code should also include a requirement for members to cooperate with investigations into code breaches.

One suggestion, which received wide support, was whether there was scope to broaden the councillor's declaration of acceptance to underline the expectation that members should behave decently at all times. Combining the declaration of acceptance with the code of conduct would emphasise its importance.

The question of whether councillors were acting in their public or private capacity, particularly when engaging on social media, required greater clarity as people had different perceptions of how councillors should behave and what constituted acceptable behaviour, both in-person and online.

The Committee suggests exploring what works well in the Devolved Administrations which have established mandatory codes.

Standards Committees and Independent Person/s

CSPL recommended in 2019 that local authorities should be given discretionary power to establish decision-making standards committees, with voting independent members and members from dependent parishes, to decide on allegations and impose sanctions.

Given recent evidence, we would now recommend that all principal authorities should be required to form a standards committee which needs to be properly constituted. We would recommend that standards committees are not combined with other committees, given the diverse skillsets required of different committees. There could be merit in the Independent Person chairing the standards committee, although it was important to define carefully the role description of an Independent Person. Consideration might also be given to lay members chairing standards committees. Both the Independent Person and lay members should have voting rights.

The idea of consistency between councils was felt to be important, while allowing for local nuances, and the process of corporate peer challenge should be encouraged. The question of who monitors the Monitoring Officers was also raised.

Publishing investigation outcomes

CSPL's 2019 best practice recommendation 9 states: 'where a local authority makes a decision on an allegation of misconduct following a formal investigation, a decision notice should be published as soon as possible on its website, including a brief statement of facts, the provisions of the code engaged by the allegations, the view of the Independent Person, the reasoning of the decision-maker, and any sanction applied'.

The Committee continues to believe that transparency is fundamentally important and that the publication of results of complaints as soon as possible, is the right thing to do. If results were not published, or not published in a timely manner, it is likely that local social media would fill the void. However, investigations needed to be proportionate to ensure good use of public money.

Being transparent and publishing vexatious complaints might also guide future complainants about the type of matters that would and would not be investigated. The only exception to substantive publication should be if there was a risk that a complaint could not be anonymised sufficiently.

We would recommend that, even if a member should resign during an investigation, the investigation should be pursued to its conclusion and the results published (where possible) because there was nothing to stop the member standing for election in a neighbouring constituency in the future.

Introducing the power of suspension with related safeguards

CSPL's 2019 recommendations proposed that local authorities should be given the power to suspend councillors, without allowances, for up to six months and that legislative clarification was required in respect of barring councillors and withdrawing facilities. In addition, a local authority should only be able to suspend a councillor where the authority's Independent Person agrees both with the finding of a breach and that suspending the councillor would be a proportionate sanction.

The Committee noted potential issues around suspension of councillors. Some investigations could take years to reach their conclusion if the police and Crown Prosecution Service became involved, which could result in a democratic deficit. In addition, councillors were office holders, but experts raised the issue of whether councillors effectively moved towards being regarded as employees in HR terms if suspension were to be implemented. This was a potentially complex area and clear rules and guidance would be required for the effective operation of suspension.

Notwithstanding the above issues, the Committee continues to recommend suspension for egregious breaches of behaviour and during the period of an investigation. CSPL agrees with the point made to it at the seminar that there should, in fact, be a ladder scale of sanctions starting with mere censure and leading up to suspension and disqualification.

Suspension reinforces the expectation of high standards of behaviour among councillors, ensuring that they act professionally and in the best interests of their constituents, and helps to maintain public trust. It can act as a deterrent against future instances and arguably serves to protect democratic processes by ensuring that elected officials cannot abuse their position without consequences.

The question of who had the power to suspend was considered by participants at the seminar; should this be the standards committee or others? It was felt that there was not currently sufficient enough legal coverage for Monitoring Officers to undertake this aspect of the role.

Disqualification

The disqualification of a democratically elected individual is a serious step that prevents them representing their constituents and is a decision, we feel, that should not be taken lightly. CSPL previously reported that stronger sanctions should be made available to local authorities but that we had not seen compelling evidence for introducing a power of disqualification.

