



Wednesday, 26 November 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 **Thursday, 4 December 2025 at 4.00 pm.**

Jane Portman
Interim Chief Executive

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

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 30 September 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 one minute 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. **Treasury Management Mid-Year Report** (Pages 17 - 36)

Purpose

To receive and discuss details of the Council's Treasury Management performance for the period 01 April to 30 September 2025 and Quarter 2 Treasury Management Prudential Indicators

Recommendation

That the Audit and Governance Committee resolve to:

1. Note the Council's Treasury Management performance for the period 1 April 2025 to 30 September 2025 and the Quarter 2 Prudential Indicators.
2. Recommend to Council for approval.

8. **External Auditors Annual Report 2025/26**

Report to follow.

9. **Corporate Risk Register** (Pages 37 - 46)

Purpose

The report sets out the current Strategic Risk Register for the Council.

Recommendation

That the Audit and Governance Committee:

1. Note the Strategic Risk Register and mitigation measures.
2. Endorse the proposal for the strategic risk register to be included in the work programme for the committee with a quarterly review frequency

10. **Audit and Governance Committee Work Plan** (Pages 47 - 50)

For the Committee to review and note its work plan.

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Audit and Governance Committee
30/September2025



COTSWOLD
District Council

Minutes of a meeting of Audit and Governance Committee held on Tuesday, 30 September 2025

Members present:

Nigel Robbins (Chair)	Helene Mansilla	
Jeremy Theyer	Jon Wareing	Michael Vann
Len Wilkins	Ian Watson	Christopher Bass

Officers present:

Jane Portman, Interim Chief Executive Officer	Angela Claridge, Director of Governance and Development (Monitoring Officer)
Andrew Brown, Head of Democratic and Electoral Services	Nickie Mackenzie-Daste, Senior Democratic Services Officer
Leonie Woodward, Head of Legal	David Stanley, Deputy Chief Executive and Chief Finance Officer
Michelle Burge, Chief Accountant and Deputy Section 151 Officer	Frank Wilson, Managing Director (Publica)
Lucy Cater, Assistant Director (SWAP)	Alex Walling (Bishop Fleming)
Emma Cathcart, Head of Service, Counter Fraud and Enforcement Unit	

29 Apologies

Apologies were received from...

Councillors Nick Bridges and Tony Dale, and Independent Member John Cheshire.

30 Substitute Members

Councillor Ian Watson attended as substitute for Councillor Nick Bridges, and Michael Vann attended as substitute for Councillor Tony Dale.

31 Declarations of Interest

No declarations were made.

32 Minutes

The minutes of the meeting held on 14 July 2025 were discussed. The Chair noted that page nine requested that the Deputy Chief Executive Officer provide the Exposure to Investment Report, to which the officer confirmed that this related to the Council's Environmental, Social, and Governance (ESG) position, that it has not been provided yet but would be prior to the next meeting, and that it was unlikely to have materially changed since previous reviews. The Chair noted that an additional financial report update was also requested, but that this was included in the Committee's agenda and as such would be reviewed.

RESOLVED: The minutes were approved.

33 Public Questions

There were no public questions.

34 Member Questions

There were no member questions.

35 Local Code of Corporate Governance

The purpose of the report was to present the Local Code of Corporate Governance.

The Business Manager for Governance, Risk and Business Continuity introduced the report, explaining that it set out the principles of the governance framework for the Council. The officer noted that the annual governance statement was presented to a previous committee, and that this report detailed how the Council was meeting the Code and provided a forward-looking Governance Action Plan. The officer noted that two versions were included, one with listed amendments and one without. Where the 'delivering good governance' principles were listed, the bullet points following them were different and as such were included in an addendum – along with plans for delivering on those points.

The Committee queried how Council officers were expected to memorise or internalise these principles. The officer clarified that while the expectation would be for managers to have a working knowledge as they were responsible for monitoring and updating their relevant parts, the report as provided was to enable the Council to have an annual benchmark for performance and behaviours, and these updates were in service of that effort.

The Deputy Chief Executive Officer added that the report set out the standards and behaviours expected of the Council, which included consideration of what each team

produced that contributed to meeting these requirements, how these efforts were evidenced, and whether the standards were up to date. The officer continued that these considerations were likely to be automatic for officers that worked under these principles regularly, but the report aimed to better present these to members of the Council who may not have been so aware of the terms.

- The Committee provided an example of how the Local Code of Corporate Governance underpinned Council activity in relation to members. Principle A, 'Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of the law', was also included in the code of conduct for members.
- The Committee welcomed that the report included audit and peer review details but queried whether there were any anticipated timescales for Section G – implementing good practice and transparency reporting. The Chair explained that this reporting was anticipated to be issued biannually, as confirmed at the previous Committee, with the caveat that this report may not be suitable to apply rigid timescales to due to its ongoing nature. The officer added that this would be included in the annual governance statement, as well as details regarding CFEU, internal audit, the constitution, and the code of conduct.
- The Committee noted that there was mention of A.I. use on page 48, and as the use of A.I. was becoming more popular across all industries, queried whether there were any further considerations being made by officers regarding governance in this area. The Deputy Chief Executive Officer responded that the Chief Technology Officer and his team were currently developing an A.I. governance policy which was currently being reviewed by the internal officers before being submitted for approval by the Council. An officer added that there were service-specific risk registers in place already, for example in recruitment where job applications were being reviewed, to ensure A.I. was used appropriately in those cases.

RESOLVED: The Local Code of Corporate Governance was adopted.

36 Internal Audit Progress Report

The purpose of the report was to present the progress of the Internal Audit team.

The Chair explained that this report consisted of four items and requested any comments from members. The Head of Internal Audit noted that of the listed actions on page 12 in Annex B, only one was currently still active in addition to one having been subsumed into another active project (Business World).

- The Committee asked which leisure centres were reviewed to generate this report to which the officer confirmed that this report was only based on Cirencester Leisure Centre and the Corinium Museum, while reviews of other

leisure centres were either ongoing or expected to be completed by the end of the year.

- The Committee queried whether, once completed, the reviews of other leisure facilities would be provided as multiple, separate reports or combined into one – the officer advised that both could be provided to members to which the Committee confirmed its preference that points be listed for each report, to allow members to more easily identify the facilities with concerns.
- The Committee queried why the 'leisure and culture facilities' section was listed as 'high' on the operational risk assessment and what the main concerns were therein. The officer clarified that this was due to noncompliant health and safety risks as identified by the auditor, including safeguarding around CCTV usage, which may constitute an operational risk to the Council – the Committee further asked whether these were being actioned, to which the officer confirmed that the two Priority One agreed actions had already been completed as detailed further in the report.
- The Committee commented that it was promising that these major concerns were being promptly addressed but queried whether there were any KPIs in place for the Council's ongoing relationship with the relevant management/facilities provider, to ensure compliance, and that the option existed for a 'commercial impact' on suppliers for breaching relevant requirements. The Head of Economic Development and Communities clarified that during the investigation, development, and production of this report since around November 2024, the contract for management of this leisure centre had transferred from Publica into the Council's direct responsibility, meaning there had recently been a transitional period for who had direct oversight over this issue – there was a work plan from the officer who took the relevant post in July 2025, and of those findings some had been actioned immediately, but the recent focus had been on developing a robust process for identifying and rectifying issues with suppliers. This was previously conducted on an ad-hoc basis but was now a regular agenda item to improve oversight going forward.
- The Committee further questioned the Council's contractual status with the company delivering these services, and whether the Council could ensure compliance through commercial consequences for them. The officer clarified that while there were KPIs in place with the contractor to monitor standards, there was limited ability to enforce fiscal consequences due to the profit-sharing nature of the contract– something like withholding payment would not be an option due to this arrangement. The Committee requested a confirmation that this would imply a 'shared interest in ensuring compliance', to which the officer confirmed that on many issues listed in the report the direct legal obligation was on the supplier rather than the Council as owners and as such the relevant legal

consequences would be applied to them if it were necessary.

