



Friday, 4 July 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 **Monday, 14 July 2025 at 4.00 pm.**

David Stanley  
Deputy Chief Executive & Section 151 Officer.

To: Members of the Audit and Governance Committee  
(Councillors Nigel Robbins, Helene Mansilla, Jeremy Theyer, Len Wilkins, Jon Wareing, Nick Bridges, Tony Dale, Christopher Bass and John Chesshire)

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

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

# AGENDA

1. **Apologies**

To receive any apologies for absence.

The quorum for the Audit and Governance Committee is 3 members.

2. **Substitute Members**

To note details of any substitution arrangements in place for the meeting.

3. **Declarations of Interest**

To receive any declarations of interest from Members relating to items to be considered at the meeting.

4. **Minutes** (Pages 5 - 16)

To confirm the minutes of the meeting of the Committee held on 27 May 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. **Annual Summary Of Complaints Statistics From The Local Government And Social Care Ombudsman - Year Ending 31 March 2025** (Pages 17 - 26)

Purpose

This report presents the Annual Complaints statistics as provided by the Local Government and Social Care Ombudsman for the year 1 April 2024 – 31 March 2025.

Recommendation

That the Audit and Governance Committee resolves to:

1. Note the content of the report and the Annual Review Letter 2024 – 2025.

8. **Treasury Management Outturn** (Pages 27 - 46)

Purpose

To receive and discuss details of the Council's Treasury management performance for the period 01 April 2024 to 31 March 2025.

Recommendation

That Audit and Governance Committee resolves to:

1. Consider the Council's Treasury Management performance for the period 1 April 2024 to 31 March 2025.
2. Agree any comments to be passed to full Council when considering this item.

9. **Draft Annual Governance Statement** (Pages 47 - 74)

Purpose

This report provides the Audit and Governance Committee with an updated Annual Governance Statement for 2024/25 and an Annual Governance Action plan for 2025/26.

Recommendation

That Audit and Governance Committee resolves to:

1. Approve the Annual Governance Statement for 2024 / 2025
2. Approve the Annual Governance Action Plan for 2025 / 2026
3. Agree to receive updates at future meetings of the Audit and Governance Committee to update on progress against the 25 / 26 Action Plan

10. **Internal Audit Annual Opinion** (Pages 75 - 104)

Purpose

To present a summary of the work undertaken by Internal Audit during 2024/25 and to give an overall opinion on levels of assurance resulting from this work.

Due to the information contained in The Internal Audit Annual Opinion, it is deemed unnecessary to submit a separate quarterly monitoring report. Instead, we have produced a condensed version of the usual report which contains a summary of the work concluded since the last meeting of this Committee.

Recommendation

That the Audit and Governance Committee resolves to:

1. Consider the report and comments as necessary.

11. **2024/2025 Draft Statement of Accounts** (Pages 105 - 108)

Purpose

To discuss the Statement of Accounts.

Please note that this item does not contain a cover report, this report will be introduced with slides at the meeting. A link to the final set of published draft accounts will be provided at the meeting.

12. **Audit and Governance Committee Work Plan** (Pages 109 - 112)

For the Committee to review and note its work plan.

Audit and Governance Committee  
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**COTSWOLD**  
District Council

## **Minutes of a meeting of Audit and Governance Committee held on Tuesday, 27 May 2025**

### Members present:

Nigel Robbins	Helene Mansilla
Nick Bridges	Len Wilkins

### Officers present:

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

### Observers:

Councillor Alex Walling (Bishop Fleming)

## **1 Apologies**

Apologies were received from Councillors Tony Dale and Jon Waring and John Chesshire, an independent member of the Audit and Governance Committee.

## **2 Substitute Members**

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

## **3 Declarations of Interest**

Councillor Len Wilkins made the Chair aware that he was a Member of the Council mentioned in Agenda Item 15.

## **4 Minutes**

The minutes of the meeting held on 28 January 2025 were discussed.

There was a follow-up query regarding any potential statutory GDPR breaches. It was confirmed that no breaches had occurred.

Christopher Bass requested that his attendance record at the meeting be updated.

RESOLVED: That the Audit and Governance Committee APPROVE the minutes of the meeting held on 28 January 2025.

Voting record:

For - 4, Against - 0, Abstentions - 0, Absent/Did not vote - 0

## **5 Public Questions**

There were no public questions.

## **6 Member Questions**

There were no Member questions.

## **7 Risk Management Policy**

The purpose of the report was to present the latest version of the Council's Risk and Opportunity Management Strategy.

The Business Manager for Governance, Risk and Business Continuity introduced the item. It was noted that while there were minimal changes from the previous version, the document had been revised to reflect the current service structure following the transition of services. There had also been updates to clarify current roles and responsibilities within the Council.

In discussing the report, Members raised the following points:

- A question was raised regarding the basis of the assessment of the Council's appetite for risk as 'Cautious'. Clarification was sought as to whether this assessment had been independently and objectively determined by an external agency or rating body.  
The Deputy Chief Executive explained that given the current uncertainties, with the transfer of services from Publica and the prospect of local government reorganisation (LGR) in Gloucestershire, the agreed position had been to adopt a cautious approach. This view had been reached independently through discussions with the Chief Executive.
- A query was raised regarding the *Roles and Responsibilities* section, specifically in relation to fraud and internal audit. It was noted that reporting lines to the Audit and Governance Committee were unclear, and it was suggested that these should be clarified.

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Further clarification was sought on the independence of the counter fraud function, in particular, whether it reported directly to senior management and the nature of the reporting line (functional, administrative, or otherwise).

The Head of the Counter Fraud and Enforcement Unit explained that concerns would initially be raised with the Chief Finance Officer, unless he was implicated, in which case the matter would be escalated to the Chair of the Audit and Governance Committee. The Head of the Counter Fraud and Enforcement Unit confirmed their independence, reporting directly to the Committee while managing interactions based on the nature of the issue. Internal matters may involve HR, risk management, or finance teams and may require coordination with service managers across the Council. The Deputy Chief Executive Officer clarified that the Committee's role was to assess whether the risk management process provided sufficient assurance, including challenging high-risk scores where mitigation appeared inadequate and ensuring that both operational and strategic risks were effectively managed.

RESOLVED: The Audit and Governance Committee APPROVED the Risk and Opportunity Management Strategy.

Voting record:

For - 4, Against - 0, Abstentions - 0, Absent/Did not vote - 0

## **8 Annual Governance Statement – Action Plan Update**

The purpose of the report was to present the Audit and Governance Committee with a progress update on the Annual Governance Action Plan for 2024/25.

The Business Manager for Governance, Risk and Business Continuity introduced the item and made the following points:

- The carryover items related to business continuity plans, although reviewed annually, required further development of policies and templates for rollout next year.
- Procurement-related actions remained ongoing due to new rules, with training planned for the current financial year.
- Actions arising from the recent peer review would also continue into the next financial year.

The Committee requested an update on the outstanding Peer Review actions. The Business Manager for Governance, Risk and Business Continuity reported positive feedback from the follow-up review, particularly in relation to governance. Highlights included the approval of the Committee's new name and focus, member training, effective scrutiny and pre-decision engagement, and the valued contribution of the independent persons. A full report from the follow-up review was scheduled to be presented to Cabinet on 10 July.

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The committee expressed concerns regarding procurement, noting that although training was scheduled for the new financial year and a toolkit was in development, some staff remained untrained and without access to the necessary resources. This gap could affect compliance with new procurement requirements. The Business Manager for Governance, Risk and Business Continuity confirmed that the procurement team had completed all required training. An updated set of Contract Procedure Rules was approved by Council in March, and procurement colleagues had since been delivering a training programme for all decision-making managers, with sessions scheduled through June.

RESOLVED: The Audit and Governance Committee NOTED the progress updates.

## **9 Internal Audit Plan and Charter**

The purpose of the report was to present the Internal Audit Plan and Charter and Mandate for 2025/26 for consideration and approval.

The Committee raised concerns about ensuring that high-risk areas, such as the Publica transition, were prioritised early enough to support timely decision-making and effective oversight. While the agile audit approach allowed for responsiveness to emerging risks, it was noted that key audits must not be delayed to the point of losing their value.

The Head of Internal Audit confirmed that high-priority projects would remain in the plan throughout the year, with the expanded audit team providing flexibility to address emerging issues. The Deputy Chief Executive Officer added that in the event of a major incident (e.g. cyber-attack), audit activity would be redirected, with findings reported to the Committee. Adjustments to the plan could be made if significant risks arose, potentially delaying lower-priority work.

The Committee sought clarification on the lack of detail in the Internal Audit plan regarding ICT audits. The Deputy Chief Executive Officer acknowledged the need to outline the scope of planned audits, while emphasising that excessive detail could risk exposing potential cyber vulnerabilities.

The Head of Internal Audit requested that the Chair sign off the Internal Audit Charter, subject to the Committee's satisfaction with the report.

RESOLVED: That the Audit and Governance Committee APPROVE the Internal Audit Plan 2025/26 and the Internal Audit Charter and Mandate.

### Voting record:

For - 4, Against - 0, Abstentions - 0, Absent/Did not vote – 0



## **10 Internal Audit Progress Report**

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

In discussing the report, Members raised the following points:

- There was concern over the limited detail previously provided on members' allowances and expenses. The Officer confirmed that significant process improvements were being implemented following audit findings.
- The Committee received an update on the trial of virtual procurement cards, introduced in response to a prior audit recommendation. Provided by Lloyds Bank, the single-use cards were being considered to support a "no purchase order, no payment" policy. This policy was being developed in collaboration with the interim Head of Finance and the Chief Accountant to enhance procurement processes and internal controls. Although progress had been slow, an update on implementation and timescales would be brought to a future meeting.

RESOLVED: That the Audit and Governance Committee NOTED the Internal Audit Progress Report.

## **11 Update on Government overhaul of local audit in England**

The purpose of the briefing note was to provide an overview on the Government feedback on local audit reform.

The Independent Auditors, Bishop Fleming, reported that the government's consultation on local audit reform had been prompted by widespread recognition that the system had been failing for several years. Many audits had been disclaimed, with firms facing significant backlogs due to complex council issues and limited audit capacity. While the proposed reforms were seen as necessary and broadly positive, it was acknowledged that implementation would be challenging, particularly in the context of wider local government reorganisation. The Committee welcomed the fact that action was being taken.

The Deputy Chief Executive Officer informed the Committee that around 1,000 public sector audits were currently without opinions, with a backstop date of 28 February 2025. Some councils had received significant audit bills despite not receiving formal opinions. In response, the government had announced reforms, including the creation of a new Local Audit Office to take on responsibilities for local audit, marking a shift from the previous model of oversight by a single regulator for both public and private sectors.

It was noted that audit fees had risen sharply in recent years to address under investment following the abolition of the Audit Commission, which had previously

driven lower costs. Officers expressed support for higher audit fees if they resulted in timely, complete audits and welcomed the government's efforts to stabilise the system, including consideration of in-house audit provision.

RESOLVED: That the Audit and Governance Committee NOTED the Government overhaul of local audit in England update.

## **12 2024/25 External Audit Plan**

The purpose of the report was to present the 2024/25 summary of the audit work concluded since the last committee meeting.

Alex Waller, Audit Partner at Bishop Fleming, introduced the report outlining the planned audit work for the year, in line with the Code of Audit Practice. The Plan was broadly consistent with previous years in terms of content and identified risks. Particular attention was drawn to the implementation of IFRS 16, a new accounting standard requiring finance leases to be recognised on the balance sheet.

The Committee noted ongoing sector-wide concerns regarding missed audit deadlines and statutory reporting timescales. Members requested an update on progress against the current schedule and any anticipated delivery challenges.

The Audit Partner confirmed that the audit remained on track to meet the statutory deadline, with the Finance Team indicating that the draft accounts would be available as planned. No concerns were raised that would suggest any likely delays.

The Committee enquired about the audit fees for the previous year and the proposed fee relating to IFRS 16. The Deputy Chief Executive Officer and Chief Finance Officer confirmed that the previous year's audit fee was £135,941 and that the current audit work had been approximately 10% below the revised scale fee. Any additional costs for the current year would depend on the scope of further work required, including verification of IFRS 16 assessments, IAS 19 considerations, and the outcome of the pension fund audit, which was conducted by separate auditors.

It was confirmed that any proposed fee increase would be reviewed by the Council and assessed by Public Sector Audit Appointments (PSAA), based on the justification and supporting audit evidence provided.

RESOLVED: The Audit and Governance Committee NOTED the External Audit Plan.

## **13 CFEU Update Report (RIPA and IPA annual update)**

The purpose of the report was to provide the Committee with assurance over the Council's counter fraud activities, including an annual update on the Regulation of

Investigatory Powers Act 2000 (RIPA), the Investigatory Powers Act 2016 (IPA), and the Council's existing authorisation arrangements.

The Head of the Counter Fraud and Enforcement Unit highlighted the following points:

- A new grant policy was nearly complete, with a supporting toolkit already rolled out to relevant staff.
- Support had begun for the procurement team in response to new legislation, focusing on improving transparency and procurement responsibilities.
- A collaborative fraud awareness webpage was being developed with local partners, offering advice, reporting tools, and localised scam information, with launch expected soon.
- Debt recovery from business grants continued, with clarification pending on liability for defaults after the extended transfer date.
- Investigations into council tax and housing data anomalies were ongoing, with revenue and loss avoidance figures reported, alongside training delivered to enforcement officers across six councils.
- Reviews ensured only eligible applicants remained on the housing list, helping reduce emergency housing costs.
- Investigations into council tax reduction fraud, staffing issues, and code of conduct breaches had been undertaken based on enforcement referrals.
- An annual update on surveillance and communications data access was provided, confirming all overt activity followed internal oversight procedures.

The Chair shared that the Chief Executive of the Public Sector Fraud Authority, Mark Fiesman, had visited and praised the Counter Fraud and Enforcement Unit (CFEU) for its effective operation on the Council's behalf.

The Committee asked the Head of the Counter Fraud and Enforcement Unit whether she was assured that internal controls and whistleblowing systems were sufficient. The Head of Service expressed interest in including agency and contractor payroll data to strengthen delivery. The Committee was advised that internal measures ensured appropriate staff management and role fulfilment.

The Deputy Chief Executive Officer informed the Committee that the CFEU was responsible for the Council's Anti-Fraud and Corruption Policy, focusing on fraud prevention and rigorous investigation, potentially leading to prosecution. The team also played an educational role, raising awareness among councillors and staff, particularly regarding procurement and cybersecurity risks. Training materials, such as the "Dodgy Dave" case, were used to illustrate how fraud can escalate across council operations.

RESOLVED: The Audit and Governance Committee NOTED the CFEU Update Report.

## **14 Whistleblowing Policy**

The Committee highlighted that a key factor in the success of any whistleblowing policy was guaranteeing anonymity for whistle-blowers. It was noted that fear of reprisals or disbelief often prevented individuals from coming forward, especially in sensitive cases, and that providing absolute reassurance was essential to encourage disclosures.

The Committee asked whether there was assurance that the policy was being used and that staff felt informed and safe to speak up. The Head of Service confirmed that whistleblowing allegations had been received and were handled appropriately. A recent internal campaign had been launched to promote the policy and support staff in coming forward.

The Deputy Chief Executive Officer noted a minor but meaningful change in the whistleblowing policy, replacing the term “informer” with “whistle-blower.” This change was intended to reinforce a positive culture around whistleblowing, reassuring staff that raising concerns was a responsible and protected action and not an act of disloyalty. The update aimed to support a culture where whistleblowing was treated seriously and confidentially, reflecting the responsibility of all employees and managers.

RESOLVED: The Audit and Governance Committee APPROVED the recommendation to approve the Whistleblowing Policy and to 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.

Voting record:

For - 4, Against - 0, Abstentions - 0, Absent/Did not vote - 0

## **15 Annual Standards Update**

The Committee received an update on Code of Conduct complaints and related standards matters for the year ending 31 March 2025. Key points included:

- 39 formal complaints were received, consistent with the previous year and significantly higher than two years prior. Most complaints related to town and parish councillors.
- Allegations included bullying and harassment, failure to treat others with respect, and failure to declare interests. Complaints were increasingly complex and often involved multiple allegations.
- Many complaints were dismissed at the initial assessment stage as councillors were not acting in an official capacity, a distinction that was often unclear, particularly on social media.

- There was a growing trend of complaints being used as tools for personal disputes or retaliation.
- The volume and complexity of complaints had become resource-intensive, with more cases being referred to the Counter Fraud and Enforcement Unit.
- The Council engaged with Operation Forward, a national initiative on councillor safety, including a briefing with Gloucestershire Constabulary.
- A consultation on reforms to the standards system had closed in February. The response from the Committee for Standards in Public Life was included in the report, with potential legislative changes anticipated but no confirmed timeline.
- Members were encouraged to support good conduct and governance in their interactions with town and parish councils, recognising both the challenges and the valuable work being done.

The Committee discussed the adoption and application of the Code of Conduct across local councils. It was confirmed that all town and parish councils had been required to have a Code of Conduct since 2011 with no indication that any had failed to adopt one.

Concerns were raised about the lack of consistent induction or training for new or co-opted parish councillors. This was identified as a potential factor in the rise of conduct-related complaints.

The Committee noted that while all town and parish councils had adopted a Code of Conduct, many based on the National Association of Local Councils' model, some may not have reviewed their codes in recent years. Members were encouraged to prompt local councils to review their codes, especially if not updated within the last three to four years.

RESOLVED: The Committee APPROVED the appointment of Cllrs Robbins, Mansilla, and Wilkins as members of the Standards Hearing Sub-Committee.

Voting record:

For - 4, Against - 0, Abstentions - 0, Absent/Did not vote – 0

RESOLVED: The Audit and Governance Committee NOTED the update for the financial year 2024 – 2025 and 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**

The Committee was informed of three key accounting changes since the previous year:

- Adjustments had been made to account for the value of unused staff leave, with some employees now included on the Council's balance sheet following phase 1 of the Publica transition.

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- The IFRS 9 Statutory override for historic pooled fund investments made before 1 April 2024 was extended, affecting the Council's accounting treatment of those assets.
- The Council was reviewing its lease arrangements in line with the new IFRS 16 standard, as referenced in the external audit plan.

The Committee noted that, had the Council held a significant number of leases, assessment under IFRS 16 could have been complex and time-consuming due to the subjective judgment required to determine whether a lease conveyed the right to control the use of an identified asset.