In light of recent evidence, CSPL is now of the view that disqualification may now be necessary in extreme cases, and criminal cases, where there was a clear question mark as to whether the member remained a fit and proper person to hold public office. The Committee noted, however, caution expressed by our seminar participants particularly around the democratic issue raised by disqualification of an elected person being removed by an unelected individual.

Those who gave evidence to our seminar felt that the current criteria for disqualification under criminal law - contained within schedule 9 of the Elections Act 2022 - could be reviewed and amended. If a councillor was judged to be guilty by a court, then disqualification could be appropriate, but if it fell to an officer of the council to adjudge on behaviour, this was far more difficult democratically.

The Committee heard evidence that decisions about disqualification were not always straightforward. For the most serious cases of code of conduct breaches, such as repeated poor behaviour, or if a councillor had defrauded council finances, disqualification should be considered. However, in some cases of poor behaviour, or errors on the part of councillors,

the decision as to whether to disqualify, was a finely balanced argument, and involved weighing up the code breaches with the impact of disqualifying an elected member.

We understand that the government considers that it may be beneficial to introduce disqualification for a period of 5 years for those members for whom the sanction of suspension is invoked on more than one occasion within a 5-year period. However, participants considered that this could lead to ‘two strikes and you are out’ and expressed widespread and strong dislike for this proposal, as more nuanced judgement is required.

Appeals and the provision of a national body

The Committee’s 2019 recommendations said that councillors should be given the right to appeal to the Local Government Ombudsman (LGO) if their local authority imposes a period of suspension for breaching the code of conduct, and that the LGO should be given the power to investigate and decide upon allegations and sanctions which the then LGO was content with.⁴

The Committee continues to believe that councillors should be given the right of appeal. A means of appeal is an important aspect of natural justice. Our recent evidence suggests that any appeal needed to be “timely, sharp and focussed”, “light touch and proportionate”, and “bring closure” to the complaint, in effect “be the end of the line”. However, it was widely thought that mandating that an appeal should be invoked within 5 working days of the notification of suspension may not be workable, and an initial period of 10 days was suggested because advice from other sources might be needed. The government would need to consider, where the sanction is not imposed by a judicial body, whether suspension or disqualification might require an unfettered right of appeal to an independent judicial body under Article 6 of the European Convention of Human Rights.

The Committee would not be averse to the establishment of a national body which some feel would arguably enable a level of expertise and consistency although it was important to remember lessons from the former Standards Body for England; complaints’ rights should be sufficient and proportionate.

Another option suggested by seminar participants, was a regional approach which mirrored magistrates complaints arrangements, with an independent chair. It was felt appropriate for councillors to hear cases concerning other councillors, and the arrangement could act as a tribunal in terms of powers. The Committee is of the view, however, that any appeals process, as a safeguard for councillors and complainants, needed to operate fairly and impartially.

Learning and feedback to generate improvement was important as was future-proofing, as far as possible, whatever arrangements were settled upon. Arrangement for legal representation needed to be considered, as an accused may not have resources and may need legal support. Equally, indemnification for officials was required. It was felt likely that costs would fall to a council.

⁴ The LGO changed its name to the Local Government and Social Care Ombudsman to reflect the full scope of their jurisdiction.

One view thought that principal councils needed a discretionary power to recover costs from parish councils in hearing appeals, in an effort to balance the books but also to curb poor behaviour within local government; others felt not.

Other Matters

The seminar noted that the following recommendations from the CSPL 2019 report have not been explicitly covered within the consultation, and the Committee urges the government, and relevant other stakeholders (e.g. the Local Government Association in respect of recommendation 26 below) to look again at these areas:

