



Monday, 30 March 2026

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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, 9 April 2026 at 4.00 pm.**

A handwritten signature in cursive script that reads 'Jane Portman'.

Jane Portman
Chief Executive

To: Members of the Audit and Governance Committee
(Councillors Helene Mansilla, Nick Bridges, Paul Hodgkinson, Jeremy Theyer, Craig Thurling, Jon Wareing, Len Wilkins, Nick Craxton and 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 - 12)
To confirm the minutes of the meeting of the Committee held on 27 January 2026.
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. **Audit and Governance Committee Work Plan** (Pages 13 - 16)
For the Committee to review and note its work plan.
8. **Procurement Action Plan - Follow-Up** (Pages 17 - 26)
To present the Committee with an update on actions set out in the Procurement Action Plan (Annex B to the Procurement Investigation - Counter Fraud and Enforcement Unit report, 30 September 2025).

To provide assurance to the Committee that the risks of fraud committed against the Council or within the Council are recognised, managed, and mitigated appropriately.

9. **Annual Governance Action Plan 25/26 Update** (Pages 27 - 36)
This report presents the Audit & Governance Committee with an update for the Annual Governance Action plan for 2025/26
10. **Strategic Risk Register and Risk Management Policy** (Pages 37 - 58)
The report sets out the current Strategic Risk Register for the Council and current Risk Management Strategy.
11. **Internal Audit Progress Report - April** (Pages 59 - 82)
To present a summary of the audit work concluded since the last meeting of this Committee.
12. **CFEU Update Report (Including RIPA and IPA annual update)** (Pages 83 - 94)
To provide the Committee with assurance over the counter fraud activities of the Council. Direct updates will continue to be provided biannually.
The report also provides the annual update in relation to the Regulation of Investigatory Powers Act 2000 (RIPA), the Investigatory Powers Act 2016 (IPA) and the Council's existing authorisation arrangements.
13. **Statement of Accounting Policies 2025/26** (Pages 95 - 122)
This report presents the accounting policies to be included in the 2025/26 Statement of Accounts. This provides Members with the opportunity to review and approve the policies in advance of the preparation of the Statement of Accounts 2025/26. Approving the accounting policies in advance of the preparation of the accounts represents best practice.
14. **Q3 Treasury Management Prudential Indicators** (Pages 123 - 130)
To report to the Audit and Governance Committee the quarter three Treasury Management Indicators as required by the CIPFA Treasury Management Code.
15. **2025/26 External Audit Plan** (Pages 131 - 154)
To receive the 2025/2026 Audit Plan from Bishop Fleming, the Council's external auditors.
16. **Proposal to Appoint New Member of the Standards Hearings Sub-Committee**
This item is to propose that the Audit and Governance Committee meeting appoint a Councillor as a new member of the Standards Hearings Sub-Committee.
17. **Proposal to Change Audit & Governance Committee date**
This item is to propose that the Audit and Governance Committee meeting scheduled for 8 June 2026 be moved to 27 July to allow for the Statement of Accounts 2025/26 to be presented to the Committee.

Audit and Governance Committee
27/January2026



COTSWOLD
District Council

Minutes of a meeting of Audit and Governance Committee held on Tuesday, 27 January 2026

Members present:

Nigel Robbins	Helene Mansilla	
Nick Bridges	Tom Stowe	Michael Vann
Tony Dale	Len Wilkins	

Officers present:

Alex Walling (Bishop Fleming)	Angela Claridge
Tyler Jardine	John Chorlton
David Stanley	Michelle Burge
Lucy Cater	Richard Clarke

Observers:

51 Apologies

Apologies were received from...

Councillors Jon Wareing and Jeremy Theyer, and independent member Christopher Bass offered their apologies for being unable to attend the Committee meeting.

52 Substitute Members

Councillor Michael Vann substituted for Councillor Jon Wareing, and Councillor Tom Stowe substituted for Councillor Jeremy Theyer.

53 Declarations of Interest

No declarations were made.

54 Minutes

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The Committee discussed the minutes for the 4 December 2025 Audit and Governance Committee. The Chair noted that page six should use either 'atypical' or 'untypical' rather than mix both. The Committee voted to approve the minutes of the 4 December 2025 Audit and Governance Committee meeting.

55 Public Questions

There were no public questions.

56 Member Questions

There were no member questions.

57 Audit and Governance Committee Work Plan

The Chair introduced the Work Plan going forward into 2026. The Deputy Chief Executive (S151) Officer noted the two items planned for the April Committee and that officers from the Southwest Audit Partnership (SWAP) were in attendance to provide a verbal update to the Committee. An officer explained that due to administrative errors the report itself was unable to come before the Committee, but since the last Committee the previously discussed Disaster Recovery Audit had been completed, with a finalised 'low' risk rating. The follow-up of Members' Allowances had nearly been completed, with one outstanding action awaiting evidence of reconciliation before being confirmed as complete.

Two additional audits had been undertaken, those being data retention and digital exclusion, and two audits remained in draft format: housing benefits and Council Tax support, which the officer confirmed would come before the Committee at its next meeting. Also in draft formats were the climate change audit and bank reconciliation, which would be brought to the Committee alongside and audit plan for members of the Committee to provide their input. The officer suggested that Committee members may benefit from a workshop prior to the next meeting to provide guidance on the internal audit charter, audit plan, and an Audit and Governance Committee audit effectiveness review, to which the Chair and the Committee agreed.

58 Annual Treasury Management Strategy and Annual Non-Treasury Investment Strategy 2026/27

The Chair noted the attendance of a guest speaker, an Auditor from the Council's external auditors Bishop Fleming, and allowed the Deputy Chief Executive Officer to introduce the report. The Deputy CEO noted that treasury management was in effect the management of the Council's cash, and that the strategy was an explanation of how the Council would approach utilising liquidity for investment purposes and how, for example; the levels of risk involved, how decisions would be made, how an

investment opportunity's value was calculated, and how long they might persist on the Council's books.

The items of particular focus were Annex A, pages 35-36, which listed the proposed organisational cash limits for recommendation by the Committee to Council and the treasury management prudential indicators, which were required to be set for the year and subsequently reported on how they had been met. Page 47 of Annex A listed non-treasury investment, explained by the Deputy CEO as anything the Council invests in that was not part of day-to-day treasury management. Page 52 included Table 3 which was a list of the investment properties in the Council's possession; the Committee was advised that this, as well as the non-treasury investment strategy, was required to provide information on the makeup and performance of the Council's property portfolio and how this impacted more widely the financial position of Cotswold District Council.

The Committee queried the performance of the Council's commercial investment properties, noting that recent market conditions may have adversely affected their value. Members sought clarification on whether reported gains and losses related solely to annual performance or reflected variance from original purchase prices, and asked whether original acquisition values were available. The Deputy CEO advised that while this information was held by the Council, it was not readily available for the out-of-district portfolio at the time the report was prepared. To avoid presenting incomplete information, original purchase prices were therefore excluded, with the report instead showing property valuations for 2024, final valuations at the end of 2025, and projected values for 2026.

The Deputy CEO further explained that the three most recent out-of-district acquisitions had been purchased for significantly more than their current valuations, resulting in an unrealised loss, which was already reflected in the Council's statement of accounts. It was noted that the Treasury Management Strategy did not incorporate rental income, which had partially offset these losses over time; however, as the report remained in draft form, the inclusion of this information could be considered ahead of submission to Full Council. The report therefore presented investment performance based on the most recent 12-month period, with asset valuations reviewed annually in line with accounting requirements, as full lifetime performance data was not available at the time of preparation. The Chair requested the perspective of the external auditor in attendance on how these properties were valued and maintained as investments, who commented that as long as the Council remained in line with CIPFA requirements it would be down to individual officers to make appropriate judgements on a case by case basis.

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The Chair invited the Deputy Chief Executive Officer to introduce the report, who explained that the item was a draft assessment of the Council's capital programme and expenditure, and noted that the contents was likely to change before a revised version of the capital programme would be presented to Cabinet and Council in February 2026. The capital strategy reflected how existing resources would be utilised to achieve the objectives set by the Council for 2025-2028 in their corporate plan and corporate strategy. It was highlighted that this programme included £7.1m for the planned waste vehicle fleet replacement, and that as it stood there was no anticipated need for external borrowing to meet the Council's financial obligations. Forecast capital receipts were low despite the property assets in the Council's portfolio, and most of these arose from UBICO repayments for vehicle purchases.

Committee members thanked officers and welcomed that this programme indicated the Council could deliver its capital priorities without the need for external borrowing, commenting that this indicated prudent financial management, and that interest rates in the wider economy may have made such borrowing expensive for the Council. The Chair noted that this proactive effort to replace the aging waste fleet may have been positively influenced by the Council's decision to outsource its operation to UBICO.

The Committee queried what, under the assumption of no borrowing, would be required if the capital receipts referred to earlier were not received or if capital costs exceeded expectations, as well as whether there were earmarked reserves being utilised to cover gaps in funding and if this could become an issue in the future. The Deputy CEO responded that there would be a two stage approach in the scenario suggested by Committee members; first, the scale and timings of any necessary expenditure would be reviewed, taking into account options such as reprofiling or deferring nonessential schemes in the capital programme to a later time, and second by considering alternative financing options if this became necessary. It was noted that the current strategy was based on the assumption of not needing prudential borrowing but this remained an option if circumstances changed. The Deputy CEO emphasised that this would not be a default response, and would be subject to a full financial assessment, including how this would impact the Council's ability to meet its corporate objectives – and also explained that there was a proportion of Extended Producer Responsibility (EPR) funding earmarked for the waste fleet replacement, and approximately £150,000 of parking income in reserve to be released in 2026/27 for replacement car park ticket machines. The Deputy CEO advised that he would provide further details on the use of reserve funds to Committee members outside of the Committee.

Resolved that the Committee:

1. Noted the draft Capital Strategy (Annex A) for 2026/27 and provided feedback to the Cabinet and Council for consideration as part of the Council's budget setting process.