- The S151 Officer added that in his view there was no specific range of KPIs to monitor as such; the officer considered a supplier to be either compliant or not, and if not, they should be providing clear and actionable steps to the Council to explain how they intend to remedy such a position. He explained that other local authorities or other types of contracts may have considerations for lower-priority health and safety risks wherein a point system for severity was implemented, but that this contract did not have this as it was a partnership arrangement with the supplier and as such compliance was in both parties' interests.
- The Committee queried whether there was a protocol in place for continued testing and auditing in future for things like fire alarm and water pH testing, to which the officer confirmed that there were regularly external contractors who attended to test pool water and fire alarms among other facilities already agreed but that this would be a concern for the management onsite to monitor.
- The Committee noted the second sentence of page 91, reporting that officers were unable to confirm how CCTV was managed in facilities owned by local schools and commented that previously there had been some confusion regarding responsibility for compliance on this matter. The officer advised that they could provide a more detailed written response to members on this issue outside of the meeting, but that the concern regarding dual-use facilities lay in whether the relevant facilities were under local authority or local education control, particularly regarding CCTV use as there were strict safeguarding guidelines to be aware of in any school usage scenario.
- The Committee observed that previous reports noted a requirement for replacement security cameras at the Corinium Museum and this report included a similar comment on page 93. The Committee was concerned that these essential security measures may leave the collection of artifacts stored in the museum potentially at risk. The Deputy Chief Executive Officer suggested that this query would also be suited by a more detailed written response and that there were GDPR concerns with the installation of surveillance onsite, although there was already a CCTV policy in place for the Council.

The Chair introduced the final item in this report, the audit of the Counter Fraud and Enforcement Unit. The officer noted that this was directly requested by the manager of the counter-fraud team and that the result has been a 'glowing review'. The officer explained that this was requested due to the team's access to confidential information from multiple local authorities and the increasing importance of data security, and that it was decided that an objective review of the team's existing procedures would be appropriate to ensure a high level of compliance. The Chair noted that he considered this a responsible action and encouraged other managers who may be unsure to

RESOLVED: The Committee noted the report.

37 Q1 Prudential Indicators (Treasury Management)

The Deputy Chief Executive Officer explained that the item was a quarterly report, part of the five major reports delivered to the Council each year. He also noted that the half-year and outturn reports would include greater detail than this first quarter report; this item was more focused on whether the Council remained compliant with the Treasury Management Strategy as adopted in February 2025.

The officer continued to section 4, the liability benchmark, explaining that this illustrated what the underlying borrowing need for the Council would be in the near future without significant departures from current circumstances. Where the end figure at the bottom of the benchmark table included a bracket symbol, this indicated that the Council would meet all obligations without borrowing, whereas a figure without this symbol implied a potential need to borrow. The officer noted that at the time of the Committee meeting this was mostly affected by the planning for, albeit without a commitment to, the replacement of the District's waste vehicle fleet at some point in the period of 2026-2028 with an estimated cost of around £6m – and that the most cost effective way of delivering these replacements was currently under investigation. Page 106, as noted by the officer, set out whether long term treasury management investments were compliant with requirements, generally focusing on pooled funds with a value of around £12.5m against an upper limit of £13m. The officer explained that with these investments the value could increase as well as decrease, but the Council was fully compliant with requirements as listed. The officer finally explained that on page 107 was a forecasting table indicating the effect of a 1% increase or decrease of interest rates on the Council's portfolio, but that as members may have been aware national interest rates had remained high for external long- and short-term borrowing. A previous draft included an error making the 0.02 figure in the middle column 2p rather than £0.02M which had been corrected in this issuance.

The Committee queried how forecast accuracy was measured from previous periods. The officer answered that typically officers had underestimated returns and overestimated costs, leading to a trend of forecasts anticipating worse returns than in reality. The officer explained that this had been considered a prudent budget expectation – assuming that the liquidity of the Council would reduce faster than it did or that interest rates would decrease sooner would lead to, as he felt, a preferred outcome of the Council overperforming against forecasting rather than falling short and potentially having an investment deficit. The officer confirmed that forecasting accuracy was not measured directly, with the expectation that if investments came

closer to breaching any established estimates the Committee would rightly interrogate this.

The Committee noted, as on page 106 as an 'additional indicator', that the Council had received its own credit rating and queried which organisation had been calculating this. The officer explained that the rating was specifically for exposure regarding investments, not a rating for the Council itself, and added that only four or five local authorities have made the effort to calculate their own credit rating. This indicator calculated the average credit rating of the Council's investment portfolio; it was included to ensure the Council avoided investing in 'junk bonds', subprime mortgages with lower credit ratings, and other riskier options.

The Committee, further to the previous question, queried the external advice sought by the Council, which the officer explained was provided by Arlingclose as the Council's Treasury Management Advisors. The officer clarified that this organisation offered advice only, and all decisions remained with internal officers, but that it would be fiscally prudent to take their advice into account. Arlingclose assisted the Council with identifying appropriate limits for how investments are made and for how long against credit ratings, as well as doing the same for potential borrowing and interest rates.

The Chair thanked officers, remarking that the Committee had thoroughly interrogated the report.

RESOLVED: The Committee noted the report.

38 Counter Fraud and Enforcement Unit Update Report

The Chair introduced the report, noting that there were three items, and requested the officer explain how each link to the others. The Head of Service for the Counter Fraud and Enforcement Unit thanked the Chair and explained that while the Committee would have traditionally been provided with a mid-year update at this time, this process had changed to provide a full year report in April and this half-year report was now to be focused on high-risk areas and ongoing or actions completed by officers. This included reviewing and updating several documents including the 2022 Fraud Risk Strategy, of which the updated version had been provided to members – this document provided an overview of what risks the Council was exposed to, how these were mitigated, what motivations had been identified for individuals committing fraud, and other pertinent details.

The officer also noted that when the original Fraud Risk Strategy document was submitted for approval, the team also committed to measuring their progress against a 'checklist' of standards provided by the Local Government Association; this was the Fraud Compliance Report provided to the Committee which listed each action as fully, partially, or noncompliant. The officer was pleased to report that for most items the Council was fully compliant, with remaining gaps including data protection – though

this only related to a specific software used for data matching that the Council did not currently license or use, rather than any outstanding vulnerabilities in data management within Council systems.

The officer continued and introduced the Fraud Response Plan, also included in the report, which was a 'quickfire' response document for officers and external bodies on how to respond to a potential fraud, focused on maintaining the integrity of any potential investigations by ensuring staff were aware of appropriate actions and parties to report to.