1. Recommendations 5, 6 & 7 relating to gifts, hospitality and disclosure of interests, including a requirement to establish a register of gifts and hospitality with councillors required to record anything over a value of £50 or totalling over £100 over a year from a single source; and s31 of Localism Act 2011 should be repealed and replaced with requirement that councils include in their code of conduct that a councillor must not participate in a discussion or vote on a matter to be considered at a meeting if they have any interest, whether registered or not, if a member of the public with knowledge of the relevant facts, would reasonably regard the interest as so significant that it is likely to prejudice consideration or decision making in that matter.
2. Recommendations 8, 9, 10 & 11 relating to specific arrangements concerning Independent Persons (IP), including amending the Localism Act to require IPs to be appointed for fixed term of 2 years; and providing legal indemnity to IPs if their views are disclosed.
3. Recommendation 15 relating to the publication of complaints - a requirement that the Local Government Transparency Code should be updated to require councils to publish annually the number of code of conduct complaints they receive, what the complaints broadly relate to, and the outcome of complaints.
4. Recommendations 19, 20 & 21 relating to parish councils, including the requirement that parish council clerks hold an appropriate qualification; parish councils should adopt the code of conduct of their principal authority; and any sanction imposed on a parish councillor should be determined by the principal authority.
5. Recommendation 22, amending secondary legislation so that disciplinary protections for statutory officers be extended to all disciplinary action, not just dismissal.
6. Recommendations 23 & 24 relating to whistleblowing - updating the Local Government Transparency Code so that local authorities must ensure their whistleblowing policy specifies a named contact for the external auditor alongside their contact details which should be available on the local authority's website; and that councillors should be listed as 'prescribed persons' for the purposes of the Public Interest Disclosure Act 1998.
7. Recommendation 25 - councillors should be required to attend formal induction training by their political groups. National parties should add such a requirement to their model group rules.

8. Recommendation 26 - Local Government Association corporate peer reviews should also include consideration of a local authority's processes for maintaining ethical standards.

Conclusion

The implementation and enforcement of robust local government standards is crucial for fostering a culture of integrity, accountability, and transparency and as such the Committee welcomes the government's consultation, based largely on the recommendations contained within CSPL's 2019 report.

We had a wide ranging discussion with those who kindly attended our seminar on 20 February, but some themes stood out - a core mandatory code of conduct but for local people to manage local affairs wherever possible; for complaints to be resolved at the lowest possible level with a sliding scale of consequences; and consistency of approach, proportionality, and safeguards for councillors and complainants.

As the government moves forward with its plans for local government, it is essential that standards are prioritised and new arrangements are future-proofed, enhancing transparency and public confidence in standards within local authorities.

I look forward to reading the results of your consultation.

Yours sincerely



Doug Chalmers CB DSO OBE
Chair, Committee on Standards in Public Life

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COTSWOLD
District Council

Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	AUDIT AND GOVERNANCE COMMITTEE – 27 MAY 2025
Subject	STATEMENT OF ACCOUNTING POLICIES 2024/25
Wards affected	N/A
Accountable member	Cabinet Member for Finance Email: Democratic@Cotswold.gov.uk
Accountable officer	David Stanley, Deputy Chief Executive Email: Democratic@Cotswold.gov.uk
Report author	David Stanley, Deputy Chief Executive Email: Democratic@Cotswold.gov.uk
Summary/Purpose	This report presents the accounting policies to be included in the 2024/25 Statement of Accounts. This provides Members with the opportunity to review and approve the policies in advance of the preparation of the Statement of Accounts 2024/25. Approving the accounting policies in advance of the preparation of the accounts represents best practice.
Annexes	Annex A – Draft Statement of Accounting Policies – 2024/25
Recommendation(s)	It is recommended that: <ol style="list-style-type: none"> 1. The Audit and Governance Committee considers and approves the draft accounting policies for 2024/25 included at Annex A; 2. Further necessary amendments to the policies set out at Annex A (occurring subsequent to this meeting) are included within the draft (unaudited) and/or final (audited) Statement of Accounts when presented to this Committee.
Corporate priorities	<ul style="list-style-type: none"> • Delivering Good Services
Key Decision	NO



Exempt	NO
Consultees/ Consultation	None. The draft policies presented in this report have been prepared in accordance with latest CIPFA Code of Practice on Local Authority Accounting.



1. EXECUTIVE SUMMARY

- 1.1** This report presents for approval, the draft Statement of Accounting Policies to be applied in closing the Council's accounts for 2024/25. The policies are included at Annex A.
- 1.2** The policies outline the relevant accounting principles, bases, conventions, rules and practices applied by the authority in preparing and presenting its financial statements.
- 1.3** The policies have been reviewed to ensure they align with the latest CIPFA Code of Practice on Local Authority Accounting (The Code) supported by International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs).