60 Information Governance Update & Senior Information Risk Owner (SIRO) Annual Highlight Report 2024/25

The Chair introduced the External Auditor from Bishop Fleming. The External Auditor introduced the report on the 2024/25 financial statements, noting that the previous report brought to the Committee was the Auditor's Annual Report, which focused on value for money, while this highlights the Auditor's findings. The Auditor noted that an audit regarding leases was still ongoing and would be subject to final review, but the audit was otherwise nearly complete. One area – readiness for audit - was considered 'Amber' on the audit report, due to delays in responding to requests and external factors affecting the Finance team. The Auditor noted that this was also impacted by resourcing issues on behalf of the auditor themselves as well as the budget/audit timing. The audit opinion previously provided to the Committee would be unchanged, similarly reflecting the weakness in procurement arrangements.

The Auditor explained that this report indicated a positive outcome, with no significant issues with financial statements and only two disclosure amendments identified, and commended the Council's finance officers. As provided to Committee members before the meeting in a Letter of Representation, some items had not been adjusted due to them being of less significant material concern, and the auditor requested that Committee members review the rationale of this decision. The Auditor noted that the audit certificate was not able to be issued immediately due to changes to auditing standards and delays related to Whole of Government Accounts work, and that this meant the audit remained open, but this was a formality.

The Auditor noted that additional fees arising from work to address the Council's weaknesses in procurement and the implementation of IFRS 16 (Leases) had been submitted to the PSAA for approval; this additional cost needed to be approved as auditing fees were set nationally by the PSAA, not by Bishop Fleming, but the £7,475 figure had been calculated using the appropriate rates for scrutiny by the PSAA.

The Committee queried, regarding the unadjusted items mentioned, at what point the auditors would reconsider the material relevancy of an item. The Auditor advised that it would be for the Council to decide what items they felt were of material concern, based on whether any changes would alter the reader's understanding of the financial statements as a whole – but that the Auditors used a 'working materiality' threshold of approximately 2% of gross revenue expenditure.

The Chair noted the previously discussed delays in responding to requests and voiced concern that the Council's separation from Publica may have contributed to difficulty in resolving these issues. The Deputy CEO responded that many of the delays listed related to data held within the Property and Assets Team, and often involved time-consuming requests such as verifying property valuations and supporting plans to

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ensure the accuracy of records. The officer conceded that despite their effectiveness the small size of the Finance team, who reviewed all audit requests, may have contributed to delays – but that it may not be appropriate to dedicate additional resources to address this due to the intermittent nature of audit requirements. The issues in question were reflected in other local authorities' audit processes due to the nature of long-term property records, but the officer confirmed that the result of this audit experience would be analysed to improve responsiveness in future audit processes.

The Committee also identified that on p.139 a word was missing; the officer confirmed this was 'influence' and subsequent copies of the report would be corrected. The Chair queried if the Auditor was satisfied with the narrative report, who confirmed that they had reviewed it and ensured it met CIPFA requirements as well as appropriately represented what their experience of the Council's governance situation was and were satisfied.

The Committee questioned what continued relevance the listed COVID-related expenses had. The Deputy CEO clarified that they were listed in the report for completeness, but the included figures are nil as the costs are no longer applied to local government entities. Also identified was a small discrepancy between the stated total scale fee compared to the parts totalled up, and it was explained that this is likely due to timing differences between the two external audit firms – Bishop Fleming and KPMG – when agreeing and paying fees: some outstanding fees relating to the 2023/24 audit were agreed and paid during 2024/25, but the figures as listed only related to the 2024/25 audit.

Before moving to the next agenda item, the Chair noted that the Committee had not confirmed their delegation of authority to the Deputy CEO to approve the Council's statement of accounts subject to the completion of the previously discussed audit work, and requested the Committee vote – the Committee members voted unanimously to delegate the relevant authority to the Deputy CEO.

There were no further questions, and the Chair noted that they were satisfied with the report and comfortable signing the Letter of Representation. The Committee approved the Letter of Representation and authorised the Chair to sign the document on behalf of the Audit and Governance Committee.

Resolved that the Committee:

1. Noted the Audit Completion Report (Annex A) and revised 2024/25 Statement of Accounts (Annex B).
2. Delegated authority to the Deputy Chief Executive and S151 Officer, in consultation with the Chair of the Audit and Governance Committee, to approve the 2024/25 Statement of Accounts subject to completion of outstanding audit work.

3. Recommended that the Chair of the audit and Governance Committee and Deputy Chief Executive and S 151 Officer sign the Letter of Representation (Annex C)

61 2024/25 External Audit Report and Audit Opinion

The Chair introduced the Monitoring Officer, who attended the Committee remotely, and who was presenting the item on behalf of the Council's Chief Executive. The Monitoring Officer explained that all local authorities were required to appoint a Senior Information Risk Officer (SIRO), and following the changing relationship between Publica and Cotswold District Council, the Chief Executive had been nominated to the role. The Council had made the decision to produce an annual SIRO report despite this not being a statutory requirement as it was felt this would be good practice, and this was the report before the Committee. The report contained overviews on data governance and data protection policies and how the Council met its statutory obligations regarding these and Freedom of Information requests. The report also contained details on the risks and their mitigations during the 2024/25 period, and how the Council expected these to change and how they would be responded to in the coming year. The Monitoring Officer confirmed that the SIRO Annual Report was intended to be issued together with the Annual Governance Statement, with a regular reporting interval set in July.

The Committee queried the low-medium-high level data breaches, noting that there were very few but asking how the level of seriousness was calculated. The Monitoring Officer provided examples of sending documents relating to two different individuals in one envelope, or email recipients being copied rather than blind copied into correspondence, but advised that they would provide further detail on the actual breaches in a written response to Committee members.

The Committee requested further explanation on the 'retention schedule' and what a review of this entailed. The Monitoring Officer explained that all local authorities are required to have a data retention policy in place: this dictated what types of information were and could be held by the Council both physically and electronically, how long these items could be held for, and what the Council must do at the end of these periods. The already-existing retention schedule and its recent review allowed officers to ensure that information was being stored appropriately and destroyed in the proper manner once no longer required or when reaching the end of its permitted storage period.

Resolved that the Committee:

1. Noted the report of the Senior Information Risk Owner (SIRO) on Information Governance for the 2024/25 period
2. Approved the future inclusion of the SIRO's Annual Report within the Annual Governance Statement for reporting purposes

62 Matters exempt from publication

The Committee considered the exclusion of the press and public for the remaining item of business on the basis that it contained exempt information within the meaning of Paragraph 7 of Part 1 of Schedule 12A to the Local Government Act 1972. Upon being proposed and seconded the Committee voted to approve a resolution to exclude the press and public.

Resolved that the Committee:

Agreed to exclude the press and public for the remaining items of business in accordance with the provisions of section 100A of the Local Government Act 1972 on the grounds that their presence could involve the likely disclosure of exempt information as described in paragraph 7 of Schedule 12A of the Local Government Act 1972, with the public interest in maintaining the exemption outweighing the public interest in disclosing the exempt information.

63 Cybersecurity Update

The Committee received an update from the Chief Technology Officer on cybersecurity matters concerning the Council.

The Meeting commenced at 16:02 and closed at 17:31.



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
9 April 2026		
Audit and Governance Committee Work Plan	9 Apr 2026	Angela Claridge, Director of Governance and Development (Monitoring Officer) Angela.Claridge@Cotswold.gov.uk

Procurement Action Plan - Follow-Up	9 Apr 2026	Emma Cathcart, Head of Service, Counter Fraud and Enforcement Unit emma.cathcart@cotswold.gov.uk
Annual Governance Action Plan 25/26 Update	9 Apr 2026	David Stanley, Deputy Chief Executive and Chief Finance Officer David.Stanley@cotswold.gov.uk
CDC Strategic Risk Register and Risk Management Policy	9 Apr 2026	David Stanley, Deputy Chief Executive and Chief Finance Officer David.Stanley@cotswold.gov.uk
Internal Audit Progress Report - April	9 Apr 2026	Lucy Cater, Assistant Director (SWAP) lucy.cater@publicagroup.uk
CFEU Update Report (RIPA and IPA annual update)	9 Apr 2026	Emma Cathcart, Head of Service, Counter Fraud and Enforcement Unit emma.cathcart@cotswold.gov.uk
STATEMENT OF ACCOUNTING POLICIES 2025/26	9 Apr 2026	Michelle Burge, Chief Accountant and Deputy Section 151 Officer michelle.burge@cotswold.gov.uk
Q3 Treasury Management Prudential Indicators	9 Apr 2026	Michelle Burge, Chief Accountant and Deputy Section 151 Officer michelle.burge@cotswold.gov.uk
2025/26 External Audit Plan	9 Apr 2026	Michelle Burge, Chief Accountant and Deputy Section 151 Officer michelle.burge@cotswold.gov.uk

8 June 2026		
Internal Audit Plan 2026/27 and Internal Audit Charter Mandate	8 Jun 2026	Lucy Cater, Assistant Director (SWAP) lucy.cater@publicagroup.uk
Annual Governance Statement	8 Jun 2026	Angela Claridge, Director of Governance and Development (Monitoring Officer) Angela.Claridge@Cotswold.gov.uk
Internal Audit Opinion 2025/26	8 Jun 2026	Lucy Cater, Assistant Director (SWAP) lucy.cater@publicagroup.uk
5 October 2026		
Counter Fraud and Enforcement Unit Update- Risk and Corporate Delivery	5 Oct 2026	Emma Cathcart, Head of Service, Counter Fraud and Enforcement Unit emma.cathcart@cotswold.gov.uk
Q1 Prudential Indicators (Treasury Management) 2026/27	5 Oct 2026	Michelle Burge, Chief Accountant and Deputy Section 151 Officer michelle.burge@cotswold.gov.uk
10 December 2026		
External Auditors Annual Report 2025/26	10 Dec 2026	Michelle Burge, Chief Accountant and Deputy Section 151 Officer michelle.burge@cotswold.gov.uk