The Deputy Chief Executive informed the Committee that most of the IFRS 16-related work involved reviewing contracts across the Council to identify potential leases. Following this review, only one qualifying lease had been identified. This lease would be recognised on the balance sheet under property, plant, and equipment, with a corresponding liability. The process was considered relatively straightforward in this case, though it was acknowledged that larger authorities might face more complexity.

The Committee sought confirmation that the new lease accounting rules (IFRS 16) and the extension of the pooled investment statutory override (IFRS 9) had been fully considered and reflected in the Council's 2024/25 financial statements. The Chief Accountant confirmed that a thorough review had been undertaken to identify all relevant lease arrangements.

The Deputy Chief Executive Officer informed the Committee that the statutory override for pooled fund investments had been flagged as a risk in the Medium-Term Financial Strategy for the past two years. Originally due to end on 31 March 2025, the override would have required the Council to recognise potential valuation losses in the 2024/25 accounts. To mitigate this, additional treasury income had been allocated to earmarked reserves.

The recent extension of the override removed the immediate risk, allowing the accounts to be prepared without using reserves. It was noted that any new pooled fund investments would not be covered by the extension; however, there were no current plans to increase such holdings.

RESOLVED: The Audit and Governance Committee APPROVED the Draft Accounting Policy 2024/25.

Voting record:

For - 4, Against - 0, Abstentions - 0, Absent/Did not vote - 0

The Committee noted that the following items were scheduled for the next meeting on 14 July:

- Treasury Management Outturn
- Draft Annual Governance Statement

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- Internal Audit Annual Opinion
- Draft Statement of Accounts for 2024/25

The Meeting commenced at 4.00 pm and closed at 6.00 pm

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# Agenda Item 7



Council name	<b>COTSWOLD DISTRICT COUNCIL</b>
Name and date of Committee	<b>AUDIT AND GOVERNANCE COMMITTEE – 14 JULY 2025</b>
Subject	<b>ANNUAL SUMMARY OF COMPLAINTS STATISTICS FROM THE LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN – YEAR ENDING 31 MARCH 2025</b>
Wards affected	All
Accountable member	Cllr Nigel Robbins, Chair of the Audit & Governance Committee Email: <a href="mailto:nigel.robbins@cotswold.gov.uk">nigel.robbins@cotswold.gov.uk</a>
Accountable officer	Angela Claridge, Director of Governance & Development Email: <a href="mailto:angela.claridge@Cotswold.gov.uk">angela.claridge@Cotswold.gov.uk</a>
Report author	Cheryl Sloan, Business Services Manager, Governance, Risk & Business Continuity Email: <a href="mailto:Democratic@Cotswold.gov.uk">Democratic@Cotswold.gov.uk</a>
Summary/Purpose	This report presents the Annual Complaints statistics as provided by the Local Government and Social Care Ombudsman for the year 1 <sup>st</sup> April 2024 – 31 <sup>st</sup> March 2025.
Annexes	Annex A – Annual Review Letter 2024 – 2025
Recommendation(s)	That the Audit and Governance Committee resolved to:  1. Note the content of the report and the Annual Review Letter 2024 – 2025.
Corporate priorities	All
Key Decision	No
Exempt	No



**COTSWOLD**  
DISTRICT COUNCIL

Consultees/ Consultation	NA
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## **1. EXECUTIVE SUMMARY**

- 1.1** This report provides an overview from the annual summary of complaints statistics from the Local Government and Social Care Ombudsman – year ending 31 March 2025.

## **2. BACKGROUND**

- 2.1** At the end of each financial year, the Local Government and Social Care Ombudsman (LGO) write to the Chief Executive, Leader of the Council, and Chair of Scrutiny to provide an annual summary of the complaint statistics which have been received by the LGO in relation to the Cotswold District Council (CDC).
- 2.2** The information is provided to give insight about the organisations approach to complaints, and for consideration as part of the Council corporate governance processes.
- 2.3** CDC had three stages to its' internal complaints process as detailed below. Once this was exhausted, if the complainant remained unsatisfied with the response provided, it was at this point that they could refer their complaint to the LGO.

Stage 1: Service Area Response

Stage 2: Independent Review

Stage 3: Appeal

- 2.4** The Annual Letter details the complaints which have been escalated to the LGO in relation to services provided by CDC.
- 2.5** Following a period of consultation, the LGO launched the Complaint Handling Code for councils in February 2024, setting out a clear process for responding to complaints effectively and fairly. Councils were urged to adopt this Code without delay, as they expect councils to carefully consider the Code when developing policies and procedures and will begin considering it as part of their processes from April 2026.

- 2.6** As a result, a new Complaint's Policy and Procedure was produced and approved by the Audit and Governance Committee in November 2024. This changed the complaints process from a three-stage internal process, to a two-stage which went live on 1 April 2025. Therefore, next year's report will be against a two-stage process as shown below:

Stage 1: Service Area Response

Stage 2: Appeal and Final Decision Notice

- 2.7** In addition, as part of the new Policy, next financial year, the Audit and Governance Committee will receive an annual complaints performance and service improvement report.

This will include the following:

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

### **3. OVERVIEW**

- 3.1** A total of 7 complaints were escalated to the LGO about services provided by CDC during financial year 2024 - 2025.
- 3.2** Of the 7 complaints received by the LGO, one complaint was investigated, but this was not upheld.

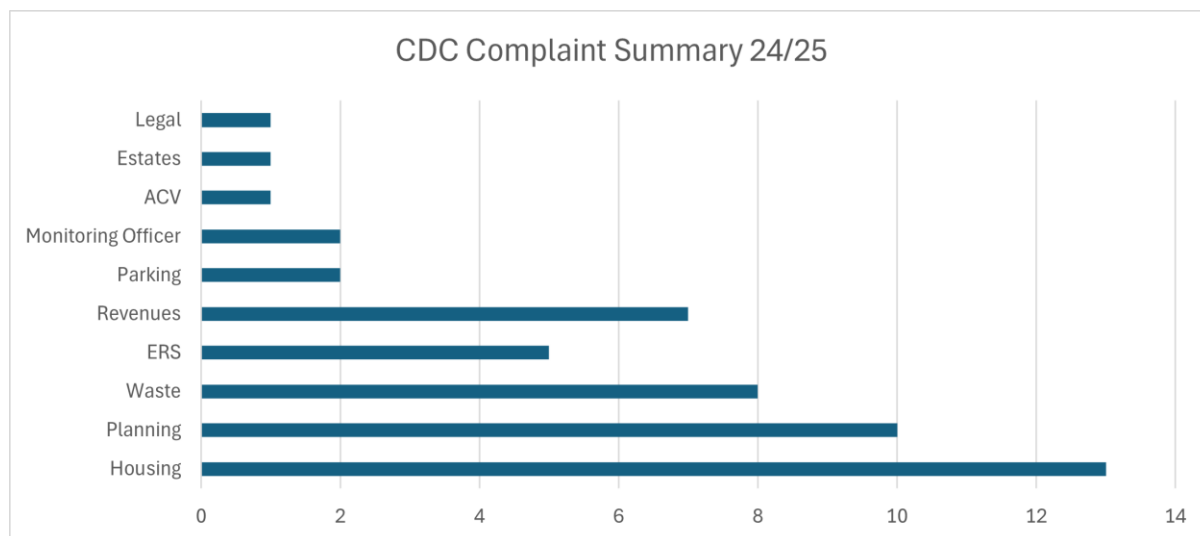
**3.3** The table below provides a summary of the 7 complaints received by the LGO, the complaint category (service area), the decision which has been made and the reason for the decision.

Subcategory	Decided	Decision	Decision Reason
Antisocial behaviour	12/04/2024	Not Upheld	no fault
Enforcement - other	15/04/2024	Referred back for local resolution	Premature Decision - advice given
Enforcement-householder	23/04/2024	Referred back for local resolution	Premature Decision - advice given
Standards committees	01/05/2024	Referred back for local resolution	Premature Decision - referred to Organisation
Refuse & recycling	10/08/2024	Referred back for local resolution	Premature Decision - advice given
Planning & Developmt-oth	18/02/2025	Closed after initial enquiries	Not warranted by alleged fault
NULL	11/12/2024	Incomplete/Invalid	Insufficient information to proceed and PA advised

**3.4** A total of 4 complaints were referred back to the Council, this is due to the complainant having not exhausted the 3 stages of the internal complaints process, 1 was closed after initial enquiries, and one complaint did not have enough information to proceed.

**3.5** During 2024-2025, CDC recorded a total of 50 complaints. 7 were referred to the Ombudsman, which equates to 14%. This is a 6% reduction from last year. It should also be noted that four of the complaints were referred straight back to the Council, which is, in the majority, where they have gone straight to the LGO, rather than through the Council's internal complaints process.

**3.6** Whilst the council receives a wide range of complaints, the majority relate to where decisions have been made, as opposed to the standard of services provided. This includes decisions around planning, housing, revenues and benefits and enforcement. A number of these complaints could be rejected by the Council as they are excluded under the Complaints policy, however, to try to mitigate residents' concerns, they are, in the main, still responded to under the complaints process. Complaints received by the Council and partner Councils are reviewed to check for trends, lessons learnt and mitigating action.



**3.7** Comparative data for other similar Authorities, as provided by the LGO, was that an average of 66% of the complaints investigated were upheld.

**3.8** Given the number of services provided by CDC, to have no complaints upheld by the LGO should be seen as a positive reflection of the way in which services are provided, and complaints are managed and subsequently rectified.

## **4 ALTERNATIVE OPTIONS**

**4.1** None

## **5 FINANCIAL IMPLICATIONS**

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

## **6 LEGAL IMPLICATIONS**

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

## **7 RISK ASSESSMENT**

**7.1** If the Council's governance arrangements are weak then the 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.

## **8 EQUALITIES IMPACT**

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

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

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

## **10 BACKGROUND PAPERS**

**10.1** 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:

## **11 ANNUAL COMPLAINTS STATISTICS AND ANNUAL LETTER FROM THE LGO.**

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

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21 May 2025

*By email*

Mr Weaver  
Chief Executive  
Cotswold District Council

Dear Mr Weaver

### **Annual Review letter 2024-25**

I write to you with your annual summary of complaint statistics from the Local Government and Social Care Ombudsman for the year ending 31 March 2025. The information offers valuable insight about your organisation's approach to complaints, and I know you will consider it as part of your corporate governance processes. We have listened to your feedback, and I am pleased to be able to share your annual statistics earlier in the year to better fit with local reporting cycles. I hope this proves helpful to you.

[Your annual statistics are available here.](#)

In addition, you can find the detail of the decisions we have made about your Council, read the public reports we have issued, and view the service improvements your Council has agreed to make as a result of our investigations, as well as previous annual review letters.

In a change to our approach, we will write to organisations in July where there is exceptional practice or where we have concerns about an organisation's complaint handling. Not all organisations will get a letter. If you do receive a letter it will be sent in advance of its publication on our website on 16 July 2025, alongside our annual Review of Local Government Complaints.

### **Supporting complaint and service improvement**

In February we published [good practice guides](#) to support councils to adopt our [Complaint Handling Code](#). The guides were developed in consultation with councils that have been piloting the Code and are based on the real-life, front-line experience of people handling complaints day-to-day, including their experience of reporting to senior leaders and elected members. The guides were issued alongside free [training resources](#) organisations can use to make sure front-line staff understand what to do when someone raises a complaint. We will be applying the Code in our casework from April 2026 and we know a large number of councils have already adopted it into their local policies with positive results.

This year we relaunched our popular [complaint handling training](#) programme. The training is now more interactive than ever, providing delegates with an opportunity to consider a complaint from receipt to resolution. Early feedback has been extremely positive with delegates reporting an increase in confidence in handling complaints after completing the training. To find out more contact [training@lgo.org.uk](mailto:training@lgo.org.uk).

Yours sincerely,



Amerdeep Somal  
Local Government and Social Care Ombudsman  
Chair, Commission for Local Administration in England

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# Agenda Item 8



**COTSWOLD**  
District Council

Council name	<b>COTSWOLD DISTRICT COUNCIL</b>
Name and date of Committee	<b>AUDIT AND GOVERNANCE COMMITTEE– 14 JULY 2025</b>
Subject	<b>TREASURY MANAGEMENT OUTTURN REPORT 2024/25</b>
Wards affected	N/A
Accountable member	Cllr Patrick Coleman, Cabinet Member for Finance Email: <a href="mailto:patrick.coleman@cotswold.gov.uk">patrick.coleman@cotswold.gov.uk</a>
Accountable officer	David Stanley, Deputy Chief Executive and S151 Officer Email: <a href="mailto:David.stanley@cotswold.gov.uk">David.stanley@cotswold.gov.uk</a>
Report authors	Sian Hannam, Treasury Accountant Email: <a href="mailto:sian.hannam@publicagroup.uk">sian.hannam@publicagroup.uk</a> Michelle Burge, Chief Accountant Email: <a href="mailto:michelle.burge@cotswold.gov.uk">michelle.burge@cotswold.gov.uk</a>
Summary/Purpose	To receive and discuss details of the Council's Treasury management performance for the period 01 April to 31 March 2025.
Annexes	Annex A – Economic Background
Recommendation(s)	That Audit and Governance Committee resolves to: <ol style="list-style-type: none"><li>1. Consider the Council's Treasury Management performance for the period 1 April 2024 to 31 March 2025.</li><li>2. Agree any comments to be passed to full Council when considering this item.</li></ol>
Corporate priorities	The Council's Treasury Management Strategy underpins all of the Council Priorities and is relevant to the Council principle of "Value for money – we will use the council's resources wisely but will invest in the fabric and future of the district."
Key Decision	NO
Exempt	NO



**COTSWOLD**  
District Council

Consultees/ Consultation	Arlingclose Limited – Council's treasury advisors
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## **1. EXECUTIVE SUMMARY**

- 1.1** This report covers the Treasury Management activity and performance of Cotswold District Council for the period 01 April to 31 March 2025.
- 1.2** During the year, the Council operated within the treasury limits and prudential indicators as set out in the Treasury Management Strategy approved by Council on the 21 February 2024. Investment interest for 2024/25 has produced a net surplus of £0.389m against the original budget set in February 2024 of £1.223m largely due to sustained higher interest rates throughout the year and higher level of surplus cash balances available to invest than budgeted.
- 1.3** The Council's strategy has been to diversify investments into Pooled Funds in order to reduce risk and increase returns. Pooled Funds have maintained strong returns of dividends and returned over 4.85% (£0.503m) against the £12.5m invested in this area (further details provided in section 6). This compares to returns achieved of 4.5% for cash invested in money market funds and call accounts and 4.95% where cash is invested with the Government.
- 1.4** The capital values of the Pooled Funds and REIT decreased by £75,251 from £11.552m to £11.477 during 2024/25.
- 1.5** The Council holds a £0.500m loan administered by Abundance Investments Limited for the purpose of Community Municipal Investments. The Council's first Community Municipal Investment (CMI), named 'Cotswold Climate Investment' (CCI) which targeted a £0.500m fundraise closed on the 16 August 2022, fully funded by over 450 investors. The balance outstanding at 31s March 2025 is £0.260m.
- 1.6** In July 2022, Cotswold District Council entered into an agreement with Cottsway 2 Housing Association, to provide an unsecured development loan of up to £3.753m in increments upon drawdown requests. The first request was received in June 2023 and the balance outstanding as at the 31st March 2025 is £1.930m. During the 2025/26 financial year, the loan will be converted into a secured loan with a 50-year ter. The interest rate for the secured element of the loan is currently under negotiation and is expected to exceed the rate of 3.25% outlined in the July 2022 Council report.
- 1.7** Council has continued to have no requirement to borrow or hold any further external debt as at 31 March 2025.
- 1.8** The treasury management position as at 31 March 2025 is set out in table 1 below together with the year-on-year movements.



**1.9** Table 1: Treasury Management Summary

	<b>31/03/2024</b>	<b>2024/25</b>	<b>31/03/2025</b>	<b>31/03/2025</b>
	<b>Actual</b>	<b>Movement</b>	<b>Balance</b>	<b>Rate</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>%</b>
Short-term borrowing	0.357	(0.097)	0.260	2.20
<b>Short-term borrowing</b>	<b>0.357</b>	<b>(0.097)</b>	<b>0.260</b>	<b>2.20</b>
Long-term investments	11.552	(0.075)	11.477	4.85
Short-term investments	1.221	1.448	2.669	4.50
Cash and cash equivalents	12.138	(3.891)	8.247	4.50
<b>Total investments</b>	<b>24.911</b>	<b>(2.518)</b>	<b>22.393</b>	<b>4.67</b>
<b>Net Investments</b>	<b>24.554</b>	<b>(2.421)</b>	<b>22.133</b>	

**2. BACKGROUND**

- 2.1** The purpose of the treasury management operation is to ensure that cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in counterparties or instruments commensurate with the Council's low risk approach, pursuing optimum performance while ensuring that security of the investment is considered ahead of investment return. The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure.
- 2.2** The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure the Council can meet its capital spending obligations. The management of longer-term cash may involve the arrangement of long and/or short-term loans (external borrowing) or may use longer term cash flow surpluses in lieu of external borrowing (internal borrowing).
- 2.3** The Council continued to engage the services of Arlingclose for independent treasury advice during the year 2024/25. Arlingclose provide specialist treasury support to 25% of UK local authorities. They provide a range of treasury management services



including technical advice on investment management and long-term capital financing. They advise on investment trends, developments, and opportunities consistent with the Council's Treasury Management Strategy.

- 2.4** The Council's treasury management advisors have provided commentary on the economic background that prevailed during 2024/25. This commentary is provided within Annex A.
- 2.5** In February 2011, the Council adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code). The CIPFA Code requires the Council to approve reports on treasury management activities at the end of the first half of the financial year and at the end of the financial year.
- 2.6** The Council's Treasury Management Strategy for 2024/25 was approved at the Council meeting on the 21 February 2024. The Council has invested substantial sums of money and is therefore exposed to financial risks including changes in capital value of funds, the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are central to the Council's treasury management strategy.