2. BACKGROUND

- 2.1** The Council's External Auditor, Bishop Fleming, recommend that Members formally approve the draft Statement of Accounting Policies to be included in the Statement of Accounts before the closedown process is undertaken.
- 2.2** Such approval demonstrates that those charged with governance have had the opportunity to consider and review the draft policies and are aware of the policies to be applied in closing the Council's accounts for 2024/25 in advance of the process.
- 2.3** The Committee will approve the Statement of Accounts, receive the Audit Findings Report, and sign the letter of Representation as those charged with governance at a future Audit and Governance Committee meeting.

3. MAIN POINTS

- 3.1** The 2024/25 financial year ended on 31 March 2025. Finance colleagues are currently preparing the draft Statement of Accounts, subject to audit for 2024/25. It is considered best practice for those charged with governance to review and approve the accounting policies prior to the meeting at which the Statement of Accounts will be approved.
- 3.2** The draft Statement of Accounting Policies are included at Annex A. They are prepared largely from the CIPFA guidance, adjusted as appropriate to be suitable for the Council. There may be certain matters arising during preparation of the Statement of Accounts which will require the draft accounting policies to be updated. For example, CIPFA may issue updates to the guidance. Further necessary



amendments to the policies set out at Annex A (occurring subsequent to this meeting) will be included within the draft (unaudited) and/or final (audited) Statement of Accounts when presented to this Committee.

- 3.3** The Council prepares its Statement of Accounts in accordance with proper accounting practices and regulations in accordance with The Code supported by International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs).
- 3.4** The Statement of Accounting Policies outlines the relevant accounting principles, bases, conventions, rules and practices applied by the Council in preparing and presenting its financial statements. They aid understanding of the Statements and facilitate comparison with other organisations.

4. Proposed Amendments for 2024/25

- 4.1** The policies set out in Annex A have been fully reviewed to ensure they align with The Code guidance notes. As a result, three amendments are proposed for the 2024/25 accounting year and the impact of these changes are shown in the annex as marked-up text.
- 4.2** The proposed amendments are summarised as follows:
- **Employee Benefits (Section vii)** – Following the Publica service review and the TUPE transfer of employees to the Council, it will be necessary to make an accrual for the cost of leave entitlement earned by employees but not taken before the year-end. Prior to the transfer of employees, the Council did not calculate and disclose this accrual as it was not a material amount.
 - **Financial Instruments (Section x)** – Statutory provisions for mitigating the impact of fair value movements on Pooled Investment Funds have been extended to 31 March 2029 but only in respect of investments made before 1 April 2024. For Pooled Investment Funds made on or after 1 April 2024, fair value movements will be released to the General Fund in 2025/26 along with gains and losses incurred during that year.
 - **Leases (Section xvi)** – Where the Council is lessee (i.e. rents land or property from the owner of the asset), the policies have been amended to comply with the requirements of IFRS16. Such leases are now classified based on their substance. Contracts and parts of contracts, including those described as contracts for



services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. Where the Council is lessor (i.e. rents its own land or property to a tenant), the policies remain unchanged.

5. ALTERNATIVE OPTIONS

- 5.1** The draft policies presented in this report have been prepared in accordance with latest version of The Code. Consequently, no alternative options have been prepared.

6. FINANCIAL IMPLICATIONS

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

7. LEGAL IMPLICATIONS

- 7.1** There are no direct legal implications arising from this report, except to the extent that compliance with the latest Accounting Code of Practice under which the accounts are prepared is mandatory.