The officer noted that the report also included a number of updates on how high-risk areas were being managed, including council grant schemes which were subject to a new management policy that would be submitted to the Committee or to Cabinet in the near future, as well as 'polygamous working'; that is, working multiple, undeclared jobs, of which there had been a recent case. This also contained a new report to be submitted but this would be a longer-term project, which the officer thanked the HR team for their assistance in developing.

- The Committee queried page 114 part 2.23: the launch of a new website/portal for public access to services such as victim support, Crimestoppers, police reporting and other important information, and when this was expected to go live. The officer clarified that the current expectation as listed in the report was October 2025 but that once the draft website formatting was approved this could go live immediately, and that the meeting to review it was scheduled for 6 October 2025.
- The Committee queried how the team prioritised items in their checklist that required further consideration. The officer clarified that many of the partially compliant items were related to updating councillors and designating a portfolio holder for counter fraud provision, however the officer considered this a matter to be discussed by all members due to its universal applicability. This being the case, there was a proposed process in which an audit committee report was provided to an informal member's meeting to review the high-risk areas being targeted and what actions were being taken; to which the Chair thanked the officer and suggested that the likely portfolio holder for this area would be Councillor Patrick Coleman.
- The Committee questioned if they were to enter the Council's offices and pick an officer at random, whether they would have a good understanding of the Council's whistleblowing process. The officer responded that this was explained to all new staff members as part of their induction process, as well as there being an annual refresher issued to all staff, but that the officer hoped to foster an environment wherein Council staff felt comfortable contacting their manager or a member of the internal audit team directly if they were unsure or had specific concerns.

- The Committee noted the reference to third parties on page 141, asking what power the Council possessed to hold them accountable to any agreements. The officer agreed that this was a complicated matter due to the nature of contracting and licensing between agencies and individuals, but that all written contracts were being reviewed and a process for improved paperwork for all future contracts was in place, including the previously mentioned whistleblowing policy.
- The Committee commented that it was reassuring that the checklist provided was mostly green and that the Council seemingly was 'in a good place' on compliance. The Committee queried what would happen at the next meeting, and whether the formatting would change to indicate what progress had been made without simply duplicating the entire checklist. The officer agreed that this would be a good idea – to provide updates focusing on the relevant progress of actions or areas of significant concern.
- The Committee queried how the risk register was applied to each area of the Council's work, as they considered it a complicated proposal. The officer explained that a member of her team reviewed each service and calculated a specific risk register for them, with the higher risk areas being focused on first, supported by the managers of the teams being reviewed.

RESOLVED: The Committee noted the report.

39 Procurement Investigation - Counter Fraud and Enforcement Unit

The Chair handed introduction of the report to the Deputy Chief Executive Officer, who explained that the report consisted of two parts; what had already occurred, and what the Council's officers had done or were currently doing in response to it:

- Section 2, supported by details provided in Annex A, outlined the 'key governance issues' identified during the investigation. Paragraph 2.2 of that section was highlighted by the officer as a key part of why the Committee had received the report, that this section highlighted the responsibility of the Committee and himself as Chief Finance Officer to maintain internal controls, operational risk awareness, and efforts made to combat fraud and corruption.
- Section 6 summarised the findings from the previous sections and highlighted commonalities between them, including weaknesses in controls, impacts on the Council especially regarding reputational damage, and legal and financial risks.
- The officer directed the Committee's attention to section 7 and specifically Annex B, noting that of the points listed on the action plan:
 - the constitution had been updated following the new procurement process having been introduced in February 2025.
 - the online form for purchases over £5000 to ensure the register was as up to date as possible was completed in August 2025.

- the mandatory procurement training for officers was in place and was expected to be complete by the end of 2025 with different levels of detail depending on staff member seniority.
- Point four, the procurement toolkit, was still under development at the time of the meeting and would provide a set of standardised templates for future procurement requests.
- Point five related to system improvements to the procurement section on the online Business World software in use by the Council, which was currently in development with testing to commence in November, to be launched by the end of 2025.
- Point six involved reviewing the terms of reference for the officer commissioning and procurement board, which for a number of years had been under the purview of Publica but was now managed directly by the Council.
- Point seven was the 'long overdue' improvements to financial reporting that the officer noted had been a point of discussion in previous committees. As suggested by previous audit findings, the Council made an effort to improve its ABW financial reporting through reducing the quantity of individual reports and ensuring that relevant directors and responsible staff members had straightforward access to them. This also included a spend analysis to support the commissioning and procurement board in ensuring that all spending was being captured, not just those the team was actively notified about.
- The officer also noted the implementation of the team's "No Purchase Order, No Payment" rule, a change that had also been discussed previously, which the team was hoping to implement around 30 June 2026 due to the turn of the financial year making earlier opportunities more complicated - but if an earlier launch did become possible they would do so.
- The final point as listed was the Council Awareness Resource, requiring the addition of the Chartered Institute of Public Finance and Accountancy (CIPFA) guide to the member's portal and to arrange an introductory briefing – the officer stated that this item remained in progress in the paperwork but as of the time of the meeting the item had now been completed.

The Deputy Chief Executive Officer stated that the overall aim for this report was to emphasise the importance the Council places on good governance, and to assure members that their Corporate Leadership Team had been actively working on and monitoring the findings in the report and that any issues had robust action plans in place to remedy them.

The Committee offered its support to the individuals who had initially reported their concerns as described on page 155, hoping that this indicated that the process was effective in protecting the Council from these kinds of fraudulent actions.

The Committee asked whether any funds were returned during the course of the reported investigations. The officer advised that while there were concerns about value for money during the bidding processes involved in these cases, it would be difficult to recoup specific figures due to the nature of the circumstances, and that any amounts listed in the report only pertained to resources expended investigating the allegations.

RESOLVED: The Committee noted the report and requested an update on the action plan in April 2026.

40 Audit and Governance Committee Work Plan

The Chair invited the Deputy Chief Executive to introduce the work plan.

The officer explained that the two following reports should be considered as one item as they were intrinsically linked, these being the external auditor's report and the statement of council audit opinions. The Council had been working closely with the designated external auditors Bishop Fleming to ensure this was delivered in a timely manner – noting that while there was a slight delay due to resourcing issues good progress had been made. The expectation remained that this would be available to the December committee, otherwise it would be submitted to the January committee as these options were well within the statutory requirement of the 27 February 2026.

No comments or questions were offered.

RESOLVED: The Committee noted the work plan.

The Meeting commenced at 4.00 pm and closed at 5.40 pm

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Agenda Item 7



COTSWOLD
District Council

Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	AUDIT AND GOVERNANCE COMMITTEE – 04 DECEMBER 2025
Subject	TREASURY MANAGEMENT MID-YEAR REPORT 2025/26
Wards affected	N/A
Accountable member	Cllr Patrick Coleman, Cabinet Member for Finance Email: patrick.coleman@cotswold.gov.uk
Accountable officer	David Stanley, Deputy Chief Executive and S151 Officer Email: David.stanley@cotswold.gov.uk
Report authors	Sian Hannam, Business Partner – Treasury Management Email: sian.hannam@publicagroup.uk Michelle Burge, Chief Accountant Email: michelle.burge@cotswold.gov.uk
Summary/Purpose	To receive and discuss details of the Council's Treasury Management performance for the period 01 April to 30 September 2025 and Quarter 2 Treasury Management Prudential Indicators
Annexes	Annex A – Arlingclose Economic Background 6 months to 30th September 2025.
Recommendation(s)	That the Audit and Governance Committee resolve to: <ol style="list-style-type: none">1. Note the Council's Treasury Management performance for the period 1 April 2025 to 30 September 2025 and the Quarter 2 Prudential Indicators.2. Recommend to Council for approval.
Corporate priorities	The Council's Treasury Management Strategy underpins all of the Council Priorities and is relevant to the Council's priority of "Delivering Good Services" – through ensuring value for money and standards, enhancing financial resilience and making best use of our assets.