26 January 2027		
Annual Treasury Management Strategy and Non-Treasury Management Investment Strategy 2027/28 Report 2027/28	26 Jan 2027	Michelle Burge, Chief Accountant and Deputy Section 151 Officer michelle.burge@cotswold.gov.uk
Annual Capital Strategy Report 2027/28	26 Jan 2027	Michelle Burge, Chief Accountant and Deputy Section 151 Officer michelle.burge@cotswold.gov.uk
15 April 2027		
Counter Fraud and Enforcement Unit Annual Update (RIPA/IPA)	15 Apr 2027	Emma Cathcart, Head of Service, Counter Fraud and Enforcement Unit emma.cathcart@cotswold.gov.uk
External Audit - Statement of Accounts 2025/26 and Audit Opinion (ISA260)	15 Apr 2027	Michelle Burge, Chief Accountant and Deputy Section 151 Officer michelle.burge@cotswold.gov.uk
Q3 Prudential Indicators (Treasury Management) 2026/27	15 Apr 2027	Michelle Burge, Chief Accountant and Deputy Section 151 Officer michelle.burge@cotswold.gov.uk

Agenda Item 8



COTSWOLD
District Council

Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	AUDIT AND GOVERNANCE COMMITTEE – 9 APRIL 2026
Subject	PROCUREMENT ACTION PLAN UPDATE – APRIL 2026
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	<p>To present the Committee with an update on actions set out in the Procurement Action Plan (Annex B to the Procurement Investigation - Counter Fraud and Enforcement Unit report, 30 September 2025).</p> <p>To provide assurance to the Committee that the risks of fraud committed against the Council or within the Council are recognised, managed, and mitigated appropriately.</p>
Annexes	<ul style="list-style-type: none">• Annex A – Procurement Action Plan (Update).
Recommendation(s)	That the Committee: <ol style="list-style-type: none">1. Considers and comments on the report.2. Requests an update on the action plan be brought back to the committee in October 2026.
Corporate priorities	<ul style="list-style-type: none">• Delivering Good Services
Key Decision	NO
Exempt	NO



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Consultees/ Consultation	Corporate Leadership Team, Leader of the Council, Cabinet Member for Finance
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1. EXECUTIVE SUMMARY

- 1.1** Audit and Governance Committee considered the report from the Counter Fraud and Enforcement Unit (“CFEU”) regarding procurement at their meeting on 30 September 2025.
- 1.2** In reviewing the findings from the investigation, the Council’s Corporate Leadership Team (“CLT”) developed an Action Plan to strengthen the internal controls around procurement with a number of additional measures being put agreed and actioned.
- 1.3** Significant progress has been made against the Action Plan with 4 of 8 actions delivered in full.
- 1.4** This report provides the April 2026 update to members against the Action Plan and proposes a further update is given to the committee in October 2026.
- 1.5** In administering its responsibilities, the council has a duty to prevent fraud and corruption, whether it is attempted by someone outside or within the council such as another organisation, a resident, an employee, or a councillor.
- 1.6** The council is committed to an effective counter fraud and corruption culture, by promoting high ethical standards and encouraging the prevention and detection of fraudulent activities, thus supporting corporate priorities and community plans.
- 1.7** As the body charged with governance in this area, the Audit and Governance Committee oversees the Council’s counter fraud arrangements, and it is therefore appropriate for the Committee to be updated in relation to counter fraud activity.

2. PROCUREMENT ACTION PLAN UPDATE

- 2.1** The Council’s Corporate Leadership Team (“CLT”) have reviewed the Action Plan and considered whether the internal controls around procurement have been adequately strengthened.
- 2.2** A number of actions have been completed in full and are considered closed for the purposes of this update:
 - Action 1 – Constitution (Contract Rules)
 - Action 2 – Mandatory eForm for purchase >£5,000
 - Action 3 – Mandatory Officer Training
 - Action 4 – Procurement Toolkit



- 2.3** The following actions are still open and are on target with significant progress made or enhancements to internal controls:
- Action 6 – Review of the Terms of Reference
 - Action 7 – Improved Financial Reporting
 - Action 8 – Implementation of Purchase to Pay
 - Action 9 – Mandatory Member Briefing on Procurement
- 2.4** One action has been removed from the Action Plan. Action 5 has been removed as Action 2 is providing adequate additional internal controls to the procurement process. Implementation of the Agresso Business World (“ABW”) procurement module would not provide any significant additional reporting/internal controls and is not considered a good use of limited resources.
- 2.5** The Action Plan includes details of the accountable officer and if applicable an updated deadline for completion of each activity. It is proposed that Audit and Governance Committee receive a final follow-up report on the Action Plan at their meeting on 05 October 2026.



3. FINANCIAL IMPLICATIONS

- 3.1** Whilst there are no financial implications arising directly from this report, the council is required to prevent fraud and corruption.
- 3.2** The council must ensure that all procurement activities are undertaken in accordance with the relevant legislation and in compliance with the council's constitution, financial procedure rules and contract rules. This will reduce the risk of fraud and corruption and mitigate risk of reputational damage and financial loss.

4. LEGAL IMPLICATIONS

- 4.1** To procure supplies and services effectively and to support the delivery of strategic priorities, all procurement and contracting activity needs to comply with all applicable legislation, directives and regulations.

5. RISK ASSESSMENT

- 5.1** The council is required proactively to tackle fraudulent activity in relation to the abuse of public funds. The Counter Fraud and Enforcement Unit provides assurance in this area.
- 5.2** Failure to undertake such activity would accordingly not be compliant and expose the Authority to greater risk of fraud and/or corruption.
- 5.3** If the council does not have effective counter fraud and corruption controls, it risks both assets and reputation.

6. EQUALITIES IMPACT

- 6.1** Effective counter fraud controls and a zero-tolerance approach to internal misconduct promotes a positive work environment.

7. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

- 7.1** None directly.



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8. BACKGROUND PAPERS

8.1 None.

(END)



ANNEX A- ACTION PLAN

Ref	Action	Assigned to	Original Deadline	Update 09/04/2026	Revised Deadline
1.	Constitution – Contract Rules (part D10). Updated to reflect the Procurement Act, effective 24 February 2025	Ciaran O’Kane	31/03/2025	Completed	N/A
2.	Mandatory eForm – purchases £5,000 and above Procurers must complete an eForm for all purchases over £5,000 with the required mandatory information before any purchase requisition can be approved. Ensuring: <ul style="list-style-type: none"> • The Procurement Team can review and, if necessary, query any proposed purchase to confirm compliance with the Council’s Contract Procedure Rules (CPRs). • The Contracts Register remains accurate and up to date. • The Council meets its transparency obligations under the Procurement Act 2023. 	Procuring managers	31/08/2025	Completed	N/A
3.	Mandatory Officer Training Programme to cover a spectrum of needs: Senior Managers - high level training on legal requirements. New Employees - a broad overview of procurement processes Budget Holders/Procurers - more detailed training on the new Procurement Act 2023, Internal Contract Procedure Rules and contract management.	Claire Locke Ciaran O’Kane	31/12/2025	Training sessions delivered	Ongoing training for new staff (quarterly)
4.	Implement a Procurement Toolkit - a step-by-step guide with templates needed	Ciaran O’Kane	31/10/2025	Completed	N/A



ANNEX A– ACTION PLAN

Ref	Action	Assigned to	Original Deadline	Update 09/04/2026	Revised Deadline
	including scoring matrices, fraud mitigation, minimum legal and policy obligations involved in each stage of the procurement process.				
5	System Improvements – Action removed. Action 2 provides sufficient additional internal controls	N/A	N/A	Action removed	N/A
6.	Review of the Terms of Reference for the Officer Commissioning & Procurement Board.	Claire Locke / Angela Claridge	31/12/2025	Delayed: requires agreement at C&P Board.	07/05/2026
7	Improved financial reporting – to enhance the wider internal controls on expenditure – developing: New Cost Centre hierarchy in place reflecting organisation structure A standard set of financial reports to provide budget holders, Heads of Service and Directors with relevant and timely financial information appropriate to each 'level'. Spend Analysis – in addition to a standing item on the Commissioning and Procurement Board Agenda analysing supplier spend, a periodic analysis (Q1 & Q3) of expenditure by product categories/supplier will be provided to	David Stanley	31/03/2026	In progress, on target	N/A
		David Stanley	30/06/2026	In progress, on target.	N/A



ANNEX A– ACTION PLAN

Ref	Action	Assigned to	Original Deadline	Update 09/04/2026	Revised Deadline
	the officer Commissioning and Procurement Board to support identification of 'non-contract' spend.				
8.	Implement "Purchase to Pay" – a requirement that obligates suppliers to provide a valid purchase order (PO) before payment can be made for goods or services.	Keren Bass Ciaran O'Kane	30/06/2026	In progress, on target	N/A
9.	Councillor Awareness/Resource – add the LGA/CIPFA Guide "Managing the Risk of Procurement Fraud" to the member portal. A member briefing on procurement will be arranged for October 2025	Angela Claridge	30/09/2025	Mandatory Training delivered 28 November 2025 and 18 March 2026.	31/07/2026

Follow-up/Review

- Audit & Governance Committee – October 2026

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Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	AUDIT AND GOVERNANCE COMMITTEE – 9 APRIL 2026
Subject	ANNUAL GOVERNANCE ACTION PLAN 25/26 UPDATE
Wards affected	All
Accountable member	Councillor Mike Evely, Leader of the Council Email: mike.evely@cotswold.gov.uk
Accountable officer	Angela Claridge, Director of Governance & Development (Monitoring Officer) Email: angela.claridge@Cotswold.gov.uk
Report author	Cheryl Sloan, Business Manager, Governance, Risk and Business Continuity Email: Democratic@Cotswold.gov.uk
Summary/Purpose	This report presents the Audit & Governance Committee with an update for the Annual Governance Action plan for 2025/26
Annexes	Annex A – Annual Governance Statement Action Plan 2025/26
Recommendation(s)	That the Audit and Governance Committee resolves to: 1. Note the progress update for the Annual Governance Statement Action Plan 2025/26
Corporate priorities	<ul style="list-style-type: none"> • All
Key Decision	NO
Exempt	NO
Consultees/ Consultation	NA



1. EXECUTIVE SUMMARY

- 1.1** To present to the Audit and Governance Committee with an update on the progress made against the Annual Governance Statement Action Plan 25/26.