8. RISK ASSESSMENT

- 8.1** If the Council's accounting policies are not followed during preparation of the Statement of Accounts, external audit may decide that the Statement of Accounts is misstated. Officer training in advance of preparation of the Statement of Accounts and an associated Annual review of these policies mitigates the 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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Draft Statement of Accounting Policies – 2024/25

i) General principles

The Statement of Accounts summarises the Council's transactions for the financial year and its position at the 31st March year-end. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, those regulations which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the *Code of Practice on Local Authority Accounting in the United Kingdom* supported by International Financial Reporting Standards (IFRS) and statutory guidance.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

These accounts have been prepared on the basis that the Council is a going concern.

ii) Accruals of income and expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption they are carried as inventories (stock) on the Balance Sheet, where the value is material.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to the Comprehensive Income and Expenditure Statement for the income that might not be collected (doubtful debts).
- The council has set a de-minimis level for accruals of creditors and debtors that are calculated manually in order to avoid additional time and cost in estimating and

recording accruals. This level is set at £1,000 with the exception of any grant where applying the de-minimis level would affect a grant claim and any accruals included therein.

iii) Cash and cash equivalents

Cash and cash equivalents are represented by cash in hand and deposits with financial institutions repayable, without penalty, on notice of not more than 24 hours. This includes bank call-accounts, Money Market Funds (MMF) and any other 'overnight-type' investments.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

iv) Prior period, adjustments, changes in accounting policies and estimates and errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless not material or stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

v) Charges to revenue for non-current assets

Services, support services and trading accounts are charged an accounting estimate of the cost of holding non-current assets during the year. This comprises:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the relevant service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of intangible assets attributable to the service

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an

amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses, and amortisation are therefore replaced by the contribution in the General Fund Balance - Minimum Revenue Provision (MRP), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

vi) Council tax and non-domestic rates

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government (for NDR) share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

Accounting for council tax and NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Council's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the Council's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the taxation and non-specific grant income and expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

vii) Employee benefits

Benefits payable during employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council.

An accrual is made for the cost of holiday entitlement (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Overtime is only paid on limited occasions and requires prior Head of Service approval. Overtime is not contractual or regular, and therefore any holiday leave potentially accruing on overtime worked is not significant. The Council does not accrue for holiday pay due on overtime.

Termination benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy, in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment within the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or the employee in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the pension reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

viii) Post-employment benefits

Employees of the Council are permitted to join the Local Government Pension Scheme, administered by Gloucestershire County Council. This scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees who worked for the Council.

The Local Government Pension Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Gloucestershire County Council Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projected earnings for current employees.

- Liabilities are discounted to their value at current prices, using a discount rate based on the gross redemption yield on the Iboxx Sterling Corporate Index, AA over 15 years, at the IAS19 valuation date. This is a high quality corporate bond of equivalent term and currency to the liability.
- The assets of the Gloucestershire County Council Pension Fund attributable to the Council are included in the balance sheet at their fair value.
 - quoted securities – current bid price
 - unquoted securities – professional estimate
 - unitised securities – current bid price
 - property – market value

The change in the net pensions liability is analysed into the following components:

- Service cost comprising:
 - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
 - past service cost- the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement
 - net interest on the net defined benefit liability, i.e. net interest expense for the Council – the change during the period in the net defined benefit liability that arises from the passage of time charged to the financing and investment income and expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments
- Remeasurements comprising
 - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability – charged to the pensions reserve as other comprehensive income and expenditure
 - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the pensions reserve as other comprehensive income and expenditure
 - contributions paid to the Gloucestershire County Council Pension Fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting

standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pension Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

ix) Events after the reporting period

Events after the Balance Sheet reporting period are those events, both favourable and unfavourable, that occur between the Balance Sheet date and the date when the statement of accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the statement of accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the statement of accounts is not adjusted to reflect such events, but where such a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the statement of accounts.

x) Financial instruments

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

Any borrowing that the Council may undertake would be presented in the Balance Sheet at the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid, where material. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets (i.e. why we are holding the asset) and their cash flow characteristics. There are three main classifications:

- Amortised cost
- Fair value through other comprehensive income (FVOCI), and
- Fair value through profit or loss (FVPL)

The Council primarily holds investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (ie where the cash flows do not take the form of a basic debt instrument).

Financial assets measured at amortised cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

Any gains and losses that arise on the derecognition of a financial asset are credited or debited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

Expected credit loss model

The Council recognises material expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis except for those where the counterparty is central government or another local authority, where relevant statutory provisions prevent default. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors).

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk

plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Financial assets measured at fair value through other comprehensive income (FVOCI)

Financial assets that are measured at fair value through other comprehensive income are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in other comprehensive income.