Key Decision	NO
Exempt	NO
Consultees/ Consultation	Arlingclose Limited – Council's treasury advisors



1. EXECUTIVE SUMMARY

- 1.1** This report covers the Treasury Management activity and performance of Cotswold District Council for the period 01 April to 30 September 2025.
- 1.2** During the period, 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 2025.
- 1.3** The Council's strategy has been to diversify investments into Pooled Funds to reduce risk and increase returns. Pooled Funds have maintained strong returns of dividends in the first six months of the year and returned 4.23% against the £12.5m invested in this area (further details provided in section 5). The capital values of the Pooled Funds and REIT increased by £0.210m from £11.477m to £11.687 during the first six months of 2025/26.
- 1.4** The Council raised £0.500m through a 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) closed on the 16 August 2022, fully funded by over 450 investors. The balance outstanding on 30th September 2025 is £0.212m.
- 1.5** In July 2022, Cotswold District Council entered into an agreement with Cottsway 2, to provide a loan of up to £3.753m to support the development of affordable, low carbon homes. The balance outstanding as at the 30th September 2025 is £1.930m and will be converted to a secured loan over 50 years during the second half of the 2025/26 financial year.
- 1.6** Council has continued to have no requirement to borrow or hold any further external debt as at 30 September 2025.
- 1.7** The treasury management position as at 30th September 2025 is set out in table 1 below together with the year-on-year movements.



1.8 Table 1: Treasury Management Summary

	31/03/2025	2025/26	30/09/2025	30/09/2025
	Balance	Movement	Balance	Rate
	£m	£m	£m	%
Short-term borrowing	0.260	(0.048)	0.212	2.20
Short-term borrowing	0.260	(0.048)	0.212	2.20
Long-term investments	11.477	0.210	11.687	4.23
Short-term investments	2.669	7.361	10.030	4.12
Cash and cash equivalents	8.247	1.066	9.313	4.23
Total investments	22.393	8.637	31.030	4.16
Net investments	22.133	8.685	30.818	

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 six months to 30th September 2025. Arlingclose provide specialist



treasury support to 25% of UK local authorities. They provide a range of treasury management services including technical advice on investment management and long-term capital financing. They advise on investment trends, developments, and opportunities consistent with the Council's Treasury Management Strategy.

- 2.4** The Council's treasury management advisors have provided commentary on the economic background that prevailed during the first half of 2025/26. 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 2025/26 was approved at the Council meeting on the 24 February 2025. 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 30 September 2025 the Council therefore held a £0.212m 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 these will be outlined and updated in the Council's Capital Strategy to be approved by full Council in February 2026.
- 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

	31/03/2025 Actual £m	31/03/2026 Forecast £m
General Fund CFR	0.360	0.467
Less: External borrowing	(0.260)	(0.163)
Less: Usable reserves	(24.991)	(23.961)
Less: Working capital	2.758	1.500
Available for investment or internal borrowing*	(22.133)	(22.157)

*A positive figure would indicate a need to externally borrow



4. INVESTMENT PERFORMANCE

- 4.1** The Council invested funds representing income received in advance of expenditure plus balances and reserves held. During the half year, the Council's investment balances ranged between £20.176m and £44.386m due to timing differences between income and expenditure. On 30th September 2025, the Council had total investments of £31.030m arising from its revenue and capital income and expenditure. The investment position is shown in table 3 below:

Table 3: Treasury Investment Position

	31.3.25	Net	30.9.25	30.9.25
	Balance	Movement	Balance	Income
	£m	£m	£m	Return
				%
Bank of England DMADF	2.587	7.443	10.030	3.98
Money Market Funds/ Call Accounts	8.247	1.051	9.298	4.23
Real Estate Investment Trust (REIT)	0.698	(0.040)	0.658	3.00
Cash Plus Fund	1.213	0.026	1.239	N/A
Pooled Funds (I)	9.648	0.157	9.805	4.23
Total investments	22.393	8.637	31.030	4.16

(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 the first half of 2025/26, 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 2025/26 is £1.138m, as approved in February 2025. As part of Treasury Management monitoring, a review of Investment income expectations for the year indicates income could exceed budget by £0.360m by year end Income achieved in excess of budget will be transferred to the Treasury Management Reserve at year end to mitigate the risk around future borrowing. Higher than expected interest rates have fed through to higher short-term deposit and MMF interest rates.
- 4.5** The six-monthly investment position analysed between investment types and the year to 30th September 2025 change in show in table 4 below.

Table 4: Investment Position (Treasury Investments)

Investment type	Balance Invested at 30/09/25 (£'000)	Investment Income received to 30/09/2025 (£'000)	2025/26 Forecast (£'000)	Interest Rates at 30/09/25 (%)
Bank of England DMADF	10,000	222	575	3.97
Money Market Funds				
Federated Money Market Fund	3,000	64	132	4.08
DGLS Money Market Fund	3,000	64	132	4.08
Insight Liquidity Money Market Fund	3,000	58	124	4.01
Lloyds Instant Access	265	11	21	3.77
Santander Call Account	1	-	1	2.48
Other Short-term deposits	-	13	13	3.97
Real Estate Investment Trusts (REIT)				
Fundamentum Housing REIT	650	8	30	3.01
Cash Plus Fund				



Federated Cash Plus Fund ¹	1,239	-	-	N/A
Pooled Funds				
CCLA Property Fund	2,199	25	95	3.99
Schroders Income Maximiser Fund	922	36	54	8.67
CCLA Cautious Multi Asset Fund	926	11	30	4.58
M&G UK Income Fund	1,943	54	104	10.71
Ninety-One (Investec) Diversified Fund	1,848	38	88	4.58
Columbia Threadneedle Bond Fund	1,959	43	86	4.47
	30,952	647	1,484	4.93

5. EXTERNALLY MANAGED 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 total externally managed funds of £12.5m, £10.5m are held in externally managed strategic pooled cash, bond, equity, multi-asset and property funds. An additional £1m is invested in a Cash Plus fund and £1m 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 £0.215m (4.92%) during the first half of 25/26 and the capital values on these funds increased by £0.210m. Most asset classes achieved positive performance over the first half of the 2025/26

¹ Investment income is reinvested into the funds' capital value rather than distributed as dividends.



financial year, although conditions remained volatile and heavily influenced by political and macroeconomic developments, more details can be found in Annex A. Members are reminded that Pooled Funds are held for the longer-term and the capital value will fluctuate over each financial year.