2. BACKGROUND

- 2.1** The Audit & Governance Committee is the Committee of Cotswold District Council ('the Council') charged with overseeing governance.
- 2.2** Regulation 4 of The Accounts and Audit Regulations 2011 requires the Council to produce an Annual Governance Statement (AGS), setting out the Council's governance arrangements.
- 2.3** Every year the Council reviews and updates the AGS. From the AGS, an Action Plan is developed which identifies areas for improvement to be delivered the following financial year to further improve the Council's governance arrangements.
- 2.4** This paper presents the Annual Governance Action Plan 2025/26 with progress updates.

3. MAIN POINTS

- 3.1** There are 8 key actions within the 2025/26 Action Plan, this includes any carry over actions from the 2024/25 action plan. The actions include the following:
- New service delivery models
 - Council Constitution
 - Business Continuity
 - Procurement
 - Local Government Reorganisation
 - Service Plans
 - CDC specific policies
 - Internal Audit
- 3.2** The Action Plan identifies the specific tasks that will be undertaken in the respective areas of focus and sets timescales for their completion. The Action Plan also includes a RAG (Red-Amber-Green) rating to show whether the actions are on target, off target but action being taken to ensure delivery, or off target and no action has yet been



agreed to resolve the situation. A grey rating shows that the action has been completed.

- 3.3** All actions are now complete with the exception of Business Continuity Plans (BCPs). Good progress has now been made with the BCPs. A new business impact assessment tool has been introduced, and managers have been trained in its' completion. Once this is completed (target date end of March), this information will be used to inform a new BCP. It is hoped that new BCPs will be completed by early summer, enabling testing to take place during 2026/27. This action will carry over into next financial year's AGS action plan.
- 3.4** A number of other actions will also carry over into next financial year, including LGR, Service Plans, CDC Specific policies and Internal Audit as this are all ongoing actions / activities.
- 3.5** An action plan for 2026/27 is under development and will be brought to the Audit and Governance Committee for approval later in the year along with the Annual Governance Statement for 25/26 which is a backwards looking document.

4. CONCLUSIONS

- 4.1** It is recommended that the Audit and Governance Committee review the progress made against the actions for 2526.

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 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.

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 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:

- The Annual Governance Statement 2024/2025

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

ANNUAL GOVERNANCE ACTION PLAN 2025/26

Notes and key

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

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

Completed actions are marked as such in the ‘Date’ column and are shaded grey

This action plan contains actions from the Annual Governance Statement 2022/23 which are coordinated and monitored by the WODC Management Team.

Key to officers:

Accountable officer (AO)

CEO - Chief Executive: Jane Portman

CFO – Deputy CEO and Chief Finance (S.151) Officer: David Stanley

MO – Director of Governance (Monitoring Officer): Angela Claridge

Publica Responsible officer (RO)

ADHR - Assistant Director, HR & Governance: Cheryl Sloan

EDCS – Executive Director, Corporate Services: Claire Locke

	Key Area of Focus	Planned Actions	Update	Responsible Officer / Date	Status
1	New service delivery models	<ul style="list-style-type: none"> To complete the phase 2 transition of services To ensure new services are embedded into the CDC culture 	<ul style="list-style-type: none"> Phase 2 transition of services successfully completed New CDC People and Culture Strategy adopted and action plan in place and on target 	Chief Executive Officer 31/03/2026	Complete
2	Council Constitution	<ul style="list-style-type: none"> Undertake a full review of the Council's Constitution and Scheme of Delegation to reflect the new service delivery model following phase 2 transfer of services 	<ul style="list-style-type: none"> Review completed following the phase 2 transition of services. Any further changes / updates are taken through the Constitution Working Group 	Director of Governance 31/03/2026	Complete
3	Business Continuity	<ul style="list-style-type: none"> Further develop business continuity plans to ensure they are robust and fit for purpose under the new service delivery model To test the business-critical Business Continuity Plans 	<ul style="list-style-type: none"> A new Business Impact Assessment (BIA) Tool has been tested and is being rolled out across the Council and Publica. Managers have attended training on the new BIA and BCP The BIA will then inform the BCP. This action will roll forward into next financial year. Good progress is being made on the new process, and whilst this is being implemented, existing BCPs continue to be reviewed. 	EDCS 31/03/2026	This will be carried over into next FY

4	Procurement	<ul style="list-style-type: none"> To ensure officers are trained and competent in the new Procurement Act 2023 To develop a toolkit for use by officers who undertake procurement 	<ul style="list-style-type: none"> A toolkit has now been completed and is available on the portal. An update has been published on the internal employee portals including the launch of a new contract register information template e-form for contracts over £5k and updated support pages. Manager training has now taken place across WODC and Publica 	Business Partner Procurement 31/03/2026	Complete
5	LGR / Devolution	<ul style="list-style-type: none"> To ensure CDC and our partner organisations are prepared / ready in advance of LGR / Devolution To place our staff in the best position possible, through training, development and support. To ensure CDC are in the best financial position possible pre and post LGR / Devolution. 	<ul style="list-style-type: none"> A LGR programme is in place and work programme have been established across Gloucestershire and CDC are represented on all key work programmes CDC have considered the proposals for Gloucestershire and are supporting the one Unitary Option. The three Gloucestershire proposals were submitted to government on 28 November 2025 The Government will be taking a view on the proposals submitted and will make a decision on 	Chief Executive Officer 31/03/2026	In year actions complete. Carry over into next FY

			<p>which best meets their criteria, with a government run consultation running through February and March 2026 with a decision expected in the Summer of 2026.</p> <ul style="list-style-type: none"> • Work is underway with Publica to consider potential options to ensure employees and services are protected. • Training, development and support is being put in place for our employees and partner employees. 		
6	Service Plans	<ul style="list-style-type: none"> • To have service plans in place for all business areas, delivered directly by the council and its partners 	<ul style="list-style-type: none"> • Service plans were put in place for 25/26 • CDC services have completed their Service Plans for 2627. • Publica have completed their 2627 Service Plans and are available for CDC to review 	Service / Business Managers 30/06/2026	
7	CDC specific policies	<ul style="list-style-type: none"> • To ensure all CDC specific policies are up to date and comply with relevant legislation • To produce new policies and procedures where required. 	<ul style="list-style-type: none"> • Policies are under continual review and a number of policies which required review, updating or were not in place, have now been completed 	Service / Business Managers 31/03/2026	

8	Internal Audit	<ul style="list-style-type: none">• Ensure all agreed actions are completed and that any issues identified are appropriately followed up	<ul style="list-style-type: none">• Ongoing	Service / Business Managers 31/03/2026	Carry over as standard action
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Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	AUDIT AND GOVERNANCE COMMITTEE – 9 APRIL 2026
Subject	STRATEGIC RISK REGISTER AND RISK MANAGEMENT POLICY
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 and current Risk Management Strategy.
Annexes	Annex A – Strategic Risk Register Annex B – Risk Management Strategy
Recommendation(s)	That the Committee: <ol style="list-style-type: none"> 1. Review the Strategic Risk Register and mitigation measures. 2. Approve the Risk and Opportunity Management Policy
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 Q4 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.
- 1.3** The report also sets out the latest Risk and Opportunity Management Strategy for approval by the committee. This is included as Annex B to the report.

2. RISK MANAGEMENT STRATEGY

- 2.1** The Audit and Governance Committee is the Committee of the Council charged with approving the Risk Management Strategy, reviewing risk management reports and making recommendations to Cabinet. The committee previously considered the Risk and Opportunity Management Policy at their meeting on 27 May 2025.
- 2.2** The strategy sets the Council’s approach to risk management including defining what is Risk Management, our risk appetite as a council, definitions, roles, and responsibilities, and how risk management is embedded across the organisation.
- 2.3** No changes have been made to the Strategy with the exception of a review of roles and responsibilities.
- 2.4** 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

- 2.5** Accepted best practice is for risk management to be reported to members on a regular basis.
- 2.6** 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.
- 2.7** 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."
- 2.8** 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.
- 2.9** As an additional measure, the strategic risk register will be included in the wider quarterly performance reporting to Cabinet from Q3 2025/26.



3. STRATEGIC RISK REGISTER

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 no able to be managed at service level.

3.3 There are 15 risks on the Strategic Risk register with 2 new risks since the previous register was considered by the committee at their meeting on 04 December 2025. A new risk covering **Fraud and Corruption** has been included and a service risk has been escalated from the Finance service risk register covering the risk of **PCI/DSS Compliance**.

3.4 The final column of the risk register indicates the Direction of Travel since the previous register.

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

- 1 risk scored 16 (Red) – Local Plan (previously scored 12)



- 3 risks scored 15 (Red) – Cyber Security, Health and Safety Compliance (unchanged). Civil Contingency (previously scored 10).
- 1 risk scored 12 (Amber) – Financial Sustainability.
- 9 risks scored 9 (Amber) – Procurement, Contractor Failure, Corporate Plan delivery (no change). Compliance GDPR/Data breach, Staff recruitment and retention, Service Standards (LGR impact), Democratic resilience (all increased in score)
- 1 risk scored 6 (Green) – Staff capacity (LGR workload).