Financial assets measured at fair value through profit or loss (FVPL)

Financial assets that are measured at fair value through profit or loss are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in the Surplus or Deficit on the Provision of Services within the Comprehensive Income and Expenditure Statement.

The Council has chosen to apply statutory provisions for mitigating the impact of fair value movements on Pooled Investment Funds as directed in the relevant Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations. This allows (where relevant criteria are met) for fair value gains and losses on Pooled Investment Funds made before 1 April 2024 to be reversed to an account established solely for the purpose of recognising fair value gains and losses – the Pooled Investment Funds Adjustment Account.

This statutory provision ceases on 31 March 2029.

For Pooled Investment Funds made on or after 1 April 2024, fair value gains and losses incurred in 2024/25 will be taken to the Pooled Investment Funds Adjustment Account in 2024/25 as the Statutory Override remains in place. However, that figure will be released to the General Fund in 2025/26 along with gains and losses incurred during that year.

Fair value measurements of financial assets

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurements of the Council's financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date.

- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

xi) Government grants and contributions

Whether paid on account, by instalments or in arrears, government grants and third-party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or taxation and non-specific grant income and expenditure (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Section 106 funding contributions are payable by developers to the Council to discharge specific planning obligations associated with residential or commercial development. Section 106 funding contributions are held on the balance sheet as creditors as they may have to be returned to the developer if conditions associated with the funding are not met. Similarly, where grants have been received for specific projects these are treated as grants with conditions (creditors) until the project has begun or the item of equipment to which the grant relates has been purchased.

Community infrastructure levy

The Council has elected to charge a Community Infrastructure Levy (CIL). The levy is charged on new builds (chargeable developments for the Council) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (these include transport, flood defences and schools) to support the development of the area.

The CIL is recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement as a contribution without outstanding conditions. CIL charges will be largely used to fund capital expenditure. However a proportion of the charges may be used to fund revenue expenditure. A share of the charges which are due to be payable to the County, Town or Parish Councils will remain in creditors (receipts in advance) until due.

xii) Heritage assets

Heritage assets are those assets that are held and maintained principally for their contribution to knowledge and culture.

The Council owns the Corinium Museum in Cirencester. The museum contains a large number of artefacts, with a particular specialism in the Roman heritage of Cirencester and the surrounding area. Many of the items in the Museum collection meet the classification of Heritage Assets adopted by the Code (FRS102).

Where assets have been purchased or recently obtained, information on their cost or value will be available. The Code allows that where this information is not available, or cannot be obtained at a value which is commensurate with the benefits to users of the financial statements, that the assets need not be recognised in the Balance Sheet. The majority of the Council's museum collection has not been included on the Council's Balance Sheet.

When purchased or where a value is available, heritage assets are recognised on the balance sheet at historic cost. Assets within the museum collection are deemed to have indeterminate lives; hence the Council does not consider it appropriate to charge depreciation on those heritage assets on the Council's balance sheet. Due to the nature of the type of assets held, the Council's heritage assets are not subject to revaluation and will only be impaired if there is clear reason to suspect the assets have become impaired.

xiii) Intangible assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) are capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council. Intangible assets are measured initially at cost.

The depreciable amount of an intangible asset is amortised over its useful life (usually 4 years) to the relevant service line(s) in the Comprehensive Income and Expenditure

Statement. The Council carries no internally generated intangible assets on its balance sheet.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the capital adjustment account or (for any sale proceeds greater than £10,000) the capital receipts reserve.

xiv) Inventories and long-term contracts

Inventories (stocks) are included in the Balance Sheet at cost.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.

xv) Investment property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income and Expenditure line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account or (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

xvi) Leases

The council as lessee

The Council classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights

both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

Initial measurement

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options.

The Council initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the Council's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the Council is reasonably certain to exercise
- lease payments in an optional renewal period if the Council is reasonably certain to exercise an extension option
- penalties for early termination of a lease, unless the Council is reasonably certain not to terminate early.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received.

However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

Subsequent measurement

The right-of-use asset is subsequently measured using the fair value model. The Council considers the cost model to be a reasonable proxy except for:

- assets held under non-commercial leases
- leases where rent reviews do not necessarily reflect market conditions
- leases with terms of more than five years that do not have any provision for rent reviews
- leases where rent reviews will be at periods of more than five years.