### **3. BORROWING**

- 3.1** Local authorities can borrow from the Public Works Loan Board (PWLB) provided they can confirm they are not to purchase 'investment assets primarily for yield' in the current or next two financial years, with confirmation of the purpose of capital expenditure from the S151 Officer. Authorities that are purchasing or intending to purchase investment assets primarily for yield will not be able to access the PWLB except to re-finance existing loans or externalise internal borrowing.
- 3.2** Acceptable use of PWLB borrowing includes service delivery, housing, regeneration, preventative action, re-financing debt and treasury management.
- 3.3** Competitive market alternatives are available for authorities with or without access to the PWLB. However, the financial strength of the individual Council and borrowing purpose will be scrutinised by commercial lenders.
- 3.4** The Council is not planning to purchase any investment assets primarily for yield and so is able to fully access the PWLB.



- 3.5** The Council's first Community Municipal Investment (CMI), named 'Cotswold Climate Investment' (CCI) which targeted a £0.500m fundraise closed on the 16 August 2022, fully funded by over 450 investors. As at the 31 March 2025 the Council therefore held a £0.26m loan administered through Abundance Investments Limited for the purpose of Community Municipal Investments at a rate of 2.2%.
- 3.6** The Council has no further borrowing considerations. There are plans to borrow in the future to fund the Capital Programme. Any borrowing undertaken will be subject to approval by either Cabinet or Council as appropriate.
- 3.7** In order to determine whether the Council needs to borrow, the underlying need to borrow needs to be compared against the Council's internal borrowing capacity. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR) which is total capital expenditure to be funded by borrowing less any revenue provision made for the Minimum Revenue Provision.
- 3.8** Whilst there may be an underlying need to borrow, the Council may not actually undertake external borrowing and may instead use its internal cash balances to fund the borrowing requirement which is known as "internal borrowing."
- 3.9** For Cotswold District Council, there is a small underlying need to borrow of £0.360m and significant internal borrowing capacity as set out in Table 2 below:

Table 2: Balance Sheet Summary

	<b>31/03/2024 Actual £m</b>	<b>2024/25 Movement £m</b>	<b>31/03/2025 Actual £m</b>
General Fund CFR	0.071	0.289	0.360
Less: External borrowing	(0.357)	0.097	(0.260)
Less: Usable reserves	(22.15)	(2.841)	(24.991)
Less: Working capital	(2.118)	4.876	2.758
<b>Available for investment or internal borrowing*</b>	<b>(24.554)</b>	<b>2.421</b>	<b>(22.133)</b>

\*A positive figure would indicate a need to externally borrow





**3.10** If interest rates were to rise by 1%, then investment income would average 5.67%, whilst borrowing costs (based on 20-year PWLB Loan) would be 5.70%. For every £1m borrowed there would be additional cost of £300 per annum. The impact on a 1% interest rate rise on investment income is shown at 7.3.

#### **4. INVESTMENT PERFORMANCE**

**4.1** The Council invested funds representing income received in advance of expenditure plus balances and reserves held. During 2024/25, the Council's investment balance ranged between £21.596m and £46.296m due to timing differences between income and expenditure. The investment position is shown in table 3 below:

Table 3: Treasury Investment Position

	<b>31/03/2024 Actual £m</b>	<b>2024/25 Movement £m</b>	<b>31/03/2025 Balance £m</b>	<b>31/03/2025 Rate %</b>
Bank of England DMADF	1.141	1.446	2.587	4.46
Money Market Funds/Call Accounts	12.138	(3.891)	8.247	4.5
Real Estate Investment Trust (REIT)	0.96	(0.262)	0.698	3.00
Cash Plus Fund	1.154	0.059	1.213	N/A
Pooled Funds (1)	9.518	0.13	9.648	4.85
<b>Net Investments</b>	<b>24.911</b>	<b>-2.518</b>	<b>22.393</b>	<b>4.67</b>

(1) See breakdown at Table 4 and 5 below.

**4.2** Both the CIPFA Code and government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.



- 4.3** High levels of cash were maintained throughout 2024/25, in part due to Capital Programme underspend, these balances were diversified over several counterparties and Money Market Funds to manage credit and liquidity risk.
- 4.4** The investment income budget for 2024/25 is £1.223m, as approved in February 2024, investment income of £1.612m was achieved. A sustained higher than expected Base Rate has fed through to higher short-term deposit and MMF interest rates. These slowly decreased, after three base rate cuts in August 24, November 24 and February 25 from 5.22% at the start of the year to 4.53% by March. There has been a small increase in Pooled Fund interest, further details are provided in section 6 of this report.
- 4.5** The year-end investment position analysed between investment types and the year-on-year change in show in table 4 below.

Table 4: Investment Position (Treasury Investments)

	31/03/2024 Actual £m	2024/25 Movement £m	31/03/2025 Balance £m	31/03/2025 Rate %
Banks & building societies (unsecured)	3.099	(3.045)	0.054	4.34
Government (incl. local authorities)	1.141	1.446	2.587	4.46
Money Market Funds	9.039	(0.846)	8.193	4.5
Other Pooled Funds				
- <i>Federated Cash plus fund</i>	1.153	0.06	1.213	N/A
- <i>CCLA Property Fund</i>	2.182	0.039	2.221	4.39
- <i>CCLA Better World Multi Asset Income Fund</i>	0.993	(0.055)	0.938	3.11
- <i>Schroders Equity Income Fund</i>	0.815	0.057	0.872	5.98
- <i>M&amp;G UK Strategic Bond Fund</i>	1.781	0.083	1.864	5.08
- <i>Investec Multi asset income fund</i>	1.818	(0.004)	1.814	4.49
- <i>Columbia Threadneedle Equity Income Fund</i>	1.93	0.009	1.939	3.99
Fundamentum - Real Estate Investment Trust	0.96	(0.262)	0.698	3.00
<b>Total investments</b>	<b>24.911</b>	<b>(2.518)</b>	<b>22.393</b>	<b>4.67</b>



## **5. EXTERNALLY MANAGED POOLED FUNDS**

- 5.1** A key aspect of the Council's current investment strategy is to invest into pooled funds in order to increase investment returns. These funds do introduce higher levels of risk as the capital value is not protected and the value of the funds can go up and down. The funds can be drawn down at relatively short notice, but consideration would need to be given as to whether drawing them down would crystallise a capital loss. The funds themselves are invested in different investment classes and therefore risk within the pooled fund is diversified.
- 5.2** Of the Council's investments, £10.5m are held in externally managed strategic pooled cash, bond, equity, multi-asset and property funds with a further £1m held in a Cash Plus fund and £1m held in a Housing Real Estate Investment Trust (REIT) where short-term security and liquidity are lesser considerations, and the objectives instead are regular revenue income and long-term price stability. These funds generated a total return of £0.503m (4.85%) during 24/25 and the capital values on these funds decreased by £75K in the year to 31 March 2025 due to continued external economic factors as outlined in Annex A including sustained political instability, global economic uncertainty and market confidence capital values did not increase as much as expected. The majority of the decrease was attributed to the Real Estate Investment Trust which made a loss of £263k. This was due a 20% fall in property valuations according to their independent valuer. Going forward. Fundamentum has had a change in investment criteria, broadening the focus of the REIT investment opportunities the intended outcome is to be less volatile and also produce the 5% intended income. Arlingclose supports the change in investment criteria as a prudent evolution of the fund's strategy and suggests that the shift is likely to have a positive impact on the Net Asset Value of the fund. Members are reminded that Pooled Funds are held for the longer-term and the capital value will fluctuate over each financial year.
- 5.3** The decrease in value is treated as an unrealised capital loss i.e., the loss is not recognised as any gain or loss will only be recognised at the point funds are sold. The Council did not make any further contributions to these funds during 2024/25 with the amount invested remaining at £12.5m.
- 5.4** Further to consultations in April 2023 and December 2024 MHCLG wrote to finance directors in England in February 2025 regarding the statutory override on accounting



for gains and losses in pooled investment funds. On the assumption that when published regulations follow this policy announcement, the statutory override will be extended up until the 1st April 2029 for investments already in place before 1st April 2024. The override will not apply to any new investments taken out on or after 1st April 2024.

- 5.5** With the expectation of improved investment returns during the financial year, it was agreed by Cabinet that £0.125m of additional investment income above the budgeted level is transferred to a new earmarked reserve ("Treasury Management Risk") to manage higher borrowing costs in the short-term and potential reduced investment income from lower interest rates in the short-term and to mitigate any potential realised losses from pooled funds from March 2030 or if were they to be disposed.
- 5.6** The change in the Council's funds' capital values and income earned over the 12-month period is shown in Table 5.

Table 5: Pooled Funds, Cash Plus and REIT

Fund Manager	Investment	1st April Fund Value	31 <sup>st</sup> March Fund Value	Dividends in 2024/25	2024/25 Gain/(Loss)	Gain/(Loss) to Initial Principal	% Return Capital & Dividend 2024/25
	£	£	£		£	£	%
CCLA Property	2,500,000	2,153,645	2,195,084	109,915	41,439	(304,916)	7.03
Schroders	1,000,000	806,834	862,383	59,798	55,549	(137,617)	14.30
M&G UK Income	2,000,000	1,763,426	1,847,558	101,697	84,132	(152,442)	10.54
Investec Div Income	2,000,000	1,812,676	1,807,700	90,550	(4,976)	(192,300)	4.72
Threadneedle Bond	2,000,000	1,923,475	1,928,956	79,706	5,481	(71,044)	4.43
CCLA Div	1,000,000	985,867	932,668	30,601	(53,198)	(67,332)	(2.29)
Federated Cash +	1,000,000	1,153,550	1,212,773	n/A	59,223	212,773	5.13
Fundamentum REIT	1,000,000	952,900	690,000	30,375	(262,900)	(310,000)	(24.40)
<b>Total current funds</b>	<b>12,500,000</b>	<b>11,552,372</b>	<b>11,477,121</b>	<b>502,640</b>	<b>(75,251)</b>	<b>(1,022,879)</b>	<b>3.70</b>

- 5.7** Pooled funds capital value made a small loss of -0.89% in the financial year. In financial markets the 2024/25 year was characterised by overall positive equity market performance, market volatility, elevated global yields, central bank interest rate cuts and uncertainties surrounding the impact of UK and European fiscal policy and particularly US President Donald Trump's tariff plans.
- 5.8** For UK and US government bonds, yields declined (and therefore prices rose) until September but then moved higher following the UK budget and strong US economic



data. Government bond yields were then generally dragged upwards (prices down) globally by US market movements, given the uncertain trade policy outlook of Donald Trump's administration. Announcements of increased defence spending by governments in Europe and fiscal concerns in the UK saw yields spiking in January before easing somewhat, despite some divergence.

- 5.9** Having had a challenging time since 2022, UK commercial property generally experienced a recovery during the period, with improved investment activity, capital values stabilising or improving, particularly towards the end of the period, and income remaining relatively robust.
- 5.10** As highlighted above, the nature of these funds is that values can fluctuate from one year to another. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives are monitored and discussed with Arlingclose on a regular basis. Strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters and even years; but with the confidence that over a three to five-year period total returns will exceed cash interest rates.
- 5.11** With the expectation of continued good investment income returns during the 2024/25 financial year, it was recommended to Cabinet in July 2023 that any additional investment income above the budgeted level is transferred to a new earmarked reserve ("Treasury Management Risk") to manage higher borrowing costs and potential reduced investment income from lower interest rates in the short-term and to mitigate any potential realised losses from pooled funds from March 20230 of if they were they to be disposed.

## **6. INVESTMENT RETURNS**

- 6.1** The outturn for investment income received in 2024/25 was £1.612m which equates to a 4.67% return (23/24 – 4.98%) on an average investment portfolio of £35.594m against a budgeted £1.223m an average investment portfolio of £24m. Net loans and investments made a surplus of £0.389m, for the 2024/25 financial year. See table 6 for details. Interest receivable from the Council's loan to Cottsway Housing Association is now due during 2025/26 when the loan is converted to a 50 year secured loan.

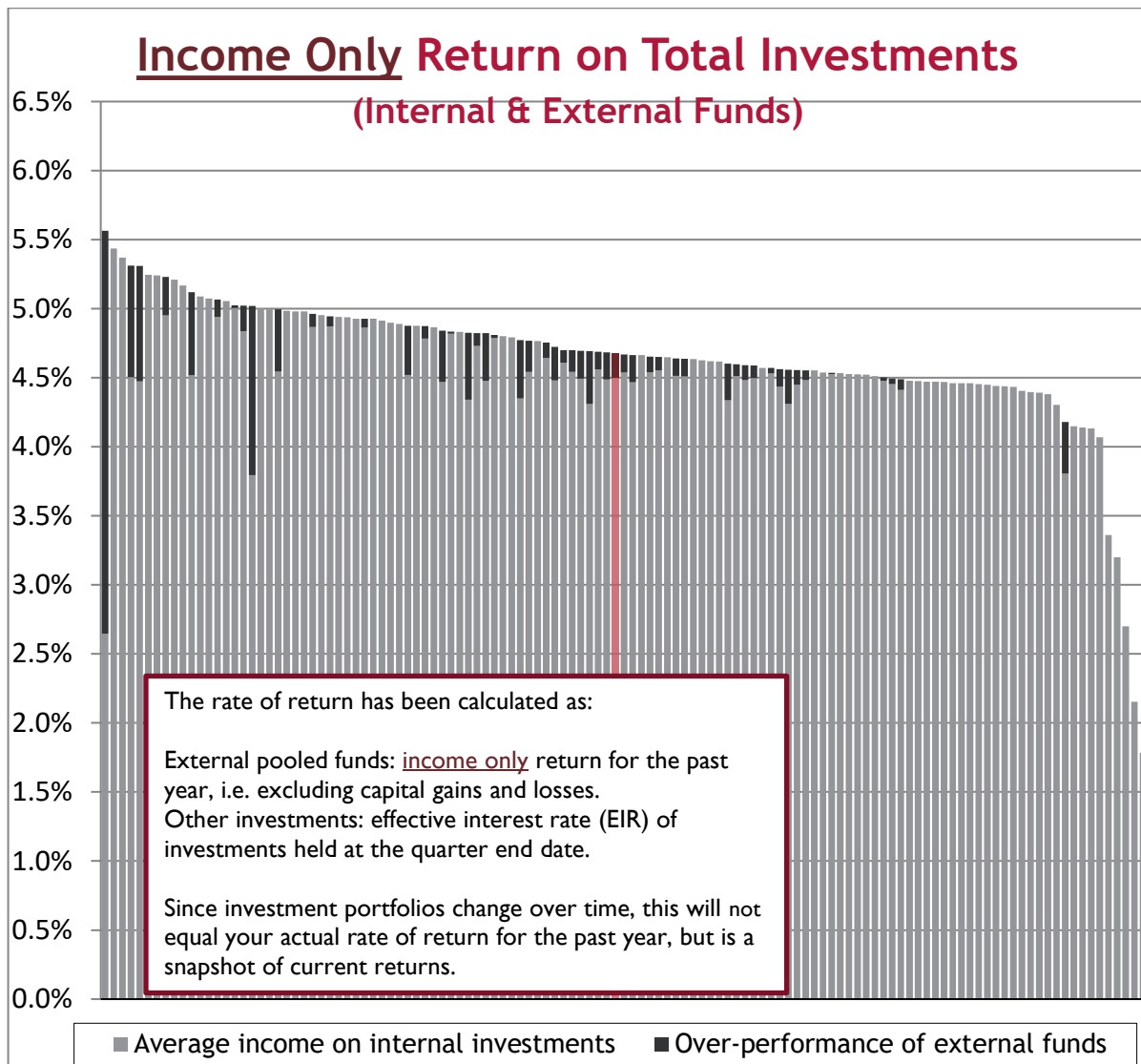


Table 6: Investment income and interest payable versus budget

Investment and Loan Income/Interest Payable	2024/25 Budget £m	2024/25 Actual £m	Variance Surplus/ (Deficit) £m
Community Municipal Borrowing (Interest payable)	(0.009)	(0.008)	(0.001)
Interest receivable (loans)	0.060	0.008	(0.052)
Pooled Funds	0.435	0.473	0.038
Housing REIT	0.029	0.030	0.001
Short term	0.359	0.703	0.344
Call/MMF's	0.400	0.406	0.006
<b>NET Income</b>	<b>1.274</b>	<b>1.612</b>	<b>0.336</b>

**6.2** Table 7 below shows that as at 31 March 2025, Cotswold District Council (red bar) achieved the 60th highest average rate on investments from the 121 local authorities that Arlingclose support.

Table 7 Cotswold' District Council investment returns v Arlingclose clients (125) as at 31 March 2025.



## **7. COMPLIANCE REPORT**

- 7.1** The Chief Finance Officer reports that all treasury management activities undertaken during 2024/25 complied fully with the CIPFA Code of Practice and the Council's approved Treasury Management Strategy, with the exception of Interest Rate Risk, see 7.3 below for more detail.



## Security

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

Table 9: Portfolio average credit rating

	<b>31.3.24 Actual</b>	<b>2024/25 Target</b>	<b>Complied</b>
Portfolio average credit	AA-	A-	✓

## Interest Rate Exposure

- 7.3** This indicator is set to control the Council's exposure to interest rate risk. Bank Rate fell by 0.75% from 5.25% on 1st April 2024 to 4.5% by 31st March 2025.

<b>Interest rate risk indicator</b>	<b>2024/25 Target</b>	<b>31.3.25 Actual</b>	<b>Complied?</b>
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	-£0.153m	-£0.324	N
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	£0.153	£0.324	N

This indicator was not complied with due to higher than expected average cash balances and higher than expected interest rates.

## Principal Sums Invested for Periods Longer than 364 days:

- 7.4** The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end were:





Table 10: Limit on principal invested > 364 days.

	2024/25	2025/26	2026/27
Actual principal invested beyond year end	£12.5m	£12.5m	£12.5m
Limit on principal invested beyond year end	£13m	£13m	£13m
Complied	✓	✓	✓

## **8. FINANCIAL IMPLICATIONS**

- 8.1** The Council maintained an average investment portfolio of £35.594m during 2024/25. The funds earned an average rate of return of 4.67%, this compares to 4.98% in 2023/24.
- 8.2** The Council budgeted for £1.223m in treasury investment income for 2024/25. Actual performance was a surplus of £0.389m, with investment income received of £1.612m.

## **9. LEGAL IMPLICATIONS**

- 9.1** None

## **10. RISK ASSESSMENT**

- 10.1** Treasury risk is managed by the application of the Council's Treasury Management Strategy. This report discusses the impact of economic risk on the value and returns associated with the Council's investment portfolio together with the risk of low interest rates on the Council's revenue budget.