	Impact		Likelihood	TOTAL
Total	52.00		46.00	160.00
Average	3.47		3.07	10.67
Previous Total	48.00		39.00	132.00
Previous Average	3.43		2.79	9.43
Change in Total	4.00		7.00	28.00
Change in Average	0.04		0.28	1.24

3.6 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.
(END)

ID	Description of risk / opportunity	Owner	Initial Risk				Residual Risk (current)					Change in residual risk since previous review	Date of Review	Days since last 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 (2027/28)	Deputy Chief Executive & Section 151 Officer	Major	4	Probable	4	16	Major	4	Possible	3	12	0	10-Mar-2026	15	3-year funding settlement - more certainty Experienced and qualified Team LGR Backfill in place Awareness of the Budget Gap in 2026 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 (Hierarchy) 2026/27 quarterly reporting External Auditor VfM judgement Transformation Plan - ABW Internal Audit to plan for audit of Budget Setting Process Review of MTFS post year end (June/July 2026) Engagement with Ubico/Publica prior to end of Q1 on expectations for 2027/28	Risk Reduction	<i>Risk to Partner Authorities but under control</i>	Open	↔
CDC_SRR_252613	Procurement The Council does not undertake procurement activities in accordance with the Contract Rules and/or incurs expenditure in relation to services/works that has not been authorised in accordance with the Financial Procedure Rules.	Deputy Chief Executive & Section 151 Officer	Major	4	Probable	4	16	Moderate	3	Possible	3	9	0	10-Mar-2026	15	Procurement Act 2023 (effective from 24/02/2025) with updated Contract Rules adopted in the constitution. Procurement Action Plan in place with additional mitigation measures. Procurement Toolkit available on intranet site. Procurement Training for Council staff delivered November 2025 and February 2026 Only authorised officers to undertake procurement Senior Procurement Business Partner to escalate any procurement concerns directly to CLT Review of TOR for Commissioning and Procurement Board	Mandatory Member Briefing on Procurement - 18 March 2026 Procurement Action Plan review to Audit & Governance Committee - April 2026 Internal Audit Plan 2026/27 - follow-up Quarterly review at Audit & Governance Committee and Cabinet from January 2026 with next report April 2026 ABW "Purchase to Pay" enhancement for CDC Q1 2026/27	Risk Reduction	<i>Risk to Partner Authorities but under control</i>	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 Major contractor unable to deliver service levels due to external pressures - Ubico expansion (Wiltshire), provision of new Waste Fleet vehicles	Deputy Chief Executive & Section 151 Officer	Major	4	Possible	3	12	Moderate	3	Possible	3	9	0	10-Mar-2026	15	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 Fortnightly review meetings - Head of Waste, s151 on Fleet replacement	Risk Reduction	<i>No impact</i>	Open	↔

ID	Description of risk / opportunity	Owner	Initial Risk				Residual Risk (current)				Change in residual risk since previous review	Date of Review	Days since last 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_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	0	11-Mar-2026	14	H&S Team, policy Risk assessments in place H&S Board minutes standing item on CLT (quarterly)	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	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	Moderate	3	Possible	3	9	1	11-Mar-2026	14	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 Internal Audit review follow and addressing the issues as raised in the IA Plan Mandatory Training from March 2026 to be completed by 30/04/2026	Risk Avoidance	No impact	Open	↑
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	Possible	3	9	3	11-Mar-2026	14	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 - 2026/27 appraisals to be set no later than June 2026	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 Retention Strategy to be considered by Cabinet in April 2026 Staff Survey results and follow-up actions All JDs to be reviewed by August 2026 Training Budget adequate	Risk Acceptance & Retention	Publica Risk	Open	↑

ID	Description of risk / opportunity	Owner	Initial Risk				Residual Risk (current)					Change in residual risk since previous review	Date of Review	Days since last 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_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	Moderate	3	Possible	3	9	3	11-Mar-2026	14	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 Retention Strategy LGR Transition budget funds 50% of Programme Leads to contribute towards backfill costs. whilst maintaining a robust process Where a vacancy arises - flexible approach to recruitment including backfill/act-up etc (case by case basis)	s151 Ensure Capacity Fund is adequate to support Council until 31/03/2028 2025/26 Outturn to identify additional balance for reserve Identification of single points of failure	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	0	11-Mar-2026	14	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 Realistic/Deliverable CP and SP within the resources available	s151 Ensure Capacity Fund is adequate to support Council until 31/03/2028 2025/26 Outturn to identify additional balance for reserve 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	Major	4	Probable	4	16	4	11-Mar-2026	14	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) Additional £0.130m allocated to reserve February 2026 MTFS	s151 Ensure reserve funding is adequate to support Plan delivery Reg 19 Date Updated Project Plan lead by Interim Head of Policy Planning & Infrastructure - experienced leader s151 to review total resources required to deliver updated project plan	Risk Reduction	Risk to Partner Authorities but under control	Open	↑
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	0	11-Mar-2026	14	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 Service Plans being reviewed/refreshed and updated for 2026/27 to ensure delivery of the CP. SP has to be signed-off by CAB member	Risk Reduction	Risk to Partner Authorities but under control	Open	↔

ID	Description of risk / opportunity	Owner	Initial Risk				Residual Risk (current)					Change in residual risk since previous review	Date of Review	Days since last 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_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	Possible	3	15	5	11-Mar-2026	14	BCP Plans Emergency Planning Training and Development of those involved in response (Gold etc) Publica process on emergency planning/rota Operation Pegasus/Mighty Oak etc - part of the 'live event/exercise'	CLT to review key service BCPs such as Finance - include as item on CLT Forward Plan Q4 2025/26 BIAs by end of March plus additional timetable Member of Glos LRF Exec - all had GOLD training/refresher training Involved in planning for significant/major events across Glos	Risk Reduction	Risk to Partner Authorities but under control	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	0	11-Mar-2026	14	Team Ability to cooperate	Regular briefings to CLT from service on state of cyber readiness, training etc	Risk Reduction	Risk to Partner Authorities but under control	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) Elected members that may be a Shadow Authority member could be unable to support District Council	Director of Governance & Development	Moderate	3	Possible	3	9	Moderate	3	Possible	3	9	3	11-Mar-2026	14	Ensure adequate staffing resource in Elections & Dem Services	Understand nature of final 11 months prior to vesting day and how member vacancies are covered Keeping members updated on LGR and other issues to ensure they can manage ward-based case work etc	Risk Reduction	Risk to Partner Authorities but under control	Open	↑
CDC_SRR_252613	Fraud & Corruption Risk If the Council does not have adequate controls, checks and mitigation measures in place when commissioning and procuring goods, works and services, there is a risk of fraud and / or corruption which may impact on cost, reputation and services. If the Council does not have adequate controls, checks and mitigation measures in place to prevent and detect fraud, bribery and corruption, there is a risk of financial loss and reputational impact.	Deputy Chief Executive & Section 151 Officer	Major	4	Probable	4	16	Moderate	3	Possible	3	9	0	11-Mar-2026	14	Counter Fraud and Enforcement Unit (CFEU) in place to manage Fraud and Corruption and ensure that the Council and its employees understand the risks and have controls, checks and measures in place to mitigate this activity. CFEU report to the Council's Audit and Governance Committee. Employees receive regular training. Work plans are developed annually to include prevention activities, proactive drives and resource to investigate reactive referrals. Work plans include a focus on high risk areas as identified nationally or through the partnership workstreams. CFEU test controls to ensure fit for purpose	CFEU currently developing service specific risk registers for fraud to further improve awareness and controls. Fraud Risk Strategy under review and Fraud Response Plan to be drafted. Any changes to processes / controls will be monitored / managed for any services which may transition from Publica to direct Council delivery.	Risk Reduction	Risk to Partner Authorities but under control	Open	↔
FIN_2627_SRR006	PCI DSS Compliance Council may not be fully compliant with PCI DSS which may lead to data breach Fines and investigatory costs from regulator Lack of understanding of PCI DSS options Lack of knowledge and skills across IT, Finance to implement changes that mitigate		Moderate	3	Probable	4	12	Moderate	3	Possible	3	9		18-Mar-2026	7	Council is aware and has chosen not to be fully compliant - additional processing fee is paid but no further mitigation is in place Project is progressing with QSA engagement	Council takes further steps to improve compliance as part of wider ABW enhancements	Risk Reduction	Risk to Partner Authorities but under control	Open	NEW

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ID	Description of risk / opportunity	Owner	Initial Risk					Residual Risk (current)					Change in residual risk since previous review	Date of Review	Days since last 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									

	Impact	Likelihood	TOTAL
Total	52.00	46.00	160.00
Average	3.47	3.07	10.67
Previous Total	48.00	39.00	132.00
Previous Average	3.43	2.79	9.43
Change in Total	4.00	7.00	28.00
Change in Average	0.04	0.28	1.24

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Risk and Opportunity Management Strategy

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About this document: Risk and Opportunity Management Strategy – March 2026

Responsible officer: Director of Governance & Development

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

1. Strategy Statement

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

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

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

Objectives of the Strategy

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

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

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

These objectives will be achieved by:

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

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

2. Introduction

What is Risk and Opportunity Management?

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

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

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

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

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

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

Risk Appetite

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

Risk appetites can be categorised as follows:

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

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

Benefits of Risk and Opportunity Management

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

- Improved strategic, operational and financial management.
- Better decision making.
- Improved service delivery.
- Better outcomes for customers.
- Effective use of resources.
- Taking advantage of key opportunities.
- Effective mitigation of key risks.
- Encourages a culture of innovation.
- Identifying and controlling risks at an early stage means that major projects and opportunities are more likely to succeed.

Risk / Opportunity Definitions and Categories

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

Risks and opportunities are divided into five categories:

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

3. The Risk and Opportunity Management Process

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



This shows how managing risks and opportunities needs to be a continuous process in order to be successful. The process must be regularly repeated to identify new risks and opportunities but also those risks and opportunities already identified must be reviewed regularly to ensure they are being effectively managed. This is outlined in more detail in the Guide to Managing Risks and Opportunities.

4. Roles and Responsibilities

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

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

Risk and Opportunity Management

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

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

Quality Assurance of Risk and Opportunity Management

- The Audit & Governance Committee approves the Risk and Opportunity Management Strategy, reviews risk management reports and makes recommendations
- The Director of Governance & Development is accountable for ensuring that risk management processes are in place and that there is effective quality assurance.

- Internal audit (SWAP) provides quality assurance through auditing risk and opportunity management.
- The Counter Fraud and Enforcement Unit provides quality assurance with respect to managing the risk of internal & external fraud.