- 5.3 Statutory override IFRS 9 (Pooled Investment Funds)** This override allows councils to disapply part of IFRS 9 so that fair value gains and losses on pooled investment funds do not hit the General Fund. Originally due to end 31 March 2025, it has now been extended for four more years under the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2025. It will apply until 31 March 2029, but only for existing pooled fund investments held as of 1 April 2024. New investments after 1 April 2024 must comply fully with IFRS 9 and will impact the General Fund.
- 5.4** A “Treasury Management” risk reserve was established in 2024/25, with additional investment income above the budgeted level being transferred to this reserve. The purpose of the reserve is to manage potential higher borrowing costs, mitigate the impact of reduced investment income from lower interest rates, and cover any potential realised losses from pooled funds either at March 2030 or if they were disposed of earlier.
- 5.5** The current balance is £0.375m, and further transfers to this reserve are forecast during 2025/26 given the expectation of better-than-budgeted investment income.
- 5.6** The change in the Council’s funds’ capital values and income return over the 6-month period is shown in Table 5.



Table 5: Pooled Funds, Cash Plus and REIT

FUND NAME	Initial Investment	1 April Fund Value	30th Sept Value	Dividends in 2025/26 (as at 30 Sept)	Gain / (Loss) for 2025/26	Gain / (Loss) to Initial Principal	% Return Capital & Dividend 2025/26
	£	£	£	£	£	£	%
CCLA Property Fund	2,500,000	2,195,084	2,199,998	24,896	4,914	(300,002)	1.19%
Schroders Income Maximiser Fund (E)	1,000,000	862,383	921,871	35,694	59,488	(78,129)	9.52%
CCLA Cautious Multi Asset Income Fund (M)	1,000,000	932,668	926,276	11,450	(6,392)	(73,724)	0.51%
M&G UK Income Fund (E)	2,000,000	1,847,558	1,942,665	53,995	95,107	(57,335)	7.46%
Investec Diversified Fund (M)	2,000,000	1,807,700	1,847,707	37,691	40,007	(152,293)	3.88%
Columbia Threadneedle Bond Fund (B)	2,000,000	1,928,956	1,958,794	43,359	29,839	(41,206)	3.66%
Federated Cash + Fund (C) ²	1,000,000	1,212,773	1,239,493	-	26,720	239,493	2.67%
Fundamentum Housing REIT	1,000,000	690,000	650,000	7,500	(40,000)	(350,000)	-3.25%
Total	12,500,000	11,477,121	11,686,804	214,586	209,683	(813,196)	3.39%

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

- 5.7** Most asset classes achieved positive performance over the first half of the 2025/26 financial year, although conditions remained volatile and heavily influenced by political and macroeconomic developments.
- 5.8** The most notable market shock came early in the period when US President Trump announced his 'Liberation Day' tariffs on 2 April, triggering sharp falls in global equity and bond markets. Sentiment improved once the US administration softened its stance and markets recovered relatively swiftly, although uncertainty lingered.
- 5.9** 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

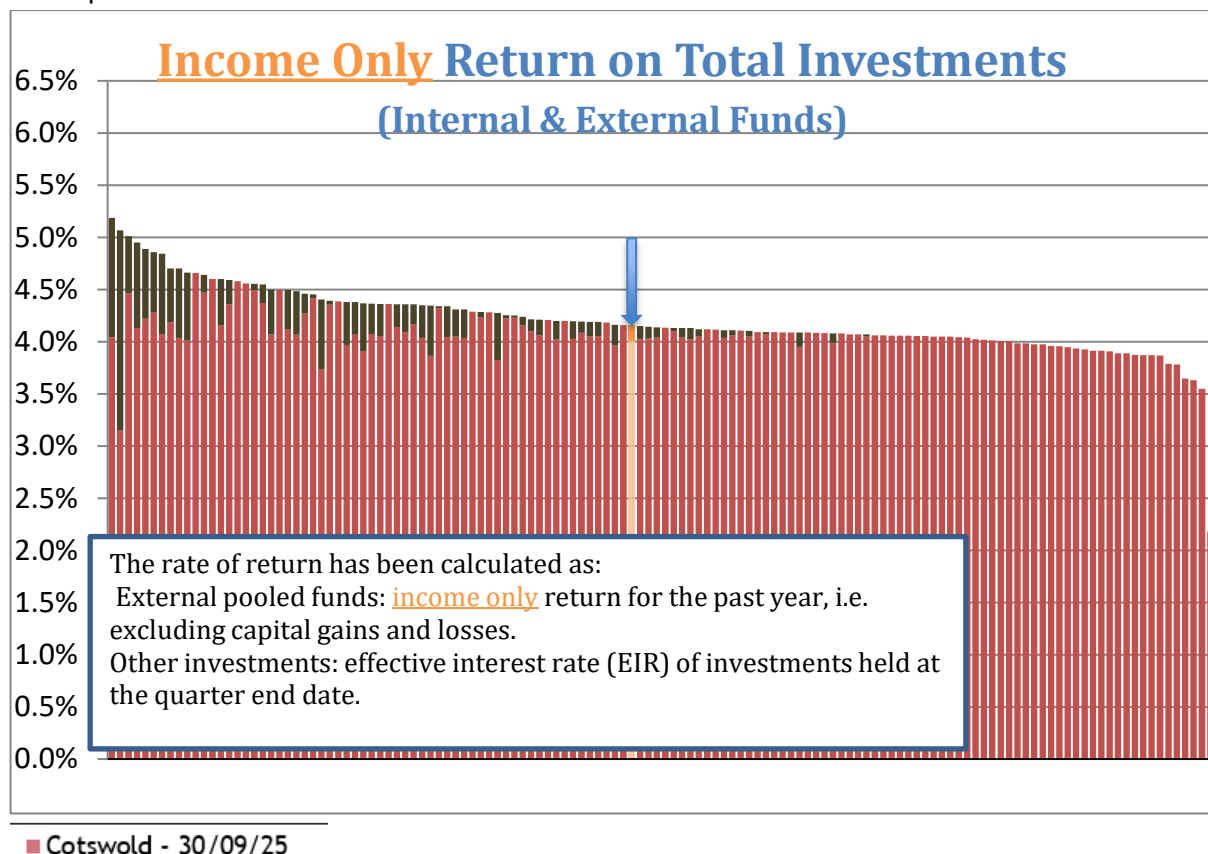
² Investment income is reinvested into the funds' capital value rather than distributed as dividends.



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.

5.10 Table 6 below shows that as of 30 September 2025, Cotswold District Council (orange bar) achieved an average rate on investments of 4.16%, 63rd in a pool of 132 Local Authorities where the average was 4.20%.

5.11 Table 6: Cotswold District Council investment returns v Arlingclose clients (132) as at 30 September 2025.



6. COMPLIANCE REPORT

6.1 The Chief Finance Officer reports that all treasury management activities undertaken during the first half of 2025/26 complied fully with the CIPFA Code of Practice and the Council's approved Treasury Management Strategy.