## **11. EQUALITIES IMPACT**

- 11.1** None.

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

- 12.1** None.

## **13. BACKGROUND PAPERS**

- 13.1** None.

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## **ANNEX A**

### **ECONOMIC BACKGROUND**

- 1.1.** UK Both the UK and US elected new governments during the period, whose policy decisions impacted the economic outlook. The Chancellor of the Exchequer delivered her Spring Statement in March 2025, following her Budget in October 2024. Based on the plans announced, the Office for Budget Responsibility downgraded its predictions for UK growth in 2025 to 1% from 2%. However, it upgraded its predictions for the four subsequent years. Inflation predictions for 2025 were pushed up, to 3.2% from 2.6%, before seen as falling back to target in 2027. The market reaction to the Spring Statement was more muted compared to the Budget, with very recent market turbulence being driven more by US trade policy decisions and President Trump.
- 1.2.** UK annual Consumer Price Index (CPI) inflation continued to stay above the 2% Bank of England (BoE) target in the later part of the period. The Office for National Statistics (ONS) reported headline consumer prices at 2.8% in February 2025, down from 3.0% in the previous month and below expectations. Core CPI also remained elevated, falling slightly in February to 3.5% from 3.7% in January, just below expectations for 3.6% but higher than the last three months of the calendar year.
- 1.3.** The UK economy Gross Domestic Product (GDP) grew by 0.1% between October and December 2024, unrevised from the initial estimate. This was an improvement on the zero growth in the previous quarter, but down from the 0.4% growth between April and June 2024. Of the monthly GDP figures, the economy was estimated to have contracted by 0.1% in January, worse than expectations for a 0.1% gain.
- 1.4.** The labour market continued to cool, but the ONS data still require treating with caution. Recent data showed the unemployment rate rose to 4.4% (3mth/year) in the three months to January 2025 while the economic inactivity rate fell again to 21.5%. The ONS reported pay growth over the same three-month period at 5.9% for regular earnings (excluding bonuses) and 5.8% for total earnings.
- 1.5.** The BoE's Monetary Policy Committee (MPC) held Bank Rate at 4.5% at its March 2025 meeting, having reduced it in February. This follows earlier 0.25% cuts in November and August 2024 from the 5.25% peak. At the March MPC meeting, members voted 8-1 to maintain Bank Rate at 4.5%, with the lone dissenter preferring another 25 basis points cut. The meeting minutes implied a slightly more hawkish tilt compared to



February when two MPC members wanted a 50bps cut. In the minutes, the Bank also upgraded its Q1 2025 GDP forecast to around 0.25% from the previous estimate of 0.1%.

- 1.6.** The February Monetary Policy Report (MPR) showed the BoE expected GDP growth in 2025 to be significantly weaker compared to the November MPR. GDP is forecast to rise by 0.1% in Q1 2025, less than the previous estimate of 0.4%. Four-quarter GDP growth is expected to pick up from the middle of 2025, to over 1.5% by the end of the forecast period. The outlook for CPI inflation showed it remaining above the MPC's 2% target throughout 2025. It is expected to hit around 3.5% by June before peaking at 3.7% in Q3 and then easing towards the end of the year but staying above the 2% target. The unemployment rate was expected to rise steadily to around 4.75% by the end of the forecast horizon, above the assumed medium-term equilibrium unemployment rate of 4.5%.
- 1.7.** Arlingclose, the Council's treasury adviser, maintained its central view that Bank Rate would continue to fall throughout 2025. From the cuts in August, November 2024, and February 2025, which took Bank Rate to 4.50%, May is considered the likely month for the next reduction, with other cuts following in line with MPR months to take Bank Rate down to around 3.75% by the end of 2025.
- 1.8.** The US Federal Reserve paused its cutting cycle in the first three months of 2025, having reduced the Fed Funds Rate by 0.25% to a range of 4.25%-4.50% in December, the third cut in succession. Fed policymakers noted uncertainty around the economic outlook but were anticipating around 0.50% of further cuts in the policy rate in 2025. Economic growth continued to rise at a reasonable pace, expanding at an annualised rate of 2.4% in Q4 2024 while inflation remained elevated over the period. However, growth is now expected to weaken by more than previously expected in 2025, to 1.7% from 2.1%. The uncertainty that President Trump has brought both before and since his inauguration in January is expected to continue.
- 1.9.** The European Central Bank (ECB) continued its rate cutting cycle over the period, reducing its three key policy rates by another 0.25% in March, acknowledging that monetary policy is becoming meaningfully less restrictive. Euro zone inflation has decreased steadily in 2025, falling to 2.2% in March, the lowest level since November 2024. Over the current calendar year, inflation is expected to average 2.3%. GDP growth stagnated in the last quarter of the 2024 calendar year, after expanding by



0.4% in the previous quarter. For 2025, economic growth forecasts were revised downwards to 0.9%.

- 1.10.** Financial market sentiment was reasonably positive over most of the period, but economic, financial and geopolitical issues meant the trend of market volatility remained. In the latter part of the period, volatility increased and bond yields started to fall following a January peak, as the economic uncertainty around likely US trade policy impacted financial markets. Yields in the UK and US started to diverge in the last month of the period, with the former rising around concerns over the fiscal implications on the UK government from weaker growth, business sentiment and higher rates, while the latter started falling on potential recession fears due to the unpredictable nature of policy announcements by the US President and their potential impact.
- 1.11.** In October, Arlingclose revised its advised recommended maximum unsecured duration limit on most banks on its counterparty list to six months. Duration advice for the remaining five institutions, including the newly added Lloyds Bank Corporate Markets, was kept to a maximum of 100 days. This advice remained in place at the end of the period.
- 1.12.** Financial market volatility is expected to remain a feature, at least in the near term and, credit default swap levels will be monitored for signs of ongoing credit stress. As ever, the institutions and durations on the Council's counterparty list recommended by Arlingclose remain under constant review.

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# Agenda Item 9



**COTSWOLD**  
District Council

Council name	<b>COTSWOLD DISTRICT COUNCIL</b>
Name and date of Committee	<b>AUDIT AND GOVERNANCE COMMITTEE – 14 JULY 2025</b>
Subject	<b>ANNUAL GOVERNANCE STATEMENT 2024/25 and ACTION PLAN 2025/26</b>
Wards affected	All
Accountable member	Councillor Mike Every, Leader of the Council Email: <a href="mailto:mike.every@cotswold.gov.uk">mike.every@cotswold.gov.uk</a>
Accountable officer	Angela Claridge, Director of Governance and Development (Monitoring Officer). Email: <a href="mailto:angela.claridge@Cotswold.gov.uk">angela.claridge@Cotswold.gov.uk</a>
Report author	Cheryl Sloan, Business Manager, Governance, Risk and Business Continuity. Email: <a href="mailto:Democratic@Cotswold.gov.uk">Democratic@Cotswold.gov.uk</a>
Summary/Purpose	This report provides the Audit and Governance Committee with an updated Annual Governance Statement for 2024/25 and an Annual Governance Action plan for 2025/26
Annexes	Annex A – Annual Governance Statement and Action Plan
Recommendation(s)	That Audit and Governance Committee resolves to: <ol style="list-style-type: none"><li>1. Approve the Annual Governance Statement for 2024 / 2025</li><li>2. Approve the Annual Governance Action Plan for 2025 / 2026</li><li>3. Agree to receive updates at future meetings of the Audit and Governance Committee to update on progress against the 25 / 26 Action Plan</li></ol>
Corporate priorities	<ul style="list-style-type: none"><li>• All</li></ul>
Key Decision	NO
Exempt	NO
Consultees/ Consultation	NA



## **1. BACKGROUND**

- 1.1** The Audit and Governance Committee is the Committee of the Council charged with overseeing governance.
- 1.2** 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. ANNUAL GOVERNANCE STATEMENT AND ACTION PLAN**

- 2.1** The Annual Governance Statement is backward looking, detailing the governance arrangements which were in place for the previous financial year (2024/25). This also shows the progress which was made against the Annual Governance Action plan for 2024/25.
- 2.2** The Annual Governance Action plan, is forward looking, setting out the areas of improvement / focus for the current financial year (2025/26).
- 2.3** There are 8 key actions within the 2025/26 Annual Governance action plan, three of which have been carried over from 2024/25, these include:
  - New service delivery models
  - Council constitution
  - Business Continuity
  - Procurement
  - LGR / Devolution
  - Service Plans
  - CDC Specific Policies
  - Internal Audit
- 2.4** 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 will also include a RAG 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.
- 2.5** Updates on progress will be presented to future Audit and Governance Committee meetings.





### **3. FINANCIAL IMPLICATIONS**

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

### **4. LEGAL IMPLICATIONS**

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

### **5. RISK ASSESSMENT**

- 5.1** If the Council's 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 2025/26 financial year identified in the AGS provide a clear set of priorities for the continual improvement of governance and mitigation of risk.

### **6. EQUALITIES IMPACT**

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

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

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

### **8. BACKGROUND PAPERS**

- 8.1** The following documents have been identified by the author of the report in accordance with section 100D.5(a) of the Local Government Act 1972 and are listed in accordance with section 100 D.1(a) for inspection by members of the public:
- Annual Governance Statement 2024/25
  - Statement of Accounts for 2024/25
- 8.2** These documents will be available for inspection online at [www.cotswold.gov.uk](http://www.cotswold.gov.uk) or by contacting democratic services [democratic@cotswold.gov.uk](mailto:democratic@cotswold.gov.uk) for a period of up to 4 years from the date of the meeting.

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## **ANNUAL GOVERNANCE STATEMENT 2024 / 2025 (DRAFT)**

### **1. SCOPE OF RESPONSIBILITY**

Cotswold District Council is responsible for ensuring that:

- Its business is conducted in accordance with the law and proper standards;
- Public money is safeguarded and properly accounted for;
- Public money is used economically, efficiently and effectively; and
- There is a sound system of governance, incorporating the system of internal control

The Council has a Best Value duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging these responsibilities, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and including arrangements for the management of risk.

The Council has developed and approved a code of corporate governance, which is consistent with the core principles and sub-principles as set out in the CIPFA/SOLACE "Delivering Good Governance in Local Government: Framework (2016)" ('the Framework'). This statement explains how the Council has complied with the code and also meets the requirements of Regulation 6(1)(a) of the Accounts and Audit Regulations 2015 (England) which requires the Council to conduct a review at least once a year on the effectiveness of its system of internal control and include a statement reporting on the review with any published Statement of Accounts.

In addition to this, CIPFA issued its "Statement on the Role of the Chief Finance Officer in Local Government (2015)". The Annual Governance Statement (AGS) reflects compliance with this statement for reporting purposes.

### **2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK**

The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled including activities through which it accounts to, engages with and leads its communities. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

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

absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to:

- Identify and prioritise the risks to the achievement of the Council's policies, aims and objectives;
- Evaluate the likelihood of those risks occurring;
- Assess the impact should those risks occur; and
- Manage the risks efficiently, effectively and economically

The governance framework has been in place at Cotswold District Council for the year ended 31<sup>st</sup> March 2025 and up to the date of approval of the Annual Statement of Accounts.

The Council continues to recognise the economic challenge across the UK which places significant impact on the Council, its residents and businesses. A cross party Cost of Living Group continues to meet focussing on actions the Council could deliver directly, deliver in partnership with other organisations, or seek to influence or promote to help the local community through the economic crisis.

### **3. THE GOVERNANCE ENVIRONMENT**

The key elements of the Council's governance arrangements are outlined in the Local Code of Corporate Governance. The governance framework includes arrangements for:

- Identifying and communicating the Council's vision of its purpose and intended outcomes for citizens and service users;
- Reviewing the Council's vision and its implications for the Council's governance arrangements;
- Measuring the quality of services for users, ensuring that they are delivered in accordance with the Council's objectives and ensuring that they represent the best use of resources;
- Defining and documenting the roles and responsibilities of the executive (Cabinet), non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication;
- Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff;
- Reviewing and updating Financial Rules, Contract Rules, Constitution, Scheme of Delegation and supporting procedure notes / manuals, which clearly define how decisions are taken and the processes and controls required to manage risks;
- Ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained;

- Ensuring the Council’s financial management arrangements conform with the governance requirements of the role of the chief financial officer in public service organisations (September 2023)
- Undertaking the core functions of an Audit Committee, as identified in CIPFA’s Audit Committees: Practical Guidance for Local Authorities;
- Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful;
- Whistleblowing and for receiving and investigating complaints;
- Identifying the development needs of members and senior officers in relation to their strategic roles, supported by the appropriate training;
- Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation; and
- Incorporating good governance arrangements in respect of partnerships, including shared services and other joint working and reflecting these in the Council’s overall governance arrangements.

The main areas of the Council’s governance framework, and the key evidence of delivery, are set out below, under the headings of the core principles and sub-principles from the CIPFA/SOLACE “Delivering Good Governance in Local Government: Framework (2016)

**A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

- Behaving with Integrity
  - Demonstrating strong commitment to ethical values
  - Respecting the rule of the law
- The roles and responsibilities of Members generally and all office holders are set out in the Council’s Constitution, along with the way in which the various elements of the Council interact and complement each other. The Council’s Constitution is reviewed and updated regularly as required. During 2024/25, the following updates have been made to the constitution:
    - Update of the Planning Scheme of Delegation and Planning Protocol
    - Update to the Standards Sub-Committee Procedure.
    - Updated Arrangements for dealing with Code of Conduct Complaints.
    - Update to Part D8: Matters of Urgency.
    - Addition of a Local Ward Member Protocol.
    - Minor amendments to Part D6: Overview & Scrutiny Committee Procedure Rules relating to budget management.
    - Addition of a Protocol for Webcasting Meetings.
    - Updates to Part D1 relating to how questions on notice are dealt with at Cabinet & Committee.

- Updated Probity in Licensing Protocol.
- Updated Contract Rules.

- Declarations of interest are made at meetings by Members and Officers, where appropriate, and are recorded in the minutes of the meeting.
- The Council has a register of member interests, maintained by the Monitoring Officer, in which all registrable interests must be entered for both the elected Member and their spouse or partner. Members are reminded on a periodic basis of the need to register their interests. Registrable interests include gifts and hospitality received by members.
- An employee declaration is completed annually by all staff. A register of gifts, hospitality and corporate sponsorship is maintained by the Corporate Responsibility team and is reviewed by the Governance Group. The policy and process for gifts, hospitality and sponsorship was updated in 23/24, and reminders are sent out at key times such as the Christmas period when gifts are more prevalent.
- The Monitoring Officer and Section 151 Officer report directly to the Chief Executive and are members of the Corporate Leadership Team.
- Internal audit reviews are designed to ensure services are complying with internal and external policies and procedures / statutory legislation. Where non-compliance is identified, this is reported to Management and to Members via the Council's Audit & Governance Committee.
- All HR policies were reviewed and approved by Council in 2023/24 and any further updates are now undertaken and brought back to Council as required. Further reviews are also being undertaken following a decision to bring a number of services back in-house.
- A Whistleblowing policy is in place and any reports are investigated by the Counter Fraud and Enforcement Unit (CFEU). The Whistle Blowing policy has been reviewed and updated in 24/25. A review of whistle blowing reports is undertaken on an annual basis.
- A Counter-Fraud and Enforcement Unit, which delivers services across Gloucestershire, in West Oxfordshire District Council and is hosted by this Council to help prevent and detect fraud and corrupt practices, including misuse of power. This service reports to the Audit & Governance Committee twice a year.
- Meetings are minuted, with decisions and key actions recorded appropriately and published on the Council website. The meetings are also lived streamed.
- A two-day LGA follow-up peer review was completed in November 2024 to assess progress against the key areas for improvement recommended in the October 2022 LGA peer review. The final report has now been received with feedback on the progress made by the Council against the original Corporate Peer Challenge recommendations and action plan.

- As part of the transition of services from Publica back to the Council on 1 November 2024, a dedicated CDC communications team is now in place. As part of this, the Communications Strategy for the council will be reviewed and updated to ensure communications are reaching our residents.
- A new Governance Group has been established following the transition of services back to the council which is focused solely on CDC rather than across our Publica partnership. This ensures sufficient focus and scrutiny is given to our internal governance arrangements.

## **B. Ensuring openness and comprehensive stakeholder engagement**

- Openness
  - Engaging comprehensively with institutional stakeholders
  - Engaging with individual citizens and service users effectively
- The council is committed to listening to the views of local people to help ensure that it is able to provide effective services in line with their needs
  - Consultation and community engagement is seen as an integral part of service planning, budget setting and decision-making
  - Annual accounts are published in a timely manner to help communicate the Council's financial position and performance.
  - The Council's Corporate Plan has been updated to 2024-2028, along with an action plan. This is available on the Council website.
  - All Committee, Cabinet and Council reports clearly outline their purpose, so the community can understand what is trying to be achieved. Reports also address financial, legal, equalities, risk and climate change implications to aid understanding of the potential impact of their recommendations.
  - The roles and responsibilities of the executive (Cabinet), non-executive, scrutiny and officer functions are defined in the Council's Constitution
  - The relationship between Overview & Scrutiny Committee and Cabinet is important to the overall governance arrangements of the Council. To support this, an annual Overview and Scrutiny Committee report is presented to Full Council to demonstrate the impact of Overview and Scrutiny and the effectiveness of the Executive/Scrutiny Protocol (Part E10 of the Constitution).
  - A Scheme of Delegation for Planning officers is included within the Constitution. The Council approved a revised and comprehensive Scheme of Delegation for officers in January 2024. This has subsequently been reviewed following employees transferring back to the Council on 1 November 2024, and will be reviewed again following the proposed transfer on 1 July 2025.