5. Embedding Risk and Opportunity Management

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

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

Culture

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

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

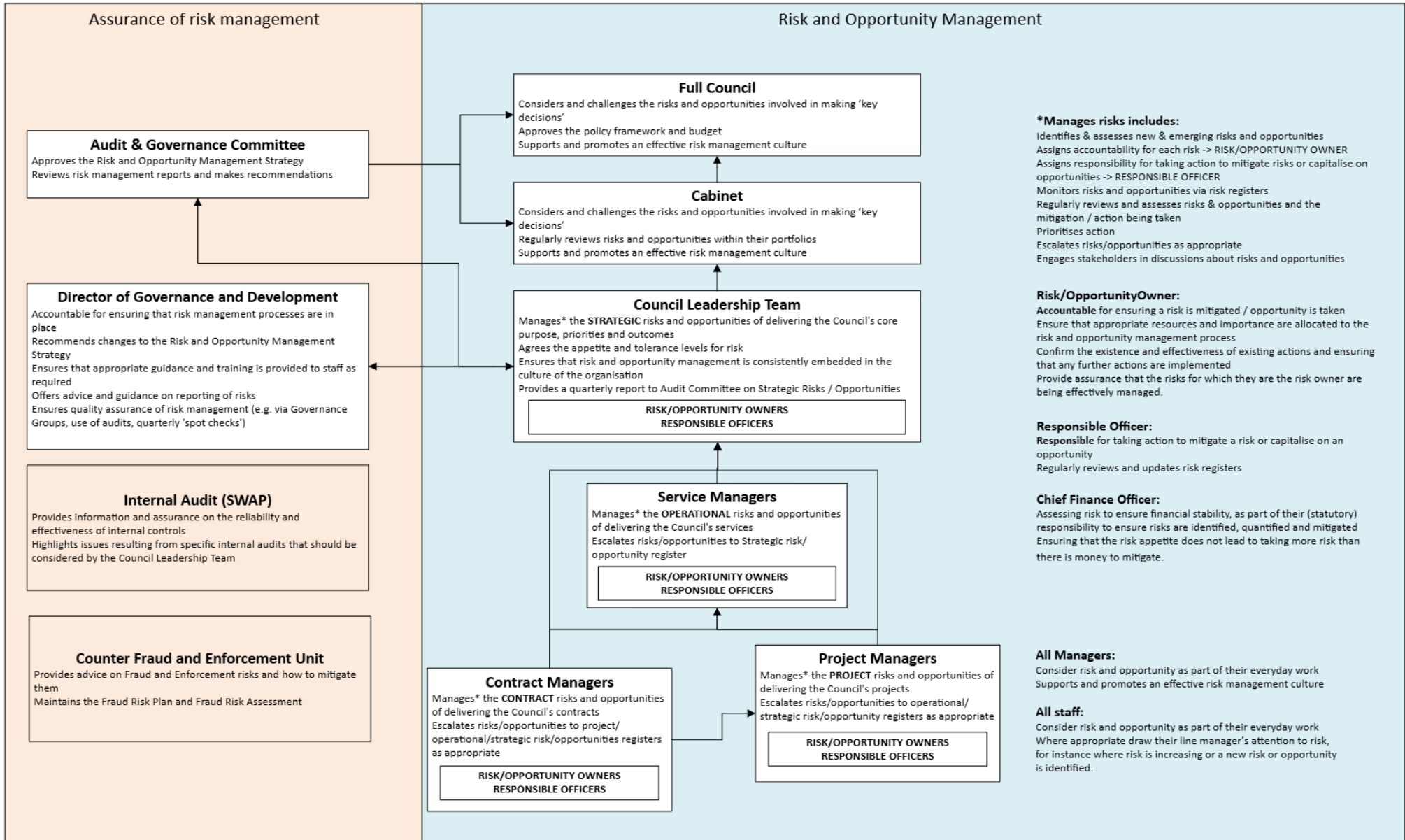
6. Key Success Factors

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

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

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Annex A - Roles and Responsibilities



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Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	AUDIT AND GOVERNANCE COMMITTEE – 9 APRIL 2026
Subject	INTERNAL AUDIT PROGRESS REPORT
Wards affected	N/A
Accountable member	Cllr Patrick Coleman, Cabinet Member for Finance Email: patrick.coleman@cotswold.gov.uk
Accountable officer	David Stanley, Chief Finance Officer Email: david.stanley@cotswold.gov.uk
Report author	Lucy Cater, Head of Internal Audit Email: lucy.cater@swapaudit.co.uk
Summary/Purpose	To present a summary of the audit work concluded since the last meeting of this Committee.
Annexes	Annex A – Report of Internal Audit Activity 2025/26 Annex B – Agreed Actions
Recommendation(s)	That the Audit and Governance Committee resolves to: 1. Note the report
Corporate priorities	<ul style="list-style-type: none"> • Delivering Good Services • Responding to the Climate Emergency • Delivering Housing • Supporting Communities • Supporting the Economy
Key Decision	NO
Exempt	NO



COTSWOLD

District Council

Consultees/ Consultation	(N/A
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1. EXECUTIVE SUMMARY

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

2. BACKGROUND

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

3. MAIN POINTS

- 3.1** The progress report enables the Audit and Governance Committee to monitor the work of the Internal Audit Service and ensure that it remains effective. It also provides the Committee with assurance opinions over areas reviewed within the reporting period, details of audit recommendations and the outcome of follow-up reviews conducted on previous audit recommendations.



3.2 We have finalised the following audits since the last meeting of this committee

- Disaster Recovery – Revenues and Benefits – Low Substantial
- Members' Allowances – Follow-Up
- Data Retention - Advisory
- Digital Exclusion – Advisory
- Council Tax and NNDR – High Reasonable
- Housing Benefit and Council Tax Support – Mid Substantial

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

3.4 Advisory Reports

Due to the changes in teams and management structures, resulting from Phase 1 and Phase 2 of the Publica Transition, it was agreed that Advisory Reports would be presented to the Corporate Leadership Team (CLT) in the first instance to give management time to understand the issues and implement changes. This is to ensure that areas where services have been brought back into the Council from Publica are given time to understand the controls and process required to be in place and given time to implement them. There will be follow up audits six months after the Advisory Report and these reports will be presented to the Audit and Governance Committee. Annex A shows that Digital Exclusion and Data Retention Advisory reports have been completed, shared with the CLT and actions have been agreed. There will be follow up audits to track the progress of these agreed actions.

4. FINANCIAL IMPLICATIONS

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

5. LEGAL IMPLICATIONS

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

6. RISK ASSESSMENT



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

7. EQUALITIES IMPACT

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

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

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

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

8. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

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

9. BACKGROUND PAPERS

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

- Internal Audit Progress Reports



COTSWOLD
District Council

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

(END)

Cotswold District Council

Report of Internal Audit Activity

April 2026

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- Contents:

Internal Audit Definitions

Audit Plan Progress

Finalised Audit Assignments

Internal Audit Definitions

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

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



Audit Framework Definitions

Control Assurance Definitions

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

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

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



Audit Framework Definitions

Categorisation of Recommendations

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

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

Definitions of Risk

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

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

Audit Plan Progress

Audit Type	Audit Area	Status	Opinion	No of Rec	Priority			Comments
					1	2	3	
					Operational	Counter Fraud and Enforcement Unit	Final Report	
Operational	Leisure and Culture Facilities	Final Report	Mid Limited	4	2	1	1	Reported in September
Key Financial Control	Payroll – Publica Controls	Final Report	Mid Substantial	0	-	-	-	Reported in September
Key Financial Control	Payroll – Council Controls	Final Report	Mid Reasonable	1	-	1	-	Reported in September
ICT	Disaster Recovery – Revenues and Benefits	Final Report	Low Substantial	0	-	-	-	Report Included
Follow-Up	Members’ Allowances	Final Report	N/A	0	-	-	-	Report Included
Governance	Data Retention	Final Report	Advisory	0	-	-	-	Report shared with SLT – Follow-Up audit planned for April 2026
Operational	Digital Exclusion	Final Report	Advisory	0	-	-	-	Report shared with SLT – Follow-Up audit planned for July 2026
Key Financial Control	Council Tax and NNDR	Final Report	High Reasonable	2	-	1	1	Report Included
Key Financial Control	Housing Benefit and Council Tax Support	Final Report	Mid Substantial	1	-	-	1	Report Included
Follow-Up	Data Breaches / Protection	Draft Report						
Key Financial Control	Bank Reconciliations	Draft Report						
Operational	Climate Change – Operational	Draft Report						
Operational	Bio-Diversity Net Gain	Ready to Start						

Audit Plan Progress

Audit Type	Audit Area	Status	Opinion	No of Rec	Priority			Comments
					1	2	3	
Governance	Health and Wellbeing	Ready to Start						
Governance	Business Continuity Plans (Services)	Deferred					Audit deferred to 2026/27 due to changes in process / templates	
Operational	Disabled Facilities Grants	Deferred					Audit deferred to 2026/27 due to timing	
Operational	Accounts Payable – Quarterly Review 2025/26	On Going	High Substantial				Report Included – Quarter 2	
Grant Certification	SWNZ Grant	Complete						
Support	Business Grant Funding – Aged Debt	Complete					Work concluded during March 2026	
Support / Advisory	Support to Publica Transition Programme Phase 2	Complete						
Advisory	Procurement and Commissioning Group	On Going						
Advisory	Health and Safety Working Group	On Going						
Advisory	Corporate Governance Group	On Going						
Support	Co-Ordination Team / Emergency Planning	On Going						

Audit Plan Progress

Audit Type	Audit Area	Status	Opinion	No of Rec	Priority			Comments
					1	2	3	
					Follow-Up	Follow-Up of Agreed Actions (not included in an audit above)	On Going	
Other Audit Involvement	Working with the Counter Fraud and Enforcement Unit	On Going						
Other Audit Involvement	Management of the IA Function and Client Support	On Going						
Other Audit Involvement	Contingency – Provision for New Work based on emerging risks							

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

ICT Disaster Recovery (Revenues and Benefits) – Final Report – October 2025

Audit Objective

To replicate an ICT disaster recovery (Revenues and Benefits service) scenario and provide assurance that Disaster Recovery arrangements are managed effectively.