6.2 Compliance with specific investment limits is demonstrated in table 7 below.

Table 7: Investment limits

Investment Limits Qtr1	2025/26 Maximum (£)	30/09/2025 Actual (£)	2025/26 Counterpa rty Limit (£)	2025/26 Sector Limit (£)	Complied ?
The UK Government	0	10,000,000	Unlimited	n/a	Yes
Local authorities & other government	0	0	3,000,000	Unlimited	Yes
Secured Investments*	0	0	3,000,000	Unlimited	Yes
Banks (Secured)*	3,000,000	266,000	3,000,000	Unlimited	Yes
Building Societies (Unsecured)*	0	0	2,000,000	10,000,000	Yes
Registered providers (Unsecured)*	3,000,000	0	5,000,000	10,000,000	Yes
Money Market Funds*	9,000,000	9,000,000	3,000,000	Unlimited	Yes
Strategic pooled funds	11,500,000	11,500,000	4,000,000	20,000,000	Yes
Real Estate Investment Trusts	1,000,000	1,000,000	3,000,000	20,000,000	Yes
Other Investments*	0	0	£1m-£3m	10,000,000	Yes

**Investments in these sectors will only be made with entities whose lowest published long-term credit rating is no lower than A-*

Compliance with the Authorised Limit and Operational Boundary for external debt is demonstrated in table 8 below.

Debt, Authorised Limit and Operational Boundary	Maximum Debt Q2 2025/26 (£)	Debt as at 30.09.2025 (£)	2025/26 Authorised Limit (£)	2025/26 Operational Boundary (£)	Complied?
Borrowing	10,000,000	211,935	10,000,000	5,000,000	YES
PFI and Finance Leases	0	0	0	0	YES
Total debt	10,000,000	211,935	10,000,000	5,000,000	

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



7. TREASURY MANAGEMENT PRUDENTIAL INDICATORS

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

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

Liability benchmark - Q2	31/03/2025	31/03/2026	31/03/2027	31/03/2028
	Actual (£m)	Forecast (£m)	Forecast (£m)	Forecast (£m)
Loans CFR	0.36	0.47	2.97	2.57
Less: Balance sheet resources	- 22.23	- 22.50	- 17.14	- 10.85
Net loans requirement	- 21.87	- 22.03	- 14.17	- 8.28
Plus: Liquidity allowance	13.00	13.00	13.00	11.00
Liability benchmark	- 8.87	- 9.03	- 1.17	2.72
Existing borrowing	0.26	0.16	0.06	-

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

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

Long Term Q2	2025/26 (£)	2026/27 (£)	2027/28 (£)	No fixed date (£)
Limit on principal invested beyond year end	13,000,000	13,000,000	13,000,000	13,000,000
Actual principal invested beyond year end at 30.09.2025	£0	N/A	N/A	12,500,000



Complied?	Yes	N/A	N/A	Yes
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7.4 Long-term investments with no fixed maturity date include strategic pooled funds, real estate investment trusts and directly held equity but exclude money market funds and bank accounts with no fixed maturity date as these are considered short-term.

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

	2025/26 Target	30/09/2025 Actual	Complied?
Portfolio average credit rating	A-	AA-	Y

Interest Rate Exposure

7.6 This indicator is set to control the Council's exposure to interest rate risk. Bank Rate fell by 0.50% from 4.50% on 1st April 2024 to 4.00% by 30th September 2025.

Interest rate risk indicator	2025/26 Target	30/09/2025 Actual	Complied?
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	-£0.18m	-£0.15m	Y
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	£0.18m	£0.15m	Y

8. FINANCIAL IMPLICATIONS

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

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.

(END)



ANNEX A

ECONOMIC BACKGROUND

- 1.1.** The first quarter was dominated by the fallout from the US trade tariffs and their impact on equity and bond markets. The second quarter, still rife with uncertainty, saw equity markets making gains and a divergence in US and UK government bond yields, which had been moving relatively closely together.
- 1.2.** From late June, amid a UK backdrop of economic uncertainty, concerns around the government's fiscal position and speculation around the autumn Budget, yields on medium- and longer-term gilts pushed higher, including the 30-year which hit its highest level for almost 30 years.
- 1.3.** UK headline annual consumer price inflation (CPI) increased over the period, rising from 2.6% in March to 3.8% in August, still well above the Bank of England's 2% target. Core inflation also rose, from 3.4% to 3.6% over the same period, albeit the August reading was down % from 3.8% the previous month. Services inflation also fell from July to August, to 4.7% from 5.0%.
- 1.4.** The UK economy expanded by 0.7% in the first quarter of the calendar year and by 0.3% in the second quarter. In the final version of the Q2 2025 GDP report, annual growth was revised upwards to 1.4% y/y. However, monthly figures showed zero growth in July, in line with expectations, indicating a sluggish start to Q3.
- 1.5.** Labour market data continued to soften throughout the period, with the unemployment rate rising and earnings growth easing, but probably not to an extent that would make the more hawkish MPC members comfortable with further rate cuts. In addition, the employment rate rose while the economic inactivity rate and number of vacancies fell.
- 1.6.** The BoE's Monetary Policy Committee (MPC) cut Bank Rate from 4.5% to 4.25% in May and to 4.0% in August after an unprecedented second round of voting. The final 5-4 vote was for a 25bps cut, with the minority wanting no change. In September, seven MPC members voted to hold rates while two preferred a 25bps cut. The Committee's views still differ on whether the upside risks from inflation expectations and wage setting outweigh downside risks from weaker demand and growth.
- 1.7.** Arlingclose, the Council's treasury adviser, maintained its central view that Bank Rate would be cut further as the BoE focused on weak GDP growth more than higher inflation. One more cut is currently expected during 2025/26, taking Bank Rate to



3.75%. The risks to the forecast are balanced in the near-term but weighted to the downside further out as weak consumer sentiment and business confidence and investment continue to constrain growth. There is also considerable uncertainty around the autumn Budget and the impact this will have on the outlook.

- 1.8.** Against a backdrop of uncertain US trade policy and pressure from President Trump, the US Federal Reserve held interest rates steady for most of the period, before cutting the Fed Funds Rate to 4.00%-4.25% in September. Fed policymakers also published their new economic projections at the same time. These pointed to a 0.50% lower Fed Funds Rate by the end of 2025 and 0.25% lower in 2026, alongside GDP growth of 1.6% in 2025, inflation of 3%, and an unemployment rate of 4.5%.
- 1.9.** The European Central Bank cut rates in June, reducing its main refinancing rate from 2.25% to 2.0%, before keeping it on hold through to the end of the period. New ECB projections predicted inflation averaging 2.1% in 2025, before falling below target in 2026, alongside improving GDP growth, for which the risks are deemed more balanced and the disinflationary process over.
- 1.10.** Financial markets: After the sharp declines seen early in the period, sentiment in financial markets improved, but risky assets have generally remained volatile. Early in the period bond yields fell, but ongoing uncertainty, particularly in the UK, has seen medium and longer yields rise with bond investors requiring an increasingly higher return against the perceived elevated risk of UK plc. Since the sell-off in April, equity markets have gained back the previous declines, with investors continuing to remain bullish in the face of ongoing uncertainty.
- 1.11.** Over the period, the 10-year UK benchmark gilt yield started at 4.65% and ended at 4.70%. However, these six months saw significant volatility with the 10-year yield hitting a low of 4.45% and a high of 4.82%. It was a broadly similar picture for the 20-year gilt which started at 5.18% and ended at 5.39% with a low and high of 5.10% and 5.55% respectively. The Sterling Overnight Rate (SONIA) averaged 4.19% over the six months to 30th September.
- 1.12.** Credit review: Arlingclose maintained its recommended maximum unsecured duration limit on the majority of the banks on its counterparty list at 6 months. The other banks remain on 100 days.
- 1.13.** 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



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ever, the institutions and durations on the Council's counterparty list recommended by Arlingclose remain under constant review.