- The Council has a planning protocol which sets out guidance for both Officers and Councillors when determining Planning applications, specifically those which come before the Planning and Licensing Committee for decision. The protocol sets out the conditions for Members to refer applications within the District to the Planning and Licensing Committee. Referrals are reviewed by a Review Panel which considers which applications should proceed to the Committee. The Minutes of the Review Panel are circulated to all Members.
- As part of the transfer of services back to the council, communications channels with our employees have changed to reflect that the employees are now directly employed. Communications include one-to-one meetings with line managers, blogs and video updates from the Chief Executive Officer, all staff briefings, and a newly developed Cotswold District Council internal portal which contains information such as informal blogs, policies, and further details of key information.
- As part of the transition of services back under direct council delivery, a lot of work has been undertaken to develop new council values and a people strategy. The development of these have been undertaken through consultation with our employees through workshops, 1:1s, employee surveys and all staff briefings. The employee strategy will be approved by Cabinet in September 2025.
- A Customer Feedback form is available publicly for handling of comments, complaints and compliments. The Council's website includes different ways for customers to give feedback or access services. A customer satisfaction survey was carried out throughout some of the year, satisfaction for services delivered face to face and telephone were high.
- A new customer complaints policy was approved at Audit and Governance and will be implemented in April 2025. This new policy complies with the new Ombudsman Code for complaint handling and will change the internal complaints process from a three-stage process to a two-stage process before the complainant can escalate to the Ombudsman. An annual report will be presented at Audit and Governance on complaints.
- The Council maintains clear channels of communication with all sections of the Community and other Stakeholders.
- Public question time is available at all public council meetings
- A report is produced quarterly for the Overview and Scrutiny Committee and Cabinet regarding the service and financial performance of the Council and achievements towards its aims and objectives.
- The Council publishes transparency data on its website which includes supplier payments, senior management structure charts and the Annual Pay Policy Statement. Where data is not available in the published data sets, instructions are available on how to make a Freedom of Information request and the procedure that will be followed to answer the request.



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### **C. Defining outcomes in terms of sustainable economic, social, and environmental benefits**

- Defining outcomes
  - Sustainable economic, social and environmental benefits
- The Council's vision is contained within the Corporate Strategy, 2024 - 2028 which sets out how we will achieve our aims and deliver our priorities. The strategy was first developed in 2020 and this has since been updated in 2022 and again in 2024 as a number of projects have progressed and the local and national picture has developed.
  - Ubico deliver the Council's waste and environmental services and produce an annual Business Plan which is approved by the Council. The Business Plan for 25/26 was approved by Cabinet in March 2025.
  - An annual business planning process is also conducted by Publica, which is informed by the corporate priorities, legislation and government guidance. The Business Plan for 2025/26 has been considered by the Leader and CEO and approved under delegated authority.
  - Key tasks identified in the business planning process feed into individual work plans/appraisals.
  - The Corporate Strategy deals with the Council's approach to environment and sustainability issues. Detailed proposals arising from the Corporate Strategy are Individually assessed as they are developed and are included within decision making reports to Members.
  - The Council has declared a Climate Emergency and Ecological Emergency and has a separate strategy and action plan on how these will be addressed within the district.
  - In 2024, the council, through their waste provider Ubico, made significant changes to the waste and recycling service to create efficiencies. 60% of households now receive their collections on a different day and / or on a different week.
  - The financial implications of delivering against the Council's priorities are included within the Council's Medium Term Financial Strategy, revenue budgets and capital programme. These key financial documents are updated annually in advance of the forthcoming financial year.

### **D. Determining the interventions necessary to optimise the achievement of the intended outcomes**

- Determining interventions
- Planning interventions
- Optimising achievement of intended outcomes

- The Council has, with three other Councils, created a Teckal company, Publica Group (Support) Ltd (Publica), to deliver a significant number of council services. Where possible, processes have/are being aligned to ensure consistency across the partner Councils. However, the Councils have retained decision making powers over service policies, outcomes and standards. Publica is one of the Council's most significant contractors. In recognition of this and the controlling interest the Council must have as a Teckal Company, the Council will monitor the contractor's performance by:
  - Considering Publica's Annual Report at Council;
  - Considering Publica's draft Business Plan annually at the Overview and Scrutiny Committee and Cabinet in February/March each year;
  - Requiring representatives from Publica to attend Overview & Scrutiny Committee to support discussion on quarterly performance reports;
  - Receiving monthly "Keeping You Connected" updates by email from Publica to all Members;
  - Inviting Publica senior officers to attend monthly informal Cabinet meetings to discuss: progress against the Business Plan; identify any key risks and challenges outside of the company or Council control; budget monitoring and service delivery matters; progress against Corporate Plan
  - Creation of fortnightly CDC retained officers/Publica Executives meetings where performance and progress against Corporate Plan priorities is a key agenda item.
  - Develop informal mechanisms to share best practice, learning and Councillor development.
- Given the creation of Publica is seven years on, all Shareholder Councils jointly conducted a detailed review of future 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. This review examined the priorities for service delivery, options for reduction or transformation and how the Publica model fits into this. See also the first paragraph in Section E. Following on from this, in October 2023, a decision was made to commence the in-sourcing of a number of services from Publica back to direct council delivery. The transition of these services was successfully completed on 1 November 2024. These services were directly linked to council priorities, retaining Publica to focus on the delivery of council back-office functions.
- Further services have been approved for transferring back to the Council in Cabinet and Council in March 2025. These services are planned to transfer back in July 2025.
- As part of the review of Publica, a review of the Publica Governance arrangements has also been undertaken, and any changes will be implemented in 25/26.

- The Council continues to secure savings through improved use of its assets and investments. The Cabinet Transform Working Group (CTWG) met during 2024/25 to consider savings proposals. As set out in the February 2025 Medium-Term Financial Strategy (MTFS), CTWG will need to develop further savings proposals and consider service transformation to ensure service costs are contained within the financial envelope set out in the MTFS.
- The Council has processes in place to identify and respond to external changes, for example: changes to legislation and regulation, emerging risks and opportunities. Corporate processes such as risk management, performance management processes, budget monitoring and other management processes are designed to capture and incorporate these external factors and to enable the Council to respond appropriately.
- The Strategic risk register is reviewed regularly by the Local Leadership Team and reported to the Audit and Governance Committee. A detailed review was undertaken in 2024/25 to ensure the Risk Register reflected the strategic risks for the council. A revised Risk & Opportunities policy is scheduled to be presented to Audit and Governance Committee in May 2025.
- Projects and services maintain their own risk registers and elevate any high/red risks to the Local Leadership Team and Publica as appropriate for consideration. Risk is reviewed by the councils senior leadership team.
- Key Performance Indicators are identified and are reported quarterly to both Cabinet and Overview and Scrutiny.
- Budgets are prepared annually in accordance with objectives, strategies and the Medium Term Financial Strategy, following consultation with customers, stakeholders and officers.
- The Medium Term Financial Strategy is a live document and can be reviewed, updated and reported as necessary, to respond to the changing environment.

#### **E. Developing the entity's capacity, including the capability of its leadership and the individuals within it**

- Developing the entity's capacity
- Developing the capability of the entity's leadership and other individuals
- One of the reasons behind the creation of Publica was to increase service delivery capacity across the four partner councils by sharing common processes and procedures and eliminating (as far as possible) single points of failure. By working in partnership, the Councils are able to share the cost of commissioning bespoke and specialist advice. As part of the review cited at the second paragraph in section D above, the Council has now considered how the Publica governance model and Executive arrangements support the Council's Retained Officers' capacity to lead the Council and develop ideas, strategies and political

engagement. This has resulted in services being transferred back to the Council, and new posts created to ensure there is capacity and capability to manage and deliver these services moving forward. Publica is now focused on delivery of council back-office transactional functions.

- A mixed operating model with the provision of services via two wholly owned companies is providing the opportunity to engage with a number of Non-Executive Directors that bring a wealth of experience from a range of different economic sectors. Councillors also have a range of experience which is a valuable asset to the Council.
- There is a Scheme of Delegation at Member level covering the Council, Cabinet, individual Cabinet Members and other committees. Similarly, there is a scheme of delegation for officer decisions at Executive, Non-Executive and Regulatory meetings. These are reviewed and revised as structures at Council and Officer level change.
- Financial rules are in place and are reviewed and revised as required.
- Induction programmes are available to new employees and Members alike. Training is also provided for both Members and Officers on an on-going basis as appropriate and necessary. Members on certain Committees (e.g. Planning and Licensing) are required to undertake training before attending the Committee meetings.
- Officers undertake regular 121 meetings with their line manager. As part of these 121 meetings, Offices discuss work plans/tasks and any training requirements associated with the successful delivery of the work plan. Officers are encouraged to complete Continuing Professional Development as relevant to their professional qualifications and service areas hold budgets to ensure that training can be undertaken to maintain skills and knowledge.
- The Chief Executive, the Section 151 Officer, the Monitoring Officer and the Leader of the Council have clear roles and responsibilities and these are contained within the Constitution along with the Member/Officer Protocol.
- Training is also provided for officers on an on-going basis as appropriate and necessary.
- A Leadership Development Programme has been established and is available to Managers at all levels within Publica and the Council.
- In response to the Peer Review, during 2022/23, more focus was given to Member Training and Development including the creation of a cross party Members

Development Strategic Steering Group (MDSSG) to oversee the learning and development of Councillors. The group has implemented a range of initiatives including a comprehensive induction pack and induction programme. Supplemented with a buddying system linking newly elected members with experienced officers. In addition to an ongoing training and development programme including monthly briefings open to all members on pertinent issues within the organisation and district.

- In 24/25, the council invited the LGA Peer Review to undertake a review of progress against the recommendations made in the full peer review. An action plan was developed to ensure all recommendations are addressed.

#### **F. Managing risks and performance through robust internal control and strong public financial management**

- Managing risk
  - Managing performance
  - Robust internal control
  - Managing data
  - Strong public financial management
- 
- The Local Leadership Team reviews the Strategic Risk Register on a quarterly basis. The Strategic Risk Register is reported to the Audit & Governance Committee on a regular basis.
  - Risks are identified when undertaking Internal Audit reviews and reported when necessary.
  - Performance Management measures the quality of service for users to ensure services are delivered in accordance with the Council's objectives and represent best use of resources.
  - Performance is measured on a regular basis and reported to the Overview and Scrutiny Committee and Cabinet. Service and Financial Performance reports are received by Overview & Scrutiny Committee and Cabinet each quarter.
  - Minutes of meetings are published and highlight the challenge made by Members to Officers and Cabinet Members.
  - There is improved oversight of key projects and associated risks.
  - The Internal Audit service is provided by SWAP Internal Audit Services and is run in partnership with other local authorities. The internal audit team provides the internal audit service to both the Council and Publica Group (Support) Ltd which

strengthens the Council's oversight of Publica as one of its most significant contractors.

- A risk-based Audit Plan is drafted annually following consultation with Officers, Members and the S151 Officer. The Audit Plan is approved at the Audit & Governance Committee prior to the financial year.
- Audit reports, once completed are discussed with the service manager. Executive summaries, including findings, and progress on the Annual Plan are reported to the Audit & Governance Committee, on a quarterly basis.
- Recommendations made in audit reports are followed up 6 months after the completion of the audit and findings reported to the Audit & Governance Committee.
- The Audit & Governance Committee's Terms of Reference are contained within the Constitution; Members have experience of a scrutiny role and training is provided when appropriate. The Committee includes two independent members who provide an impartial challenge making valuable contributions to the governance of the authority.
- A Counter Fraud & Enforcement Unit is hosted by this Council and supports all the Gloucestershire Local Authorities, West Oxfordshire District Council and other third parties. Where investigations identify possible improvements to the internal control framework the Counter Fraud & Enforcement Unit will liaise with the Internal Audit team to ensure the improvements are followed up and implemented by Management.
- An ICT Audit and Compliance Manager performs the role as the Council's Data Protection Officer and therefore has responsibility for Data Protection policies and ensuring that officers are informed and appropriately trained. The CEO is the Council's Senior Information Risk Owner (SIRO) and has ultimate responsibility for data protection.
- The Council is part of the Gloucestershire Information Sharing Partnership. This enables data to be shared when necessary.
- Audit reviews ensure data is held securely whether electronically or hard-copy.
- The MTFS is reviewed and updated on a regular basis to ensure the Section 151 Officer, Chief Executive and Members are aware of the financial standing of the Council.

#### **G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

- **Implementing good practice in transparency**
- **Implementing good practices in reporting**
- **Assurance and effective accountability**

- Transparency data is published on the Council's website.

- The Council's Statement of Accounts is produced and published annually in accordance with statutory legislation. Aligned with this is the production of the Annual Governance Statement which identifies how the Council has met its governance reporting obligations
- External Audit recommendations are reported to Audit & Governance Committee, following the completion of their annual audit process, follow-ups of recommendations are also reported
- Internal Audit processes ensure compliance with Public Sector Internal Auditing Standards. Internal Audit recommendations are followed-up and reported to the Audit & Governance Committee, further follow-up is planned if recommendations have not been actioned in full.
- The Council has a process for the receipt and processing of freedom of information requests made under the Freedom of Information Act.
- There is a presumption that all reports and the associated annexes to be considered in public meetings will be published. The Council's Legal Officer is consulted in circumstances where reports or annexes contain information which is considered to be exempt from publication.
- 

#### 4. REVIEW OF EFFECTIVENESS

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers, the annual opinion from the Head of Internal Audit, the officer Corporate Governance Group and comments made by the external auditors, other review agencies and inspectorates.

##### **The Council's process for maintaining and reviewing the effectiveness of the governance framework has included the following:**

- Senior Managers within Publica and the Council complete an Annual Assurance Statement at the end of the financial year. These governance declarations provide appropriate management assurance that key elements of the system of internal control are in place and are working effectively and help to identify areas for improvement.
- The Council's Leadership Team (including the Chief Executive, Section 151 Officer, the Monitoring Officer and the Publica Locality Assistant Directors) review the Corporate Risk Register on a quarterly basis. Service and Project Risk Registers are maintained by the relevant Publica Group or Business Manager.

- A Governance Group meets quarterly to discuss and action matters such as staff declarations of interests, gifts and hospitality, action taken on audit recommendations, cyber security, the register of data protection breaches and counter fraud updates.
- A review of Public Interest Reports and other key reports is completed to identify any potential learning and organisational risks.
- The SWAP Assistant Director (Head of Internal Audit) provides the Audit & Governance Committee, as the Committee charged with governance, with an Annual Opinion on the control environment of the Council, which includes its governance arrangements.
- Investigation of, and decisions on, allegations of failure to comply with Members Code of Conduct are considered and determined by the Monitoring Officer and an Independent Person(s). The Audit & Governance Committee oversees the framework of the Code of Conduct for Members on an annual basis.
- Induction processes are carried out for newly elected Members and appointed officers.
- The Section 151 Officer ensures training and awareness sessions are carried out for the Audit & Governance Committee periodically.
- The External Auditors, Bishop Fleming, present progress reports to the Audit & Governance Committee.
- The External Auditor's Annual Report and follow-up of management responses to issues raised in the Report or other reports are overseen by the Audit & Governance Committee.
- Quarterly performance reports, including the budget position, are presented to the Overview and Scrutiny Committee and Cabinet, demonstrating performance management against agreed performance indicators and budgets.
- The Audit & Governance Committee reviews the Annual Governance Statement.
- The Audit & Governance Committee reviews the Annual Statement of Accounts, the Capital Strategy, Investment Strategy, Treasury Management Strategy and reports from both Internal Audit (SWAP) and External Audit (Bishop Fleming, including quarterly progress reports.
- Council approves the annual budget and approves the Capital Strategy, Investment Strategy and Treasury Management Strategy, following recommendations from the Audit & Governance Committee.
- Internal Audit monitors the quality and effectiveness of systems of internal control. Audit reports include an opinion that provides management with an independent judgement on the adequacy and effectiveness of internal controls. Reports including recommendations for improvement are detailed in an action plan agreed with the management.
- The Annual Internal Audit Opinion for 2024/25 is 'reasonable', in respect of the areas reviewed during the year".



- The Council's Financial Rules and Contract Rules are kept under review and revised periodically.
- Other explicit review/assurance mechanisms, such as the Annual Report from the Local Government Ombudsman and reports from SWAP and/or the Council's appointed external auditors are also reviewed.
- A new customer complaints process is being implemented from 1 April 2025 which aligns to the Local Government Ombudsman Complaint Handling Code. This was approved by the Audit and Governance Committee on 21 November 2024.