Executive Summary

	Assurance Opinion	Management Actions		Organisational Risk Assessment	Medium
	<p>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.</p>	Priority 1	0	<p>Our audit work includes areas that we consider have a medium organisational risk and potential impact.</p>	
		Priority 2	0		
		Priority 3	0		
		Total	0		

Key Conclusions

	Key Conclusions	Audit Scope
	<p>Disaster Recovery Test: This test intends to replicate a disaster scenario where the Council’s physical servers are unavailable. Established criteria for a successful test this year is being able to fully recover and operate the Revenue & Benefits application for each of the 4 Councils in a secure cloud environment using cloud back-ups. Preparation is crucial for ensuring the cloud recovered applications do not interfere with the live applications hosted on the Council servers.</p>	<p>The audit includes:</p> <ul style="list-style-type: none"> Test data insertion into the Council’s Revenues & Benefits systems prior to the test commencing. Full walkthrough of the recovery process of the Council’s Revenues & Benefits system. Confirmation that the data restored is accurate and data inserted in the on-premises system is present in the recovered system.
	<p>Challenges Encountered: When the recovery test started it was identified that some supporting systems were not starting as expected when mounted in Microsoft Azure (Cloud Computing Platform). This was tracked back to a recent change in the way Microsoft Azure handles recovered systems. It was decided, given that this was a test scenario, there was insufficient working hours’ time to complete the recovery so the test was rescheduled while a solution was identified and implemented. If this had happened in a real disaster it is estimated that this problem would have delayed recovery by approximately 6 hours. A permanent solution for this issue is now in place.</p> <p>The rescheduled test successfully navigated the issues from the first attempt and the recovery process began as expected. The team reconvened 48 hours later to allow sufficient time for data transfer and working hours. The necessary technical tasks were completed to bring the systems online allowing user access to the system. Screenshots were then obtained to demonstrate that test data was present in the recovered systems demonstrating system integrity.</p>	<p>Scope exclusions: Service area plans are not included in this ICT review as they are audited separately.</p>

Other Relevant Information

Senior ICT Officers have advised that the longer recovery times compared to last year's recovery test is due to the systems being approximately 4 times larger. A 48-hour window was allocated for this test, but it's important to note that recovery times will vary significantly depending on the nature of the disaster and the priority of systems requiring recovery.

Cyber incidents at neighbouring authorities have further demonstrated that borough and district Councils are targets for hackers. Officers see the threat of a cyber incident as a matter of when and not if. This is the main factor in assessing the Organisational Risk Assessment as "Medium".

Members' Allowances – Final Report – January 2026

Follow Up Audit Objective

To provide assurance that agreed actions to mitigate against risk exposure identified within the October 2024 limited opinion audit of members allowances & expenses report have been implemented.

Follow Up Progress Summary

Priority	Complete	In Progress	Not Started	Summary
Priority 1	1	0	0	1
Priority 2	0	1	0	1
Priority 3	0	0	0	0
Total	1	1	0	2

Follow Up Assessment

The original audit of CDC members allowances & expenses was completed in October 2024 and received a Limited assurance opinion.

The objective of the original audit was to provide assurance that allowances and expenses claimed by Members are in accordance with CDC's Constitution and HMRC guidelines.

The follow up audit has found 1 action has been completed and the other is in progress. Key findings from the audit follow up have been summarised below.

Key Findings



Budget Monitoring

An action to implement quarterly reconciliations and exception reporting to support the Democratic & Electoral service with budget monitoring was agreed during our previous audit. Year-end reconciliations are occurring and HR are updated with special allowance information following changes to member responsibilities. The Section 151 Officer is leading on improvements to the reporting that can be extracted from Business World to support service areas with their budget monitoring responsibilities.



Evidence of Expense Claims

Our previous audit concluded that not all member expense claims were supported by a valid receipt to demonstrate the expense and VAT values. Democratic Services issued an email to all members advising on a new process to be implemented from the 1st April 2025. Payroll provided several months of member expense data and we requested supporting evidence from Democratic Services. Whilst we note the improvements that have been made since our last audit, valid receipts and/or expense forms could not be provided for all expense claims paid and we were unable to match all mileage paid to available expense forms. A duplicate expense payment for parking and train fare was identified and Democratic Services have indicated that they are contacting payroll and the affected Councillor to recover the overpaid funds.

Observations and Next Steps

Our review identified member mileage incurred in August 2024 paid in May 2025. Full Council recently passed recommendations from the Independent Remuneration Panel to update the members allowance scheme 2023-27, this included the requirement for all expense and mileage claims to be made within 3 months of the date they were incurred. There was space for "checked/approved by" on the word version of the expense form which had not been used. Democratic Services Officers review and process mileage and expenses which is electronically captured on Business World. The expenses form also states that "*claims for allowances must be made within 2 months of the meeting or event*". The electronic version of the expense form has since been reviewed and updated in accordance with the updated allowance scheme to clarify that all claims must be made within 3 months. Officers have advised that these changes have also been applied to the word version of the expense form. Descriptions entered to process expenses and mileage in Business world could be significantly improved by ensuring the date the expense is incurred is included within the description. We will continue to monitor the open agreed action through to resolution.

Revenues and Benefits – Final Report – January 2026

Audit Objective

To ensure key financial system controls are operating effectively for Council Tax and NNDR, and that opportunities for error, fraud or corruption are minimised.

Assurance Opinion – Council Tax and NNDR



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.

Number of Actions

Priority	Number
Priority 1	0
Priority 2	1
Priority 3	1
Total	2

Risk Assessment - Council Tax and NNDR

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

Low

Assurance Opinion – CTS and HB



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.

Number of Actions

Priority	Number
Priority 1	0
Priority 2	0
Priority 3	1
Total	1

Risk Assessment - CTS and HB

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

Low

Key Conclusions



At the time of audit work (October 2025) 21% of the long-term empty Council Tax properties had been investigated to determine if a Council Tax premium needed to be applied. The Revenues Officer advised at the time of report writing (January 2026) she was still working through these accounts. The process of investigating and applying premiums will be reviewed to ensure all long-term empty Council Tax premiums are charged in a timely manner.



The 2 previously agreed actions from our 2024/25 audit of Council Tax and NNDR relating to resolving historical suspense account entries and regular monitoring of the Revenues suspense account (1 x priority 3 and 1 x priority 2) are still in progress.





Reporting of NNDR long-term empty buildings is not undertaken. Reporting of NNDR long-term empty listed buildings will be introduced to help Officers proactively monitor these exemptions.

Audit Scope

Discussions were held with Publica Revenues and Benefits Officers and evidence sought to support statements made. We reviewed the following.

- CTax/NNDR – Liability changes, and Discounts and Reliefs.
- HB & CTS – Quality Assurance and Business Continuity, and for FoDDC Only - Exceptional Support Fund.
- Key control testing – financial reconciliations and variance reporting.
- Follow up of previously agreed actions.

	<p>The Benefits Business Continuity plan was found to identify key functions, staffing requirements and was last updated in May 2025, but it has not been tested recently. Testing will be undertaken to ensure adherence to the Business Continuity Management Policy.</p>	<p>Sample testing was undertaken on a random sample of CTax and NNDR accounts, and HB and CTS claims to ensure they had been applied in accordance with procedure.</p>
	<p>CTax and NNDR</p> <ul style="list-style-type: none"> • We received satisfactory responses to all our CT liability testing queries. • Members voted to introduce the 2nd home premium prior to its introduction in April 2025. • Regular cash reconciliations are undertaken. • There is separation of duties when processing and authorising refunds. 	
	<p>HB and CTS</p> <ul style="list-style-type: none"> • Members have approved the 2024/25 CTS scheme. • Quality Assurance checks are undertaken on HB and CTS claims. • Evidence has been supplied to support reconciliations are undertaken. 	

Other Relevant Information.

The assurance we have given is specific to the areas we have reviewed this year.

At the time of audit work process / procedure documents were not supplied, however the Business Manager – Environmental, Welfare and Revenues advised some are available and that new starters shadow more experienced officers until they are experienced enough to undertake processes by themselves. As evidence is not required to support all changes to liabilities a note should be added to the account to record the reason for the change. There is a risk to future resilience due to a lack of complete and current procedure notes, and risk of potential fraud without evidence to support all changes to liability. However, we acknowledge that there is little value in raising an action to instate official policies/procedures at this time due to LGR. We suggest that consideration is given to whether it would add value to create process notes for all key tasks, or whether any are already in existence that are used by individual officers and could be shared. Benefit quality assurance processes also rely on experienced staff and informal guidance rather than formal documentation; this may impact future resilience.

Sample testing found 2 CDC accounts that had an old discount code applied so the 2nd homes premium had not been charged. These accounts have been updated, and the premium applied and backdated. We can confirm there are no other old discount codes applied to accounts within the NDR system.

Evidence has been supplied to support work is being done to trace ex-account holders and refund them, but there are still many closed accounts in credit. Analysis of closed Council Tax accounts in credit was undertaken in November 2024, and comparing this to the data provided for our 2025 audit we can report a 14% increase of the number of closed accounts in credit. To ensure the benefits outweigh costs to the service area, consideration should be given to how long these credits remain on the system and how long officers spend trying to trace account holders before credits are written on.

1 unexplained difference of £3,205.53 was found in CDC’s Council Tax cash reconciliation in April 2025 relating to suspense account transfers. The Assurance Manager advised (January 2026) that they have a call in progress with Civica requesting that the financial control reports are updated to include all account movements in current and previous recovery years.

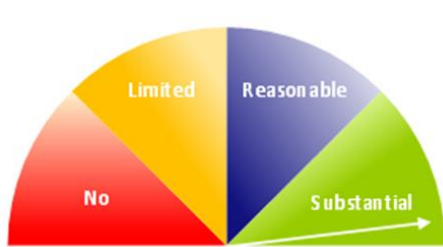
This is the 1st year of charging the 2nd home premium at all 3 Councils and we were advised processes are still being developed, but there is a risk all 2nd homes may not be identified as this relies on owners declaring this to the Council. The Business Manager – Environmental, Welfare and Revenues advised (November 2025) the CFEU are going to be undertaking a piece of work for them looking at 2nd homes in their 2026/27 plan.

Accounts Payable Continuous Analysis Quarter 2 – Final Report – March 2026

Audit Objective

To identify potential duplicate payments. To summarise and present any such payments to the Accounts Payable (AP) team for remedial action.