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Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	AUDIT AND GOVERNANCE COMMITTEE – 04 DECEMBER 2025
Subject	STRATEGIC RISK REGISTER
Wards affected	All
Accountable member	Councillor Mike Every, Leader of the Council Email: mike.every@cotswold.gov.uk
Accountable officer	David Stanley, Deputy Chief Executive and Section 151 Officer Email: david.stanley@cotswold.gov.uk
Report author	David Stanley, Deputy Chief Executive and Section 151 Officer Email: david.stanley@cotswold.gov.uk
Summary/Purpose	The report sets out the current Strategic Risk Register for the Council.
Annexes	Annex A – Strategic Risk Register
Recommendation(s)	That the Audit and Governance Committee resolves to: <ol style="list-style-type: none"> 1. Note the Strategic Risk Register and mitigation measures. 2. Endorse the proposal for the strategic risk register to be included in the work programme for the committee with a quarterly review frequency
Corporate priorities	All
Key Decision	NO
Exempt	NO
Consultees/ Consultation	Corporate Leadership Team, Leader of the Council, Cabinet Member for Finance



1. EXECUTIVE SUMMARY

- 1.1** This report sets out the Strategic Risk Register for Cotswold District Council which has been reviewed by the Corporate Leadership Team ("CLT") during Q2 and Q3 of the financial year.
- 1.2** The risks set out in Annex A of the report represent provide an update of the authority's strategic risks and the risk management work being undertaken; to assist the committee in fulfilling their obligations to periodically review the authority's Corporate Risk Register and to consider the effectiveness of the council's risk management arrangements.

2. BACKGROUND

- 2.1** Audit and Governance Committee considered the Risk and Opportunity Management Policy at their meeting on 27 May 2025. The policy outlined sets the Council's approach to risk and opportunity management including defining what is Risk and Opportunity Management, our risk appetite as a council, definitions, roles, and responsibilities, and how risk management is embedded across the organisation.
- 2.2** The Council's risk appetite level is Cautious, although this can change on a risk-to-risk basis. It is willing to consider all potential options but with well evaluated risks and learning from experience. The risk appetites considered in the policy are shown below for information.



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

- 2.3** Accepted best practice is for risk management to be reported to members on a regular basis.
- 2.4** External Audit, as part of the annual assessment of the Council's arrangements for securing economy, efficiency and effectiveness (Value for Money) have recommended that the frequency of the review of the strategic risk register should be quarterly.
- 2.5** The Council's constitution sets out the role of Audit and Governance Committee includes "Monitoring the arrangements for the identification, monitoring and control of strategic and operational risk within the Council" and "consider summaries of specific risk management reports, quarterly."
- 2.6** Members should view this review in response to the recommendation, and it is proposed that the strategic risk register is included in the work programme for the committee with a quarterly review frequency.
- 2.7** As an additional measure, the strategic risk register will be included in the wider quarterly performance reporting to Cabinet from Q4 2025/26.



3. MAIN POINTS

3.1 In assessing risk, the Council utilises a 5x5 matrix (as shown below) with a score given to the Initial Risk and the Residual Risk (Current Risk)

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

3.2 The strategic risks facing the Council are set out in Annex A and are considered the risks that could impact the successful achievement of the Council's long-term core objectives, priorities, reputation, and outcomes. These risks are classed as strategic as these are not able to be managed at service level.

3.3 The risks are summarised below for the purposes of this report, but members are encouraged to review Annex A.

- 2 risks scored 15 (Red) – Cyber Security, Health and Safety Compliance.
- 2 risks scored 12 (Amber) – Financial Sustainability, Local Plan delivery.
- 3 risks scored 9 or 10 (Amber) – Contractor Failure, Corporate Plan delivery, Civil Contingency
- 5 risks scored 6 or 8 (Green) – Compliance GDPR/Data breach, Staff recruitment and retention, Service Standards (LGR impact), Staff capacity (LGR workload), Democratic resilience.



- 3.4** Further controls, mitigation, or contingency is detailed for each risk set out in Annex A with follow-up action where appropriate.

4. FINANCIAL IMPLICATIONS

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

5. LEGAL IMPLICATIONS

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

6. RISK ASSESSMENT

- 6.1** If the Council's governance arrangements are weak then Council is at risk of failing to safeguard the use of public funds. In turn this would lead to poor external assessments, damaging the reputation of the Council.

7. EQUALITIES IMPACT

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

8. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

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

9. BACKGROUND PAPERS

- 9.1** None.

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Cotswold District Council

Strategic Risk Register

ID	Description of risk / opportunity	Owner	Initial Risk					Residual Risk (current)					Change in residual risk since previous review	Control, Mitigation or Contingency	Follow on Action (if required)	Risk Acceptance Level	Impact on or from Partner Authorities	Status: Open, Hold, or Closed	Direction of Travel since previous review)
			Impact category	Impact score	Likelihood category	Likelihood score	Score	Impact category	Impact score	Likelihood category	Likelihood score	Score							
CDC_SRR_252601	Financial Sustainability The Council is unable to set a balanced budget for the forthcoming financial year	Deputy Chief Executive & Section 151 Officer	Major	5	Probable	4	20	Major	4	Possible	3	12	12	Experienced and qualified Team Awareness of the Budget Gap in previous MTFS Current Savings and Transformation Plan Reserves and Balances - adequate Quarterly Financial Performance reports to Cabinet & O&S Financial Implications on every report Engagement with Cabinet member and Informal Cabinet	Development of ABW External Auditor VFM judgement Transformation Plan - ABW Internal Audit to plan for audit of Budget Setting Process	Risk Reduction	Risk to Partner Authorities but under control	Open	
CDC_SRR_252602	Contractor Failure - Contract Management The Council does not effectively manage contracts with major suppliers and results in a failure to deliver services	Deputy Chief Executive & Section 151 Officer	Major	4	Possible	3	12	Moderate	3	Possible	3	9	9	Ubico & Publica - Teckal companies which CDC is a shareholder Publica - Shareholder Forum and Operational Forum (CDC Chair for 12 months from October 2025) Freedom - Leisure Contract manager (LC) Ubico - Waste & Recycling contract management (PJ) KPIs being developed with clear reporting framework to Cabinet & O&S on a quarterly basis Freedom - quarterly performance meetings with Freedom/Cabinet Member/Officers	Dun & Bradstreet alerts - follow up on how this is managed/communicated CDC to improve client-side management of key stakeholders	Risk Reduction	No impact	Open	
CDC_SRR_252603	Compliance - Health & Safety Risk of death or injury to service users/staff due to breach of H&S information	Chief Executive	Extreme	5	Possible	3	15	Extreme	5	Possible	3	15	15	H&S Team, policy Risk assessments in place	Full set of H&S procedures to be developed and implemented All inspections relating to assets (e.g. Legionella) are recorded on the Council's asset management system with quarterly reporting to H&S Board/CLT Review of H&S Board TOR CEX to bring H&S Board minutes to CLT quarterly and agree actions	Risk Avoidance	No impact	Open	
CDC_SRR_252604	Compliance - GDPR/Data Breach The Council does not have adequate internal controls around the management of its data resulting in a data breach	Chief Executive	Major	4	Probable	4	16	Major	4	Remote	2	8	8	Data Protection Officer Training (mandatory) DP policies ICT Acceptable use policy Nominated SIRO Reporting of data breaches and near misses Cabinet member responsible for data governance	Annual report to the Cabinet member on data governance	Risk Avoidance	No impact	Open	