## REVIEW OF GOVERNANCE ACTION PLAN FOR 2024/2025

When preparing its 2023/2024 statement, the Council identified a number of areas which required focus and attention. Progress by the end of March 2024 is detailed in the table below:

No	Key Area of Focus	Planned Actions	Update	Owner / Target Date
1	Freedom of Information	<ul style="list-style-type: none"> <li>Improve response times to Freedom of Information requests to ensure compliance with the relevant Act</li> <li>Publish a greater range of information to reduce the need to respond to regularly made Freedom of Information requests</li> </ul>	<ul style="list-style-type: none"> <li>Review undertaken and now performing above 90%</li> <li>Work underway to further develop website and internal guidance for Managers</li> </ul>	BM Gov March 2025
2	Complaints Process	<ul style="list-style-type: none"> <li>Introduce a revised customer complaints process which aligns to the new Customer Complaints Code issued by the Local Governance</li> </ul>	<ul style="list-style-type: none"> <li>New complaint process approved and ready for implementation on 1 April 2025</li> </ul>	BM Gov March 2025
3	New service delivery models	<ul style="list-style-type: none"> <li>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</li> <li>Insource services back from Publica and examine the priorities for a new service delivery model</li> </ul>	<ul style="list-style-type: none"> <li>Phase 1 successfully transferred on 1 November 2024</li> <li>Phase 2 recommendation presented at Overview &amp; Scrutiny, Cabinet and Council in March and approved</li> <li>Phase 2 transfer date, subject to consultation, 1 July 2025</li> </ul>	CEO November 2024

		<ul style="list-style-type: none"> <li>• Implement options for efficiency and transformation</li> <li>• Develop new values and behaviours</li> </ul>	<ul style="list-style-type: none"> <li>• Decision to 'pause' following phase 2 due to Devolution / Local Government Reorganisation</li> <li>• New values and behaviours under development with CDC employees.</li> </ul>	
4	Council Constitution and Code of Corporate Governance	<ul style="list-style-type: none"> <li>• Undertake a full review of the Council's Constitution and Scheme of Delegation to reflect the new service delivery model</li> <li>• Undertake a full review of the Council's Code of Corporate Governance to reflect the new service delivery model</li> </ul>	<ul style="list-style-type: none"> <li>• The Council constitution has been reviewed following the transfer of services under phase 1.</li> <li>• 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.</li> </ul>	Dir Gov March 2025
5	Emergency Planning and Business Continuity	<ul style="list-style-type: none"> <li>• Ensure the Council has resilience and can respond effectively in the event of a significant local incident under the new service delivery model</li> <li>• Further develop business continuity plans to ensure they are robust and fit for purpose under the new service delivery model</li> <li>• To test the business critical Business Continuity Plans in 2024-25</li> </ul>	<ul style="list-style-type: none"> <li>• Locality on-call, response team and rest teams now in place.</li> <li>• On-call by locality will commence from 1 April 2025</li> <li>• Employees who hold a role in Emergency Planning have all been trained and ongoing training is in place.</li> <li>• BCPs have been reviewed annually and services which have</li> </ul>	BM GOV March 25

			<p>transferred have reviewed their BCPs for any changes.</p> <ul style="list-style-type: none"> <li>BCP process being reviewed inline with best practice and any changed will be implemented over the next 12-18 months.</li> </ul>	
6	Risk Management	<ul style="list-style-type: none"> <li>To review the Risk Management Policy</li> <li>To complete a risk maturity self-assessment</li> </ul>	<ul style="list-style-type: none"> <li>Risk Policy is currently being reviewed and will be tabled at May Audit and Governance Committee.</li> <li>Risk maturity self-assessment will be undertaken as part of the internal audit of risk</li> </ul>	<p>BM GOV</p> <p>March 25</p>
7	Financial Management	<ul style="list-style-type: none"> <li>To review the financial procedure rules and financial processes to be completed in 2024/25 against the CIPFA Financial Management Code.</li> </ul>	<ul style="list-style-type: none"> <li>The financial Rules and processes are currently in the process of being reviewed in advance of being submitted to the Constitution Working Group (CWG) and Council for approval in the next financial year.</li> </ul>	<p>CFO</p> <p>March 2025</p>
8	Procurement	<ul style="list-style-type: none"> <li>Implementation of the Procurement Act 2023 and subsequent revision of contract procedure rules</li> <li>To train officers as required.</li> </ul>	<ul style="list-style-type: none"> <li>The act is now live and contract procurement rules will be presented to CWG and Council for approval in March.</li> <li>Training is scheduled for the new Financial Year.</li> </ul>	<p>BP Proc</p> <p>March 2025</p>

			<ul style="list-style-type: none"> <li>• A toolkit is being developed for use by officers who undertake procurement</li> </ul>	
9	Peer Review	<ul style="list-style-type: none"> <li>• To complete the Action Plan from the outcomes of the Peer Review.</li> </ul>	<ul style="list-style-type: none"> <li>• A follow-up peer review was carried out in November 2024 to assess progress.</li> <li>• Cabinet to receive the Peer Review Progress report at the July meeting.</li> </ul>	CEO March 2025
10	Legislative Changes	<ul style="list-style-type: none"> <li>• To keep abreast of any legislative changes and Government Policy and action where required.</li> </ul>	<ul style="list-style-type: none"> <li>• Watching brief</li> </ul>	Dir Gov

## 6. GOVERNANCE ACTION PLAN FOR 2025/2026

In preparing this statement and reviewing the effectiveness of the governance arrangements a number of areas have been identified where the Council needs to focus attention and improve arrangements over the next financial year. These areas of work are planned to strengthen the control framework and are set out in the table below.

	Key Area of Focus	Planned Actions	Update	Responsible Officer / Date	Status
1	New service delivery models	<ul style="list-style-type: none"> <li>To complete the phase 2 transition of services</li> <li>To ensure new services are embedded into the CDC culture</li> </ul>		Chief Executive Officer 31/03/2026	
2	Council Constitution	<ul style="list-style-type: none"> <li>Undertake a full review of the Council's Constitution and Scheme of Delegation to reflect the new service delivery model following phase 2 transfer of services</li> </ul>		Director of Governance 31/03/2026	
3	Business Continuity	<ul style="list-style-type: none"> <li>Further develop business continuity plans to ensure they are robust and fit for purpose under the new service delivery model</li> <li>To test the business-critical Business Continuity Plans</li> </ul>		Business Manager Governance 31/03/2026	

4	Procurement	<ul style="list-style-type: none"> <li>To ensure officers are trained and competent in the new Procurement Act 2023</li> <li>To develop a toolkit for use by officers who undertake procurement</li> </ul>		Business Partner Procurement 31/03/2026	
5	LGR / Devolution	<ul style="list-style-type: none"> <li>To ensure CDC and our partner organisations are prepared / ready in advance of LGR / Devolution</li> <li>To place our staff in the best position possible, through training, development and support.</li> <li>To ensure CDC are in the best financial position possible pre and post LGR / Devolution.</li> </ul>		Chief Executive Officer 31/03/2026	
6	Service Plans	<ul style="list-style-type: none"> <li>To have service plans in place for all business areas, delivered directly by the council and its partners</li> </ul>		Service / Business Managers 30/06/2026	
7	CDC specific policies	<ul style="list-style-type: none"> <li>To ensure all CDC specific policies are up to date and comply with relevant legislation</li> </ul>		Service / Business Managers	

		<ul style="list-style-type: none"> <li>To produce new policies and procedures where required.</li> </ul>		31/03/2026	
8	Internal Audit	<ul style="list-style-type: none"> <li>Ensure all agreed actions are completed and that any issues identified are appropriately followed up</li> </ul>		Service / Business Managers  31/03/2026	



## **7. APPROVAL OF LEADER AND HEAD OF PAID SERVICE**

We have been advised on the implications of the result of the review of the effectiveness of the governance framework and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

**Signed on behalf of Cotswold District Council:**

**Mike Every**  
**Leader of the Council**

**David Stanley**  
**Deputy Chief Executive Officer (S151)**

**Date:**

**Date:**

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Council name	<b>COTSWOLD DISTRICT COUNCIL</b>
Name and date of Committee	<b>AUDIT AND GOVERNANCE COMMITTEE – 14 July 2025</b>
Subject	<b>INTERNAL AUDIT ANNUAL OPINION 2024/25</b>
Wards affected	N/A
Accountable member	Cllr Patrick Coleman, Cabinet Member for Finance Email: <a href="mailto:Patrick.Coleman@cotswold.gov.uk">Patrick.Coleman@cotswold.gov.uk</a>
Accountable officer	David Stanley, Chief Finance Officer Email: <a href="mailto:David.Stanley@cotswold.gov.uk">David.Stanley@cotswold.gov.uk</a>
Report author	Lucy Cater, Head of Internal Audit Email: <a href="mailto:Lucy.Cater@publicagroup.uk">Lucy.Cater@publicagroup.uk</a>
Summary/Purpose	<p>To present a summary of the work undertaken by Internal Audit during 2024/25 and to give an overall opinion on levels of assurance resulting from this work.</p> <p>Due to the information contained in The Internal Audit Annual Opinion, it is deemed unnecessary to submit a separate quarterly monitoring report. Instead, we have produced a condensed version of the usual report which contains a summary of the work concluded since the last meeting of this Committee.</p>
Annexes	<p>Annex A – Internal Audit Opinion 2024/25</p> <p>Annex B – Finalised Audit completed since the last meeting of this Committee</p> <p>Annex C – Open Agreed Actions as at June 2025</p>
Recommendation(s)	<p>That the Audit and Governance Committee resolves to:</p> <ol style="list-style-type: none"> <li>1. Consider the report and comments as necessary</li> </ol>

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

## 1. BACKGROUND

The Annual Opinion Report 2024/25, Annex 'A', provides the Head of Internal Audit's (SWAP Assistant Director) opinion, on the adequacy and effectiveness of internal control within Cotswold District Council. The opinion is based on the adequacy of control, noted from a selection of risk-based audits carried out during the year, and other advice work on control systems including the proactive work of the service as it supports the control arrangements within change projects. The results of any external inspections also inform the opinion.

Throughout the year the Internal Audit service have measured the degree of control assurance within the systems, or elements of systems, audited or supported by way of control advice. Overall, the opinion is that a '**Reasonable**' assurance level can be given for the controls in place, within the areas where audit activity has taken place, to safeguard these systems which in turn support the delivery of the Council's overall business objectives.

Where operational control issues were raised, the risks associated with the control issues raised, in the audit reports, are being actively managed by Management.

The report outlines how the Internal Audit function has supported the Council in meeting the requirements of the Public Sector Internal Audit Standards. These 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 public sector internal auditing standards or guidance."
- "A relevant authority must conduct, each financial year, a review of the effectiveness of the system of internal control."

The purpose of the Head of Internal Audit's Annual Opinion is to contribute to the assurances available to the Chief Executive and the Council which underpin the Council's own assessment of the effectiveness of the authority's system of internal



control. This opinion is one component that the Council must take into account when completing its Annual Governance Statement.

Officers from SWAP will be in attendance at the Committee meeting and will be available to address Members' questions.

## **2. MAIN POINTS**

In accordance with Public Sector Internal Audit Standards, the Head of Internal Audit is required to provide an annual opinion, based upon, and limited to, the work performed, on the overall adequacy and effectiveness of the organisation's control arrangements. This is achieved through a risk-based programme of activities, agreed with management and approved, for 2024/25, by the Audit and Governance Committee, which should provide a level of assurance across a range of Council activities. The opinion does not imply that the internal audit service has reviewed all risks and controls relating to the Council or the systems it reviews.

A number of audits have been completed since the last meeting of this committee, and the reports are included at Annex B.

We continue to follow-up all agreed actions and a summary of the outstanding actions can be found at Annex C.

## **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



**COTSWOLD**  
DISTRICT COUNCIL

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

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# Cotswold District Council

## Internal Audit Annual Opinion Report 2024/25

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## Internal Audit Annual Opinion – 2024/25: ‘At a Glance’

### Annual Opinion



We are pleased to offer Cotswold District Council a **Reasonable Assurance** for 2024/25  
This assurance is based on information obtained from multiple engagements and sources, the results of which, when viewed together, provide an understanding of the organisation’s governance arrangements, risk management processes and internal control environment

### The Headlines

	<b>Audits undertaken for Accounts Payable, Housing Benefits, Levelling Up Grants, Depot Mobilisation and Payroll resulted in Substantial Assurance with no agreed actions.</b> This signifies that internal controls are operating effectively and being consistently applied in these areas.
	<b>Significant risks were identified in the Data Protection / Breaches Audit, and Sickness Absence Reporting Audit. Control risks were also identified in Section 106s, and Members’ Allowances &amp; Expenses</b> Progress is being made on the implementation of the agreed actions, which Internal Audit are monitoring.
	<b>34 reviews delivered as part of the 2024/25 Internal Audit Plan.</b> Includes assurance, advisory and follow up reviews, and specific audit support. We have 7 reviews at draft report stage and 1 audit is in progress.
	<b>Internal Audit staff supporting the Council.</b> Auditors continue to support the Council, by attending meetings, supporting projects and when necessary, conducting specific tasks for the Council.
	<b>Agreed Actions</b> Five agreed actions reported in 2023/24 remains open. Of the 23 actions agreed in 2024/25, 19 remain open.

Assurance Opinions	2023/24	2024/25
Substantial	7	5
Reasonable	4	6
Limited	1	1
No	0	0
Support to the Council	6	6
Grant Certification	1	1
Advisory	6	6
Follow-Up	1	1
Agreed Actions	2023/24	2024/25
Priority 1	1	3
Priority 2	10	12
Priority 3	12	8
Total	23	23

## Executive Summary

Internal Audit provides an independent and objective opinion on the effectiveness of the Authority's risk management, control and governance processes.



### Purpose

The Head of Internal Audit (SWAP Assistant Director) should provide a written annual report to those charged with governance to support the Authority's Annual Governance Statement (AGS). This report should include the following:

- An opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and internal control environment, including an evaluation of the following:
  - the design, implementation and effectiveness of the organisation's ethics-related objectives, programmes and activities;
  - whether the information technology governance of the organisation supports the organisation's strategies and objectives;
  - the effectiveness of risk management processes; and
  - the potential for the occurrence of fraud and how the organisation manages fraud risk.
- Disclose any qualifications to that opinion, together with the reasons for the qualification.
- Present a summary of the audit work from which the opinion is derived, including reliance placed on work by other assurance bodies.
- Draw attention to any issues the Head of Internal Audit judges particularly relevant to the preparation of the Annual Governance Statement.
- Compare the work actually undertaken with the work that was planned and summarise the performance of the internal audit function against its performance measures and criteria.
- Comment on compliance with these standards and communicate the results of the internal audit quality assurance programme.

The purpose of this report is to satisfy this requirement and Members are asked to note its content and the Annual Internal Audit Opinion given.

# Executive Summary

## Three Lines Model

To ensure the effectiveness of an organisation's risk management framework, the Audit and Governance Committee and Senior Management need to be able to rely on adequate line functions – including monitoring and assurance functions – within the organisation.

The 'Three Lines' model is a way of explaining the relationship between these functions and as a guide to how responsibilities should be divided:

- the first line – functions that own and manage risk.
- the second line – functions that oversee or specialise in risk management, compliance.
- the third line – functions that provide independent assurance.

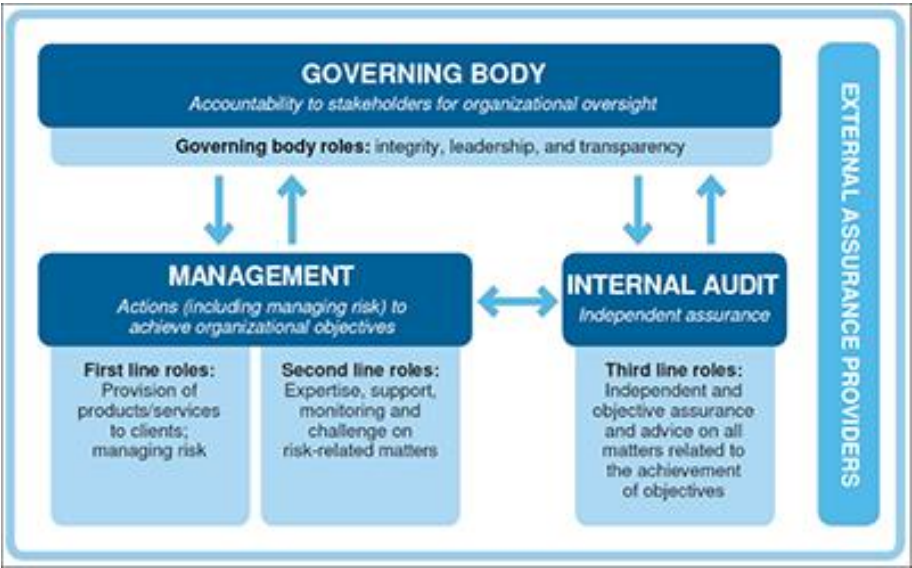


## Background

The Internal Audit service for Cotswold District Council is provided by SWAP Internal Audit Services. The team's work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note. The work of the team is guided by the Internal Audit Charter which is reviewed annually.

Internal Audit provides an independent and objective opinion on the Authority's control environment by evaluating its effectiveness. This report summarises the activity of the Internal Audit team for the 2024/25 year.

The position of Internal Audit within an organisation's governance framework is best summarised in the Three Lines model shown below.



## Internal Audit Opinion 2024/25

The Head of Internal Audit (SWAP Assistant Director) is required to provide an opinion to support the Annual Governance Statement.



### Annual Opinion

On the balance of our 2024/25 audit work for Cotswold District Council, enhanced by the work of external agencies, I am able to offer a **Reasonable Assurance** opinion in respect of the areas reviewed during the year.

Audit work is planned to ensure that sufficient assurance will be available to inform the annual opinion as well as supporting the key priorities that underpin CDC's Corporate Plan (2024 – 2028):

- Deliver Good Services
- Responding to the Climate Emergency
- Delivering Housing
- Supporting Communities
- Supporting the Economy

Our audit work supports each of these priorities, and the actions that underpin the priorities, whether as an assurance audit, an advisory piece of work, ad hoc requests or support to the council.

The professional requirements of PSIAS have remained unchanged for 2024/25 and in line with these, audit priorities have been agreed throughout the year, and this work supports the annual opinion.

The Annual Opinion is based on information obtained from multiple engagements and sources, the results of which, when viewed together, provide an understanding of the organisation's governance arrangements, risk management processes and internal control environment and facilitate an assessment of overall adequacy and effectiveness. Opinions are a balanced reflection across the year and not a snapshot in time. In forming this opinion, the following sources of information have been used:

- *Completed audits which evaluate risk exposures relating to the organisation's governance, operations and information systems, reliability and integrity of information, efficiency and effectiveness of operations and programmes, safeguarding of assets and compliance with laws and regulations.*
- *Observations from consultancy / advisory support.*
- *Follow up of previous audit activity, including agreed actions.*
- *Grant certification work.*
- *Assurances from other key sources and providers, including third parties, regulator reports etc.*
- *Ongoing support and advice relating to the risks associated with payments administered following the pandemic.*

Alongside direct internal audit work, the HIA can also place reliance on:

- *Work and investigations undertaken by the Council's Counter Fraud and Enforcement Unit*
- *Updates and PSN certification undertaken by the Council's ICT Team*
- *Review undertaken by Business Manager – Corporate Responsibility on Mangers' Assurance Statements 2024/25*

The following are considered key pieces of audit work that support the annual opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and control.

- *Business Continuity*
- *Continuous assurance*
- *Key financial audits*
- *Information governance and security*
- *Key front line services*

*Furthermore the Head of Internal Audit, or member of the Audit Team is an attendee at the following meetings:*

- *Procurement and Commissioning Group*
- *Health and Safety Working Group*
- *Corporate Governance Group*
- *Publica Transition / Workstream Meetings*



## Summary of Audit Work 2024/25

### Definitions of Corporate Risk

#### High Risk

Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.

#### Medium Risk

Issues which should be addressed by management in their areas of responsibility.

#### Low Risk

Issues of a minor nature or best practice where some improvement can be made.



### Significant Corporate Risks

Our audits examine the controls that are in place to manage the risks that relate to the area being audited. We assess the risk at a 'Corporate' level once we have tested the controls in place. Where the controls are found to be ineffective and the 'Corporate risk' as 'High' these are brought to the Audit and Governance Committee's attention.

We identified significant weaknesses in the following audits:

#### Data Protection and Data Breaches

- Inconsistent process for dealing with reported breaches
- Data Breach register contained errors and inconsistencies
- Lack of formal reporting of breaches to Management / Corporate Governance Group

#### Human Resources – Absence Management

- Lack of corporate monitoring of sickness absence reporting
- Inconsistencies, omissions, and duplicate entries of absence data
- Inconsistent approaches for the management and reporting of sickness absences
- Inaccurate data

Further control risks were identified in the audits of Section 106s and Member's Allowances and Expenses, actions were agreed, and progress is being made against implementation.