For these leases, the asset is carried at a revalued amount. In these financial statements, right-of use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration leases have been valued using market prices or rentals for equivalent land and properties.

The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption.

The lease liability is subsequently measured at amortised cost, using the effective interest method. The liability is remeasured when:

- there is a change in future lease payments arising from a change in index or rate
- there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee
- the Council changes its assessment of whether it will exercise a purchase, extension or termination option, or
- there is a revised in-substance fixed lease payment.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

Low value and short lease exemption

As permitted by the Code, the Council excludes leases:

- for low-value items that cost less than £10,000 when new, provided they are not highly dependent on or integrated with other items, and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the Council is reasonably certain to exercise and any termination options that the Council is reasonably certain not to exercise).

Lease expenditure

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed.

Depreciation and impairments are not charges against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

The council as lessor

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Finance leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the other operating expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease even if this does not match the pattern of payments (e.g. there is a premium paid at the

commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset (if material) and charged as an expense over the lease term on the same basis as rental income.

xvii) Property, plant and equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (e.g. repairs and maintenance) is charged as an expense when it is incurred.

The Council's capitalisation de minimis is £10,000, except for where the sum of a group of assets is significant, such as waste collection bins and boxes or ICT equipment.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Assets are then carried in the Balance sheet using the following measurement bases:

- Community assets and assets under construction – depreciated historical cost
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective.
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Where non-property assets have short useful lives or low values (or both) depreciated historical cost basis is used as an approximation of current value.

Assets included in the balance sheet at current value are revalued to ensure that their carrying amount is not materially different from their value at year-end. All land and buildings are revalued at least every 5-years as part of a rolling programme. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the surplus or deficit on the provision of services within the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where items or property plant and equipment are revalued, and the valuer identifies an asset which has component parts that have significantly different useful lives, where one or more parts represent a significant proportion of the overall asset, then the asset may be componentised. With componentisation, one or more constituent parts may be identified, and the component parts separately valued for the accounts and depreciated over different useful lives to the main asset. Useful economic lives (and therefore depreciation calculations) will be based upon the asset lives recommended by the Council's valuer.

Where decreases in value are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- Operational buildings and surplus property – depreciated on a straight-line basis, over a 40 year period (unless an asset life is deemed to be materially different to this by the Council's valuer)
- Car Park depreciable components (surface) – 20 years
- Land is not depreciated
- Vehicles, plant, furniture and equipment – depreciated on a straight-line basis, over a 4-year period
- Investment property is not depreciated

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and non-current assets held for sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted

to the other operating expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses in the surplus or deficit on the provision of services. Depreciation is not charged on assets held for sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale, adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts remains within the capital receipts reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the reserve from the General Fund balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

xviii) Provisions, contingent liabilities and contingent assets

Provisions

Provisions are made where an event has taken place on or before the balance sheet date:

- that gives the Council a present obligation
- that probably requires settlement by a transfer of economic benefits or service potential, and
- where a reliable estimate can be made of the amount of the obligation.

If it is not clear whether an event has taken place on or before the Balance Sheet date, it is deemed to give rise to a present obligation if, taking account of all available evidence, it

is more likely than not that a present obligation exists at the Balance Sheet date. The present obligation can be legal or constructive.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Council has an obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Contingent liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

xix) Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund Balance so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, local taxation, retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

xx) Revenue expenditure funded from capital under statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources, or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

xxi) Value Added Tax

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs (HMRC). VAT receivable is excluded from income.

xxii) Fair value measurement of non-financial assets

The Council's accounting policy for fair value measurement of financial assets is set out in the 'Financial Instruments' section (above). The Council also measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings (other financial instruments as applicable) at fair value at each reporting date. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset takes place either:

- in the principal market for the asset, or
- in the absence of a principal market, in the most advantageous market for the asset.

The Council measures the fair value of an asset using the assumptions that market participants would use when pricing the asset, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly
- Level 3 – unobservable inputs for the asset.

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