Cotswold District Council

Strategic Risk Register

ID	Description of risk / opportunity	Owner	Initial Risk					Residual Risk (current)					Change in residual risk since previous review	Control, Mitigation or Contingency	Follow on Action (if required)	Risk Acceptance Level	Impact on or from Partner Authorities	Status: Open, Hold, or Closed	Direction of Travel since previous review)
			Impact category	Impact score	Likelihood category	Likelihood score	Score	Impact category	Impact score	Likelihood category	Likelihood score	Score							
CDC_SRR_252605	Staff Inability to recruit and retain suitably qualified and experienced staff to deliver services	Chief Executive	Major	4	Possible	3	12	Moderate	3	Remote	2	6	6	Vacancy Management process Authority to Fill process Market Supplements, Flexible working, employee benefits (Medicash etc) Ability to bring in Agency Staff Shared agreements with other Councils Trainee roles/apprenticeships Approach to Learning & Development - Professional Learning Positive Workplace culture - People & Culture Strategy Appraisals	CT Developing a framework for Training & Development Publica - partnership working with FODDC and WODC Consideration of mutual aid policy across Gloucestershire Review of secondment agreements to ensure mitigation measures are effective	Risk Acceptance & Retention	Publica Risk	Open	
CDC_SRR_252606	Service Standards LGR risk inability to maintain BAU and support the Council and/or residents due to insufficient staff capacity (time spent on LGR)	Chief Executive	Moderate	3	Possible	3	9	Minor	2	Possible	3	6	6	Some services delivered by a partner organisation (Ubico, Publica) Wellbeing strategy and other employee benefits to support staff Capacity Fund to support delivery of BAU (CLT) - backfill may be an option Managing members and expectations through ongoing communication and briefings on Corporate Plan and service standards	s151 Ensure Capacity Fund is adequate to support Council until 31/03/2028	Risk Acceptance & Retention	Risk to Partner Authorities but under control	Open	
CDC_SRR_252607	LGR Risk (staff unable to contribute/burnout) Inability to support the Council and Residents in the transition from District to Unitary Council	Chief Executive	Moderate	3	Possible	3	9	Minor	2	Possible	3	6	6	Some services delivered by a partner organisation (Ubico, Publica) Wellbeing strategy and other employee benefits to support staff Capacity Fund to support delivery of BAU (CLT) - backfill may be an option Managing members and expectations through ongoing communication and briefings on Corporate Plan and service standards	s151 Ensure Capacity Fund is adequate to support Council until 31/03/2028 Identification of single points of failure	Risk Reduction	Risk to Partner Authorities but under control	Open	
CDC_SRR_252608	Local Plan The Council is not able to adopt the Local Plan in 2027 leading to unsustainable piecemeal developments which do not provide infrastructure	Director of Communities & Place	Major	4	Probable	4	16	Moderate	3	Probable	4	12	12	Local Plan Oversight Board LP Project Management Leader and Deputy Leader commitment to deliver Review of Planning Services structures and resources Earmarked Reserve (£1m) + Grant funding (£0.230m)	s151 Ensure reserve funding is adequate to support Plan delivery	Risk Reduction	Risk to Partner Authorities but under control	Open	

Cotswold District Council

Strategic Risk Register

ID	Description of risk / opportunity	Owner	Initial Risk					Residual Risk (current)					Change in residual risk since previous review	Control, Mitigation or Contingency	Follow on Action (if required)	Risk Acceptance Level	Impact on or from Partner Authorities	Status: Open, Hold, or Closed	Direction of Travel since previous review)
			Impact category	Impact score	Likelihood category	Likelihood score	Score	Impact category	Impact score	Likelihood category	Likelihood score	Score							
CDC_SRR_252609	Corporate Plan Inability to deliver the priorities as set out in the Corporate Plan leading to reputation risk to the Council	Chief Executive	Moderate	3	Probable	4	12	Moderate	3	Possible	3	9	9	Corporate Plan refresh adopted September 2025 with realistic and deliverable targets Quarterly Performance reporting on CP Actions Staff clear on responsibilities and accountabilities through appraisals Service plans - Golden thread and embeds CP in the Council	Review of CP Actions on an annual basis to ensure actions match resources and can be delivered within timeframe of LA	Risk Reduction	<i>Risk to Partner Authorities but under control</i>	Open	
CDC_SRR_252610	Civil Contingency/Major Event The Council is not adequately prepared to deal with a major Civil Contingency leading to harm to life	Chief Executive	Extreme	5	Possible	3	15	Extreme	5	Remote	2	10	10	BCP Plans Emergency Planning Training and Development of those involved in response (Gold etc) Publica process on emergency planning/rota	CLT to review key service BCPs such as Finance - include as item on CLT Forward Plan Q4 2025/26	Risk Reduction	<i>Risk to Partner Authorities but under control</i>	Open	
CDC_SRR_252611	Cyber Attack The Council is inadequately prepared for a cyber attack (e.g. ransomware) leading to Council systems being unavailable and inability to deliver services	Chief Executive	Extreme	5	Possible	3	15	Extreme	5	Possible	3	15	15	Team Ability to cooperate	Regular briefings to CLT from service on state of cyber readiness, training etc	Risk Reduction	<i>Risk to Partner Authorities but under control</i>	Open	
CDC_SRR_252612	Resilience - Democracy Elected members do not agree to extending their term of office beyond May 2027 leading to an inability of the Council to make decisions (not being quorate, elections)	Director of Governance & Development	Moderate	3	Possible	3	9	Moderate	3	Remote	2	6	6		Understand nature of final 11 months prior to vesting day and how member vacancies are covered	Risk Reduction	<i>Risk to Partner Authorities but under control</i>	Open	

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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
4 December 2025		
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	Michelle Burge, Chief Accountant and Deputy Section 151 Officer michelle.burge@cotswold.gov.uk
Corporate Risk Register	4 Dec 2025	Cheryl Sloan, Assistant Director of Workforce, Strategy and Transformation cheryl.sloan@publicagroup.uk
27 January 2026		
Risk Management Policy	27 Jan 2026	Cheryl Sloan, Assistant Director of Workforce, Strategy and Transformation cheryl.sloan@publicagroup.uk
CyberSecurity Update	27 Jan 2026	John Chorlton, Chief Technology Officer john.chorlton@publicagroup.uk
Annual Treasury Management Strategy and Annual Non-Treasury Investment Strategy 2026/27	27 Jan 2026	Michelle Burge, Chief Accountant and Deputy Section 151 Officer michelle.burge@cotswold.gov.uk
Statement of Accounts and Audit Opinion	27 Jan 2026	David Stanley, Deputy Chief Executive and Chief Finance Officer David.Stanley@cotswold.gov.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 and Deputy Section 151 Officer michelle.burge@cotswold.gov.uk
9 April 2026 – No items currently scheduled		

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