To ensure control weaknesses are being addressed we have continued to follow-up all agreed actions made in previous years audits as well as current year ones which have passed their implementation dates. The CFO receives a regular report of all agreed actions which can be followed up with Officers and Publica where appropriate. Five agreed actions from 2023/24 remain open further more there are 19 from 2024/25.

All audits, and progress against agreed actions, have been reported to the Audit and Governance Committee.



# Summary of Audit Work 2024/25

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

## Assurance Definitions

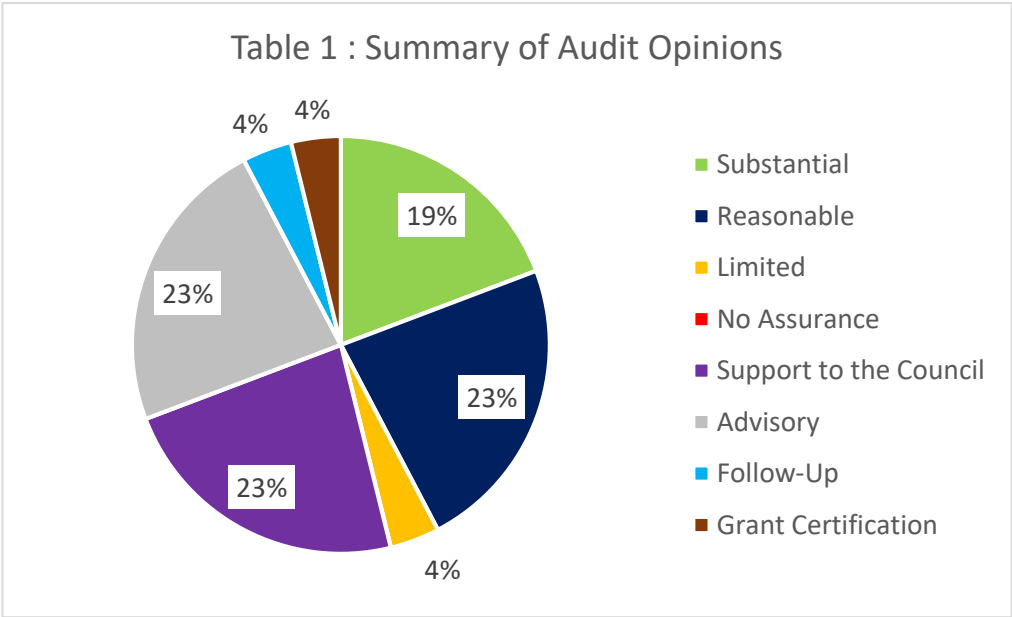
No	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance 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.



## Summary of Audit Opinion

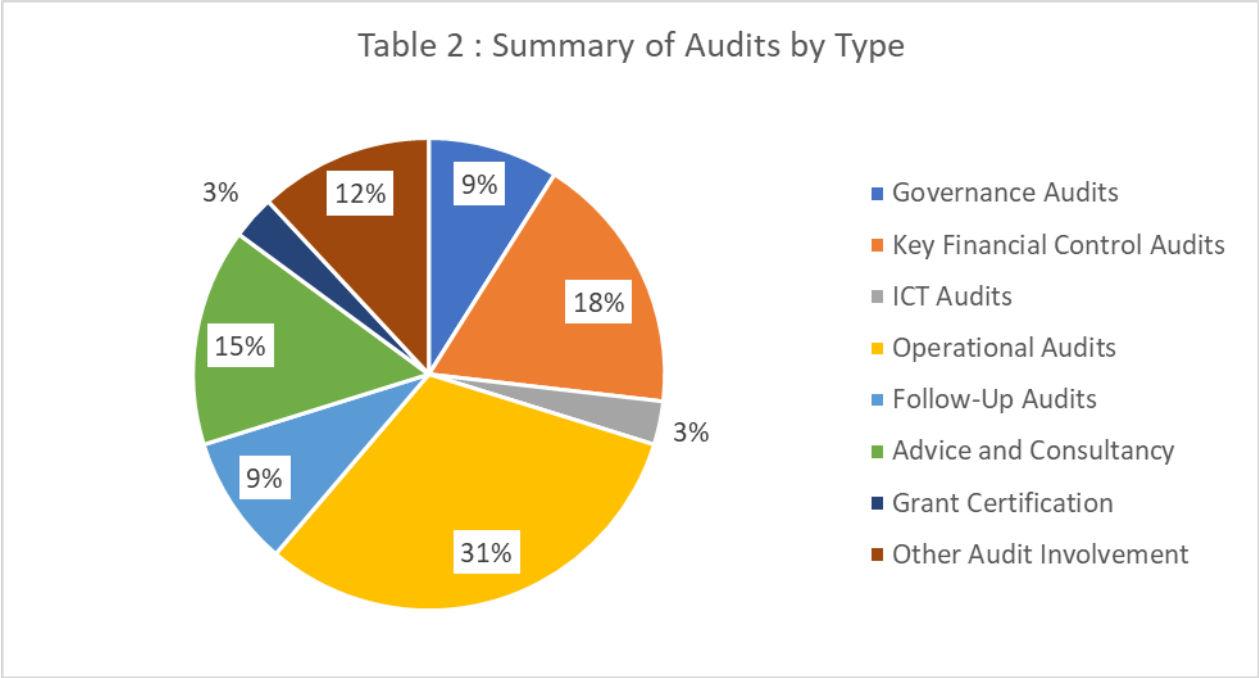
The following two charts summarise the audit opinions and audit work, and involvement, during 2023/24

Table 1 indicates the spread of assurance opinions across our work during the past year.



Summary of Audit Work 2024/25

Table 2 indicates the audit work by type.

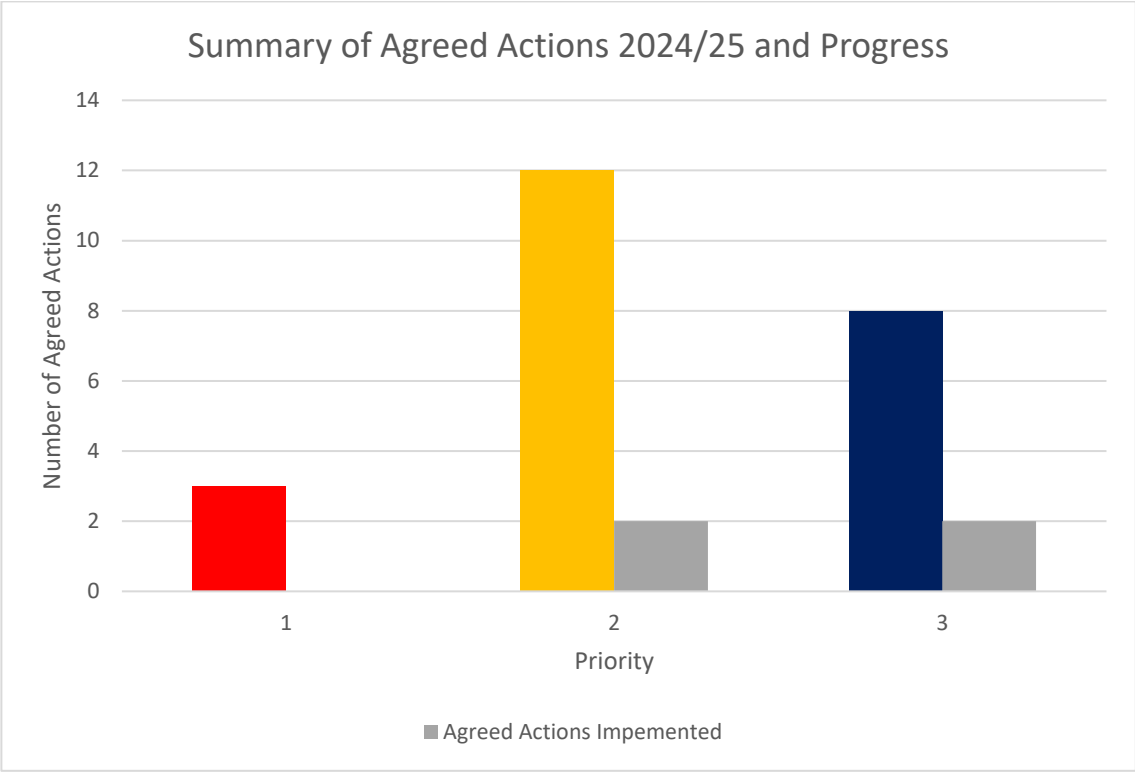


# Summary of Audit Work 2024/25

## SWAP Performance - Summary of Audit Actions by Priority

We rank our actions on a scale of 1 to 3, with 3 being medium or administrative concerns to 1 being areas of major concern requiring immediate corrective action

## Priority Actions



### Added Value

Extra feature(s) of an item of interest (product, service, person etc.) that go beyond the standard expectations and provide something more while adding little or nothing to its cost.



### Added Value

Throughout the year, SWAP strives to add value wherever possible i.e. going beyond the standard expectations and providing something 'more' while adding little or nothing to the cost.

#### Corporate Groups

During the year we have attended a number of corporate groups to act as a 'critical friend'.

#### Benchmarking

During the year we have provided benchmarking data across either the SWAP partnership or the wider reach of the Local Authority Chief Auditors Network (LACAN). This data is useful for services to develop and improve their own systems and processes so that business objectives can be achieved with continually decreasing resources.

#### News Roundup

We produce a fortnightly newsletter that provides information on topical areas of interest for public sector bodies.

#### Client Liaison

The Auditors meet regularly with Service Managers to discuss potential operational risks and issues, identify areas for audits and plan up-coming audits.

#### Audit Protocol

We have an audit protocol which defines the role of the audit team and what is required for an audit. The aim of the protocol is to improve the audit process for our audit clients and to ensure we can deliver an excellent audit in an efficient and effective manner.

Internal audit is responsible for conducting its work in accordance with the Code of Ethics and Standards for the Professional Practice of Internal Auditing as set by the Institute of Internal Auditors and further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS)



### SWAP Performance

The Global Internal Audit Standards set out an obligation for SWAP to monitor and report on its performance to our Partners. This includes two principal dimensions; the quality of work that we complete relative to those Standards and the quality of service we provide to Partners.

On Standards compliance, SWAP recently commissioned an External Quality Review which reported in January 2025. That review, completed by Devon Assurance Partnership, concluded that SWAP “generally conforms” to Standards, which is the highest rating then-available in the Institute of Internal Audit’s Quality Manual.

Beyond that periodic review, we also have a variety of internal systems aimed at quality assurance. We are currently reviewing those systems in the wake of new Global Internal Audit Standards which came into effect in the UK public sector on 1 April 2025. We will report outcomes of this review alongside our annual opinion work later in the year.

On quality of service, we collect both quantitative and qualitative data. Our principal vehicle for quantitative data is the Post Audit Questionnaires distributed to key contacts following each individual audit engagement. Unfortunately, at CDC only three such questionnaires were returned from the 13 distributed. This provides insufficient quantitative data to draw conclusions, but we are engaged in discussions with Senior Management Team to try and improve response rates.

Qualitatively, as well as informal feedback through regular contact, we monitor formally through our Operational and Ownership Board structure. SWAP is owned by its Partners, each of whom provide a representative to our Owners Board. Each Board meets regularly to oversee SWAP’s performance, with direct links to our Executive Leadership Team and Chief Executive to discuss the service we provide.

From 1 April 2025 the new Global Internal Audit Standards apply, alongside the UK Public Sector Application Note and the CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government. We will report conformance against these new Standards as part of our 2025/26 conclusion.



## Summary of Internal Audit Work 2024/25

Audit Type	Audit Area	Status	Opinion	No of Actions
<b>2024/25 Finalised and Completed Reviews</b>				
Operational	Appointment of Consultants	Final Report	Mid Reasonable	2
Key Financial Control	Accounts Payable – Qtly Review – 2023/24	Final Report	High Substantial	0
Governance	Emergency Planning	Final Report	Mid Substantial	1
Governance	Data Protection / Breaches	Final Advisory Report	N/A	1
Operational	Community Infrastructure Levy	Final Report	High Reasonable	2
Operational	Members Allowances and Expenses	Final Report	Mid Limited	2
Operational	Levelling Up Funding – UKSPF and RESF	Final Report	Mid Substantial	0
Operational	Human Resources	Final Advisory Report	N/A	4
Key Financial Control	Revenues and Benefits – Council Tax and NNDR	Final Report	High Reasonable	2
Key Financial Control	Revenues and Benefits – Council Tax Benefit and Housing Benefits	Final Report	Mid Substantial	0
Follow-Up	Procurement Cards	Final Report	Mid Reasonable	3
Follow-Up	Taxi Licensing Safeguarding	Final Report	High Reasonable	2
Key Financial Control	Accounts Payable – Quarterly Review 2024/25	Final Report	High Substantial	0
Operational	Section 106s	Final Report	Low Reasonable	4
Support	Business Grant Funding – Aged Debt	Complete	Support to the Council	N/A

## Summary of Internal Audit Work 2024/25

Audit Type	Audit Area	Status	Opinion	No of Actions
Support	Procurement Review	Complete	Support to the CFEU	N/A
Grant Certification	Carbon Data 2022/23	Complete	Grant Certification	N/A
Follow-Up	Follow-Ups of Recommendations made in Substantial and Reasonable Audits	Complete	Follow-Up	N/A
Other Audit Involvement	Working with the Counter Fraud and Enforcement Unit	Complete	Support to the Council	N/A
Other Audit Involvement	Management of the IA Function and Client Support	Complete	Support to the Council	N/A

Audit Type	Audit Area	Status	Comment
Draft Reports			
Operational	CFEU		
Operational	Digital Exclusion		
Operational	Leisure and Culture Facilities		
Governance	Data Retention		
ICT	Disaster Recovery – Revenues and Benefits		
Key Financial Control	Payroll – Publica Controls		
Key Financial Control	Payroll – Council Controls		



## Summary of Internal Audit Work 2024/25

Audit Type	Audit Area	Status	Comment
Audits In Progress			
Operational	Climate Change - Operational		
Ongoing Audit Support / Involvement			
Support / Advisory	Support to Publica Transition Programme Phase 1 <ul style="list-style-type: none"> <li>- Finance Workstream</li> <li>- HR Workstream</li> <li>- ICT Workstream</li> </ul> OnBoarding Meetings		Support Complete for Phase 1
Support / Advisory	Support to Publica Transition Programme Phase 2		Support complete for 2024/25, will continue into 2025/26
Advisory	Procurement and Commissioning Group		Support complete for 2024/25, will continue into 2025/26
Advisory	Health and Safety Working Group		Support complete for 2024/25, will continue into 2025/26
Support	Co-Ordination Team / Emergency Planning		Support complete for 2024/25, will continue into 2025/26
Support	Elections		Support complete for 2024/25, will continue into 2025/26






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

## Section 106s – Final Report – April 2025

### Audit Objective

To provide assurance on the effectiveness of the Council's Section 106 arrangements.


### Executive Summary

	Assurance Opinion	Management Actions		Organisational Risk Assessment	High
	The review highlighted a generally sound system of governance, risk management and control in place. We identified some issues, non-compliance or scope for improvement which may put at risk the achievement of objectives in the area audited.	Priority 1	0	Our audit work includes areas that we consider have a high organisational risk and potential significant impact.	
		Priority 2	3		
		Priority 3	1		
		Total	4		

### NB: The Key Conclusions below are a reflection of the audit at the time of fieldwork: March – July 2024.

This audit commenced prior to the Planning Service returning to the Council and was completed and agreed with 'Publica' Officers after the transition. However, after transition the Council appointed its own officers, who have needed time to review the findings, hence the delay in formally reporting. We have been advised of changes to working practices which we will assess in a follow-up audit in 2025/26 along with progress on the implementation of the actions.

### Key Conclusions

Key Conclusions		Audit Scope
	<b>Roles, responsibilities, and processes not clearly understood by all officers and external stakeholders.</b> Multiple departments are involved in the S106 process. Officers are aware of their own roles in the process but are less aware of the process as a whole and the roles of others. Additional training and a simplified flowchart with links to the various legal requirements would create a solid foundation on which relevant controls are maintained. The Council could consider establishing a project approach to achieve this outcome.	We conducted a comprehensive review of the following areas of Section 106 (S106): <ul style="list-style-type: none"> <li>Governance, oversight, and processes for each element of S106, including pre-application advice, consultation, negotiation, legal instruction, monitoring, reporting, and reconciliation.</li> <li>The systems used to manage S106, specifically Exacom and Uniform.</li> <li>Staff understanding of the S106 process.</li> </ul> Our methodology included walkthroughs and discussions with officers responsible for various parts of the process, with evidence gathered to support their statements.
	<b>A review of engagement with the S106 consultation process is required.</b> Consultation timeframes for planning applications are statutory and set nationally. Training for officers and external stakeholders will ensure all consultees are identified, well informed and understand how to make responses in relation to S106 which meet the legal tests to maximise contributions for the local community. Whether internal or external, it is the consultee's responsibility to respond. However, Planning Officers should follow-up with consultees to optimise responses. Town and Parish Councils could benefit from information in respect of S106s being made available on dedicated pages of the CDC website.	
	<b>Monitoring processes for non-financial clauses are insufficient.</b> Non-Financial clauses involve Flood Defences, Affordable Housing, Open Spaces, Leisure and Community facilities. A process for monitoring non-financial contributions has not been established. The Council should consider pro-active monitoring of sites, which will require specialist resources, to ensure developers deliver on their agreed obligations.	



**Improvements to S106 contribution management required.** S106 agreements are in some instances required to make a development permissible by securing developer contributions for infrastructure requirements. Contributed funds are actively monitored by the S106 Team and required to be reported annually through an Infrastructure Funding Statement (IFS). The agreements often have dates by which the funds must be spent (e.g. within 10 years) and must be spent in line with the requirements set out in the relevant agreement. Our review has identified that some S106 funds have not been spent within the required timeframes, but these are mainly due to external factors. A risk-based approach to explore whether blockers to infrastructure spend can be mitigated could be adopted.



Officers proved knowledgeable on S106 legislation, and a team has been established to actively manage income and expenditure, and to monitor non-financial conditions (albeit they do not enforce them). The Infrastructure Funding Statement (IFS) is published annually as required.

Additionally, we conducted two surveys to gain further insights into the S106 process, and we performed sample testing and data analytics to develop our findings.

#### Other Relevant Information

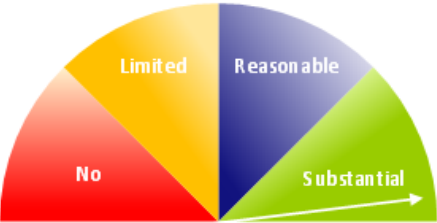
Biodiversity Net Gain (BNG) requirements have recently been introduced for planning authorities. It is acknowledged that this is going to increase demand on services, although the extent of the increase is unclear at this stage. The Council should consider how the different services involved will be impacted and whether additional support is required. BNG S106 agreements will allow the Council to collect monitoring fees to ensure developers comply with BNG legislation / obligations identified in agreements. This funding could be utilised to resource pro-active monitoring.

Accounts Payable – Final Report – June 2025

Audit Objective


To identify potential duplicate payments, summarise, and present to the AP team for remedial action.

Executive Summary

	<b>Assurance Opinion</b>	<b>Management Actions</b>		<b>Organisational Risk Assessment</b>	<b>Low</b>
	The review confirmed a sound system of governance, risk management and control, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.	Priority 1	0	Our audit work includes areas that we consider have a low organisational risk and potential impact.	
		Priority 2	0		
		Priority 3	0		
		Total	0		

Key Conclusions

Audit Scope

	Accounts Payable (AP) use Business World to process payments on behalf of partner organisations and Councils. We used BW to generate AP reports capturing payments to suppliers for the full financial year starting 1 <sup>st</sup> April 2024 until 31 <sup>st</sup> March 2025.	Our review covers the full 2024/25 Financial Year. We check for potential duplicate payments at Councils and organisations hosted on Business World.  Findings have been summarised and reported to the Accounts Payable team throughout the year, for further review and remedial action where necessary.
	A total of 176,692 lines of transactional data was analysed. We cleansed the data and applied conditional formatting to highlight potential duplicate transactions. These transactions were inspected to establish whether mitigating circumstances could be identified (e.g. credit note). 73 suspected duplicates with a potential overpayment value of £37,340.55 were forwarded to the AP team for further investigation. This represents 0.0175% of total payments analysed.	
	At the time of writing this report, AP are managing 9 unresolved payments totalling £13,137.67. We will continue to monitor these transactions through to resolution.	

Next Steps

AP continue to work with officers and suppliers to rectify the unresolved duplicate transactions. Our AP continuous duplicate payment analysis will continue into 2025/26.



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## OPEN AGREED ACTIONS AS AT 27<sup>TH</sup> JUNE 2025

ID (Action Plan)	ID (Issue)	Audit Title	Title (Issue)	Issue Status	Period	Priority Score	Original Timescale	Timescale	Follow-Up Assessment
3512	3291	CDC - Bank Reconciliation - 2023/24	Review of Suspense Accounts	Pending Remediation	2023/24	3	31/03/2024	31/05/2025	June 2025: Due to be followed-up
2984	2786	CDC - Property Services - Compliance and Health & Safety - March 2023	Central Property Database Accuracy	Pending Remediation	2023/24	3	30/09/2024	31/07/2025	May 2025: Testing demonstrated that there are still gaps in compliance information on Uniform. Timescale extended to post phase 2 of the Publica transition when property teams will be established and in a better position to complete the action.
2987	2789	CDC - Property Services - Compliance and Health & Safety - March 2023	Risk Assessment (RA) for All Council Owned Properties	Pending Remediation	2023/24	2	30/06/2024	31/07/2025	May 2025: Assessment of asset list and the compliance document provided demonstrated that there is a process for identifying compliance requirements at Council owned properties but this information is incomplete and expected information on Fire Risk Assessments (FRAs) was not available for all properties. Timescale extended to post phase 2 of the Publica transition when property teams will be established and in a better position to complete the action.
3175	2968	PUB - ICT Business Continuity/Disaster Recovery 2023/24	ICT and Emergency Planning Formal Engagement and Alignment	Pending Remediation	2023/24	2	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	31/12/2024	31/08/2025	May 2025: The waiver template has been reviewed and updated to include contact with Procurement. Waiting for implementation at the Council, therefore extend 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	31/01/2025		June 2025 - New Planning Officers are in post - this will be followed up shortly
5349	5006	CDC - Community Infrastructure Levy 2023/24	CIL Payment Requests.	Pending Remediation	2024/25	3	31/01/2025		June 2025 - New Planning Officers are in post - this will be followed up shortly
5932	5566	CDC - CT/NNDR 2024/25	CDC Revenues and Benefits Suspense Account Monitoring.	Pending Remediation	2024/25	3	31/03/2025	31/07/2025	May 2025: Business Manager - Environmental, Welfare & Revenue Service requested deadline be extended to 31/7/25.
5933	5567	CDC - CT/NNDR 2024/25	CDC Historical Revenues and Benefits Suspense Account Entries.	Pending Remediation	2024/25	2	31/03/2025	31/07/2025	May 2025: Business Manager - Environmental, Welfare & Revenue Service requested deadline be extended to 31/7/25.
5749	5389	CDC - Data Breaches - 2023/24	CDC Data Protection Suggestions	Pending Remediation	2024/25	2	30/06/2025		May 2025: The BM for Business Continuity and Risk advised "Delayed as we had not appointed to the role. New Data Protection Breach process currently in draft with Councils for approval. This will close out part of the internal audit actions, but once approved, will enable us to close out the remaining actions such as training and awareness"
5346	5003	CDC - Members Allowances and Expenses 2024/25	Budget Monitoring.	Pending Remediation	2024/25	1	28/02/2025	31/05/2025	June 2025: Follow-Up in progress
5347	5004	CDC - Members Allowances and Expenses 2024/25	Evidence of Expense Claims	Pending Remediation	2024/25	2	28/02/2025	31/05/2025	June 2025: Follow-Up in progress
5895	5530	CDC - Procurement Cards Follow Up	CDC Procurement Card Register and unused cards.	Pending Remediation	2024/25	2	30/06/2025		
5897	5532	CDC - Procurement Cards Follow Up	CDC - Procurement Card Spend Transparency reports	Pending Remediation	2024/25	3	30/06/2025		
5947	5581	CDC - Procurement Cards Follow Up	CDC - Procurement Cards Policy & Procedures responsibilities.	Pending Remediation	2024/25	2	30/06/2025		

ID (Action Plan)	ID (Issue)	Audit Title	Title (Issue)	Issue Status	Period	Priority Score	Original Timescale	Timescale	Follow-Up Assessment
6956	6519	CDC - S106s 2023/24	Roles, responsibilities, and processes not clearly understood by all officers and external stakeholders.	Pending Remediation	2024/25	2	30/09/2025		
6957	6520	CDC - S106s 2023/24	A review of engagement with the S106 consultation process is required.	Pending Remediation	2024/25	2	30/09/2025		
6958	6521	CDC - S106s 2023/24	Monitoring processes for non-financial clauses are insufficient.	Pending Remediation	2024/25	2	30/09/2025		
6959	6522	CDC - S106s 2023/24	Improvements to S106 contribution management required.	Pending Remediation	2024/25	3	30/09/2025		
5451	5102	CDC - Taxi Licensing Safeguarding Follow Up	CDC Hackney Carriage & Private Hire Licensing Policy	Pending Remediation	2024/25	3	30/06/2025	30/09/2025	May 2025: Business Manager - Environmental, Welfare & Revenue Service requested deadline be extended to end of Q2 2025/26.
5800	5438	CDC - Taxi Licensing Safeguarding Follow Up	CDC Taxi Licensing Income Reconciliation.	Pending Remediation	2024/25	2	30/06/2025	30/06/2025	June 2025: Have received evidence but need further clarification of the reconciliation process. Will arrange meeting with officer
4282	4012	PUB - Human Resources 2023/24	There is no consistent sickness absence management process across Publica	Pending Remediation	2024/25	1	28/02/2025	31/07/2025	June 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	28/02/2025	31/07/2025	June 2025: Roll out of new service expected 1st July 2025, timescale extended following update from Director.
4550	4262	PUB - Human Resources 2023/24	No clear corporate ownership of absence monitoring a	Pending Remediation	2024/25	1	31/12/2024	31/07/2025	June 2025: Roll out of new service expected 1st July 2025, timescale extended following update from Director.



## 2024/25 Draft Summary Statement of Accounts

### Comprehensive Income and Expenditure Statement 2024/2025

2023/24				Note	2024/25		
Gross Expenditure £	Gross Income £	Net Expenditure £			Gross Expenditure £	Gross Income £	Net Expenditure £
1,111,354	(526,625)	584,729	<u>Shared Services</u>		1,229,563	(563,808)	665,755
1,870,071	(717,397)	1,152,674	Environmental and Regulatory Services		1,876,844	(554,421)	1,322,423
2,361,523	(155,528)	2,205,995	Business Support Services		2,536,908	(181,577)	2,355,331
1,421,739	(642,437)	779,302	ICT, Change and Customer Services		1,284,834	(569,955)	714,879
130,645	0	130,645	Assets Property and Regeneration		138,238	0	138,238
15,818,965	(15,147,455)	671,510	Publia Executive and Modernisation		16,328,739	(15,618,071)	710,668
			Revenues and Housing Support Services				
			<u>Strategic Directors</u>				
1,508,358	(136,438)	1,371,920	Democratic Services		2,103,134	(829,753)	1,273,381
11,176,902	(6,094,120)	5,082,782	Environmental Services		11,530,664	(6,849,127)	4,681,537
3,209,035	(1,111,291)	2,097,744	Leisure and Communities Services		4,375,134	(2,146,031)	2,229,103
4,693,989	(2,465,324)	2,228,665	Planning and Strategic Housing Services		4,333,334	(3,252,550)	1,080,784
2,483,077	(1,407,790)	1,075,287	Retained and Corporate Council Services		2,499,603	(1,411,464)	1,088,139
<b>45,785,658</b>	<b>(28,404,405)</b>	<b>17,381,253</b>	<b>Cost of Services</b>		<b>48,236,995</b>	<b>(31,976,757)</b>	<b>16,260,238</b>
4,061,250	(227,076)	3,834,174	Other Operating Expenditure	B3	4,625,628	0	4,625,628
1,394,365	(2,482,213)	(1,087,848)	Financing and Investment Income and Expenditure	B4	1,603,877	(2,477,601)	(873,724)
0	(19,797,604)	(19,797,604)	Taxation and Non-Specific Grant Income	B5	0	(23,165,169)	(23,165,169)
<b>51,241,273</b>	<b>(50,911,298)</b>	<b>329,975</b>	<b>(Surplus) / Deficit on Provision of Services</b>	<b>B1/B2</b>	<b>54,466,500</b>	<b>(57,619,527)</b>	<b>(3,153,027)</b>
	(14,575,131)		(Surplus) / deficit on revaluation of non current assets				(1,911,661)
	47,100		(Gains)/ losses on financial instruments designated at Fair Value through Other Comprehensive Income				262,900
	6,029,000		Remeasurement of the net defined benefit liability				1,975,000
	0		Other movements				(53,142)
	<b>(8,499,031)</b>		<b>Other Comprehensive Income and Expenditure</b>				<b>273,097</b>
	<b>(8,169,056)</b>		<b>Total Comprehensive Income and Expenditure</b>				<b>(2,879,930)</b>

## Movement in Reserves Statement 2024/2025

	Note	Usable Reserves					Unusable Reserves £	TOTAL RESERVES £
		General Fund - Unallocated £	General Fund - Earmarked £	Capital Receipts Reserve £	Capital Grants Unapplied £	Total Usable Reserves £		
<b>Balance at 31 March 2023</b>		(1,760,936)	(8,991,453)	(8,821,149)	(3,596,015)	(23,169,553)	(62,113,597)	(85,283,150)
Movements in reserves 2023/24		(165,181)	165,180	0	0	(1)	0	(1)
Transfer from General Fund		(597,936)	597,936	0	0	0	0	0
Total Comprehensive income and expenditure		329,846	0	0	0	329,846	(8,499,031)	(8,169,185)
Adjustments between accounting basis & funding basis under regulations	C1	434,207	0	1,723,158	(1,466,491)	690,874	(720,175)	(29,301)
<b>(Increase) / Decrease in Reserves 2023/24</b>		<b>936</b>	<b>763,116</b>	<b>1,723,158</b>	<b>(1,466,491)</b>	<b>1,020,719</b>	<b>(9,219,206)</b>	<b>(8,198,487)</b>
<b>Balance at 31 March 2024</b>		<b>(1,760,000)</b>	<b>(8,228,337)</b>	<b>(7,097,991)</b>	<b>(5,062,506)</b>	<b>(22,148,834)</b>	<b>(71,332,803)</b>	<b>(93,481,636)</b>
Movements in reserves 2024/25		2,146,084	(2,146,084)	0	0	0	0	0
Transfer from General Fund		778,064	(778,064)	0	0	0	0	0
Total Comprehensive income and expenditure		(3,153,027)	0	0	0	(3,153,027)	273,097	(2,879,930)
Adjustments between accounting basis & funding basis under regulations	C1	228,467	0	2,388,414	(2,302,156)	314,726	(314,726)	0
<b>(Increase) / Decrease in Reserves 2024/25</b>		<b>(411)</b>	<b>(2,924,148)</b>	<b>2,388,414</b>	<b>(2,302,156)</b>	<b>(2,838,301)</b>	<b>(41,629)</b>	<b>(2,879,930)</b>
<b>Balance at 31 March 2025</b>		<b>(1,760,411)</b>	<b>(11,152,485)</b>	<b>(4,709,576)</b>	<b>(7,364,662)</b>	<b>(24,987,135)</b>	<b>(71,374,432)</b>	<b>(96,361,567)</b>
		C2						

# **Balance Sheet - 31 March 2025**

31 March 2024 £		Note	31 March 2025 £
74,401,391	Property, Plant & Equipment	D1	76,220,288
17,000	Heritage Assets		17,000
4,875,000	Investment Property	D2	4,205,000
14,582	Intangible Assets	D3	9,320
10,398,824	Non-Current Investments	E2	10,264,350
4,949,807	Non-Current Debtors	D4	5,954,607
<b>94,656,603</b>	<b>Non-Current Assets</b>		<b>96,670,564</b>
2,374,223	Investments	E2	3,881,878
0	Assets Held for Sale	D9	584,650
21,272	Inventories		19,175
9,402,804	Debtors	D5	10,890,881
12,682,980	Cash and Cash Equivalents	E2	8,918,700
<b>24,481,279</b>	<b>Current Assets</b>		<b>24,295,284</b>
(97,662)	Borrowing	E2	(102,006)
(8,065,139)	Creditors	D6	(7,517,524)
(2,735,147)	Creditors - s.106 balances	D6	(2,265,386)
(1,020,756)	Capital Grants Receipts in Advance	B8	(46,861)
(1,241,715)	Provisions	D7	(1,082,351)
<b>(13,160,419)</b>	<b>Current Liabilities</b>		<b>(11,014,128)</b>
(12,023,000)	Other Non-Current Liabilities	E1	(13,121,000)
(118,257)	Non-Current Creditors		(216,590)
(94,976)	Capital Grants Receipts in Advance	B8	(94,976)
(259,593)	Borrowing	E2	(157,587)
<b>(12,495,826)</b>	<b>Non-Current Liabilities</b>		<b>(13,590,153)</b>
<b>93,481,637</b>	<b>Net Assets</b>		<b>96,361,567</b>
(22,148,834)	Usable Reserves	C2	(24,987,135)
(71,332,803)	Unusable Reserves	C3	(71,374,432)
<b>(93,481,637)</b>	<b>Total Reserves</b>		<b>(96,361,567)</b>

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### **Audit and Governance Committee**

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

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

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

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

Item	Meeting Date	Lead Officer
<b>14 July 2025</b>		
Treasury Management Outturn	14 Jul 2025	Michelle Burge, Chief Accountant michelle.burge@cotswold.gov.uk
Draft Annual Governance Statement	14 Jul 2025	Michelle Burge, Chief Accountant michelle.burge@cotswold.gov.uk
Internal Audit Annual Opinion	14 Jul 2025	Lucy Cater, Assistant Director (SWAP) lucy.cater@publicagroup.uk
2024/25 Draft Statement of Accounts	14 Jul 2025	Michelle Burge, Chief Accountant michelle.burge@cotswold.gov.uk
<b>30 September 2025</b>		
Internal Audit Progress Report	30 Sep 2025	Lucy Cater, Assistant Director (SWAP) lucy.cater@publicagroup.uk
Q1 Prudential Indicators (Treasury Management)	30 Sep 2025	Michelle Burge, Chief Accountant michelle.burge@cotswold.gov.uk
Local Code of Corporate Governance	30 Sep 2025	Angela Claridge, Director of Governance and Development (Monitoring Officer) Angela.Claridge@Cotswold.gov.uk
Ombudsman Report 2025/26	30 Sep 2025	Cheryl Sloan, Business Manager - Business Continuity, Governance and Risk cheryl.sloan@publicagroup.uk
Counter Fraud and Enforcement Unit Update Report	30 Sep 2025	Emma Cathcart, Head of Service, Counter Fraud and Enforcement Unit emma.cathcart@cotswold.gov.uk

<b>4 December 2025</b>		
Treasury Management Mid-Year Report	4 Dec 2025	David Stanley, Deputy Chief Executive and Chief Finance Officer David.Stanley@cotswold.gov.uk
External Auditors Annual report 2025/26	4 Dec 2025	Bishop Flemming
Statement of Accounts and Audit Opinion	4 Dec 2025	David Stanley, Deputy Chief Executive and Chief Finance Officer David.Stanley@cotswold.gov.uk
Corporate Risk Register	4 Dec 2025	Cheryl Sloan, Business Manager - Business Continuity, Governance and Risk cheryl.sloan@publicagroup.uk
<b>27 January 2026</b>		
Annual Treasury Management Strategy and Annual Non-Treasury Investment Strategy 2026/27	27 Jan 2026	Michelle Burge, Chief Accountant michelle.burge@cotswold.gov.uk
CyberSecurity Update	27 Jan 2026	John Chorlton, Chief Technology Officer john.chorlton@publicagroup.uk
Internal Audit Progress Report	27 Jan 2026	Lucy Cater, Assistant Director (SWAP) lucy.cater@publicagroup.uk
Annual Capital Strategy 2026/27	27 Jan 2026	Michelle Burge, Chief Accountant michelle.burge@cotswold.gov.uk

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