Executive Summary



Assurance Opinion

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.

Management Actions

Priority 1	0
Priority 2	0
Priority 3	0
Total	0

Organisational Risk Assessment

Low

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

Key Conclusions

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 between 1st April 2025 and 30th September 2025.



A total of 90,160 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). 3 suspected duplicates with a potential overpayment value of £622.06 were forwarded to the AP team for further investigation. This represents <0.001% of the total payments analysed.

At the time of writing this report, all potential duplicates for 2025/26 Q1&2 have been resolved. However, AP are managing 1 unresolved payment totalling £126 from 2024/25. We will continue to monitor this through to resolution.

Audit Scope

Our review covers Q1 and Q2 of the 2025/26 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, for further review and remedial action where necessary.

Next Steps

AP continue to work with officers and suppliers to rectify the unresolved duplicate transactions.

Our AP continuous duplicate payment analysis continues and potential duplicates for Q3 2025/26 have been forwarded to AP for further investigation. A separate report detailing Q3 conclusions will follow.

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Agreed Actions – April 2026

SWAP Action Tracker - Cotswold and Cheltenham Team Analytics DB Access



Open Management Actions

All open issues and closed actions in the last 2 years based on a rolling period.

Organisation

- Cotswold District Council
- Cheltenham Borough Council
- Cheltenham Borough Homes
- Cotswold District Council
- Forest of Dean District Cou...
- Publica
- Ubico
- West Oxfordshire District C...

Not yet due	Due within 30 days	1-30 days overdue	31-60 days overdue	61-90 days overdue	91+ days overdue	Total Actions
6	4	(Blank)	(Blank)	(Blank)	(Blank)	10

Total Actions

10

Open Actions by Organisation

Priority ● 1 ● 2 ● 3

10

5

3

2

Cotswold District Council

Open Actions by Priority

Priority	Count
1	2
2	3
3	5

Open/Closed Actions

43

10

● Complete ● In Progress

Overdue Open Actions

10 (100%)

● On Time

Open Actions with Extended Dates

5 (50%)

5 (50%)

● No ● Yes

OPEN AGREED ACTIONS - MARCH 2026

ID (Action Plan)	ID (Issue)	Audit Title	Title (Issue)	Issue Status	Period	Priority Score	Original Timescale	Timescale	Follow-Up Assessment
2984	2786	CDC - Property Services - Compliance and Health & Safety - March 2023	Central Property Database Accuracy	Pending Remediation	2023/24	3	30/09/2024	30/04/2026	Feb 2026: The responsible Officer has been updated following the previous Officer's departure from CDC. Compliance information is in the process of being collated and indexed ready for an IA review before the end of April 2026.
5932	5566	CDC - CT/NNDR 2024/25	CDC Revenues and Benefits Suspense Account Monitoring.	Pending Remediation	2024/25	3	31/03/2025	30/06/2026	Feb 2026: AIA have been advised the service are continuing to liaise with the Exchequer Team re the large amount of entries in the Open Revenues Suspense account.
5933	5567	CDC - CT/NNDR 2024/25	CDC Historical Revenues and Benefits Suspense Account Entries.	Pending Remediation	2024/25	2	31/03/2025	30/06/2026	Feb 2026: IA have been advised this action cannot be carried out until action #5566 has been completed.
6211	5822	CDC - Data Retention 2024/25	CDC Data Retention Schedule	Pending Remediation	2024/25	1	31/03/2026	31/03/2026	
6228	5839	CDC - Data Retention 2024/25	CDC - Council Systems	Pending Remediation	2024/25	1	31/03/2026	31/03/2026	
5451	5102	CDC - Taxi Licensing Safeguarding Follow Up	CDC Hackney Carriage & Private Hire Licensing Policy	Pending Remediation	2024/25	3	30/06/2025	31/03/2026	Feb 2026: IA have been advised this will be updated by the end of the month at the very latest.
5800	5438	CDC - Taxi Licensing Safeguarding Follow Up	CDC Taxi Licensing Income Reconciliation.	Pending Remediation	2024/25	2	30/06/2025	31/03/2026	Feb 2026: IA have been advised the Team Leader has a spreadsheet set up to undertake this now which is an ongoing work in progress. She will continue to work on the process between now and April in order to get it up and running more efficiently for the next financial year. She is also working with Accounts to hopefully streamline the process.
8062	7554	PUB - Revenues and Benefits 2025/26	NDR Long Term Empty Property Monitoring	Pending Remediation	2025/26	3	30/06/2026	30/06/2026	
8165	7652	PUB - Revenues and Benefits 2025/26	Council Tax Long Term Empty Property Monitoring.	Pending Remediation	2025/26	2	30/06/2026	30/06/2026	
8182	7669	PUB - Revenues and Benefits 2025/26	Publica Benefits Business Continuity Plan.	Pending Remediation	2025/26	3	30/06/2026	30/06/2026	



Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	AUDIT AND GOVERNANCE COMMITTEE – 9 APRIL 2026
Subject	COUNTER FRAUD AND ENFORCEMENT UNIT REPORT
Wards affected	All
Accountable member	Councillor Patrick Coleman, Cabinet Member for Finance Email: Patrick.Coleman@cotswold.gov.uk
Accountable officer	David Stanley, Deputy Chief Executive and Chief Finance Officer Email: David.Stanley@cotswold.gov.uk
Report author	Emma Cathcart, Assistant Director Counter Fraud and Enforcement Unit Email: Emma.Cathcart@cotswold.gov.uk
Summary/Purpose	To provide the Committee with assurance over the counter fraud activities of the Council. Direct updates will continue to be provided biannually. The report also provides the annual update in relation to the Regulation of Investigatory Powers Act 2000 (RIPA), the Investigatory Powers Act 2016 (IPA) and the Council's existing authorisation arrangements.
Annexes	None
Recommendation(s)	That the Committee considers and comments on the report
Corporate priorities	<ul style="list-style-type: none"> Delivering Good Services
Key Decision	No
Exempt	No



COTSWOLD

District Council

Consultees/ Consultation	Work plans are agreed and reviewed regularly with the Deputy Chief Executive and Chief Finance Officer Any Policies drafted or revised by the Counter Fraud and Enforcement Unit are provided to Legal Services for review and are issued to the relevant Senior Officers, Governance Group and Corporate Management for comment
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1. EXECUTIVE SUMMARY

- 1.1** In administering its responsibilities, the Council has a duty to prevent fraud and corruption, whether it is attempted by someone outside or within the Council such as another organisation, a resident, an employee or Councillor.
- 1.2** The report sets out work streams which are presented to the Committee as the body charged with governance in this area.

2. BACKGROUND

- 2.1** The Council is committed to an effective counter fraud and corruption culture, by promoting high ethical standards and encouraging the prevention and detection of fraudulent activities, thus supporting corporate and community plans.
- 2.2** Work plans for the Counter Fraud and Enforcement Unit (CFEU) are agreed with the Deputy Chief Executive and Chief Finance Officer and the Council's Management Team. As the body charged with governance in this area, the Audit and Governance Committee oversee the Council's counter fraud arrangements, and it is therefore appropriate for the Committee to be updated in relation to counter fraud activity
- 2.3** The work plan for 2025/26 included a focus on procurement, following the introduction of the new legislation, as a high-risk area. A procurement fraud risk register has been completed, and consultation is underway before it is more widely distributed and introduced to employees across the Council. In addition, a small supplier payment review is underway to identify any concerns or internal control issues.
- 2.4** The focus of the work plan for 2026/27 is fraud awareness work streams for employees, managers, Members and residents. This needs to ensure delivery is more relatable for each group in terms of fraud risk and mitigation. Additionally, whistle-blowing training will be included to support referrals from colleagues to ensure awareness of the associated protections.
- 2.5** The workstream will also include detail regarding the new Economic Crime and Corporate Transparency Act 'failure to prevent fraud' offence to ensure awareness is raised with all employees across the organisation. Under the offence, the Council may be



“Criminally liable where an employee, agent, subsidiary, or other ‘associated person’, commits a fraud intending to benefit the organisation (Council) and the organisation (Council) did not have reasonable fraud prevention procedures in place.”

2.6 A full briefing report will be submitted to Councillors regarding this new legislation and how it impacts the Council in due course.

3. MAIN POINTS

3.1 Counter Fraud and Enforcement Unit (CFEU) Update

3.2 The CFEU Assistant Director forms part of the core Multi-Agency Approach to Fraud (MAAF) group. The core group consists of attendees from Gloucestershire Constabulary Economic Crime Team, Trading Standards, Victim Support, NHS, Crimestoppers and colleagues from Gloucester City and Gloucestershire County Councils. The MAAF has been set up to discuss fraud trends, victim care and communication of fraud scams across Gloucestershire. Through collaborative working the main purpose is to raise awareness to minimise and disrupt fraud.

3.3 The Gloucestershire MAAF webpage has now been launched and is a simple and effective way to raise awareness and stop people falling foul of scams or ‘put a lid on fraud’.



Gloucestershire Against Scams Joint Agency Response

Working together to put a lid on fraud www.cfeu.org.uk/glassjar

3.4 The website provides practical advice for individuals, families, and businesses, clear reporting routes and contact details and support information for those that have been targeted by fraudsters.

3.5 In relation to the Business Grant Schemes, as previously reported, the focus now relates to debt; recovery, reconciliation and transfer to the Department for Business and Trade (DBT). The Council can no longer refer newly found irregularities but can refer any business that defaults on a current repayment plan.

3.6 The Council paid approximately £75,500,000 to businesses during the pandemic. The CFEU identified £1,092,176 which was paid due to fraud and error. Invoices were raised



accordingly and to date £586,294 has been recovered and returned to central government. Where debt has not been repaid, the CFEU have transferred liability to DBT for recovery. There is now only one debt remaining which is subject to a payment plan – there is nothing further outstanding in relation to this work stream.

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

- The CFEU received 1,116 Council Tax related matches in relation to the 2024/25 data sets. All matches have been reviewed, and 30 recommendations have been made to the Revenues Team – results are pending.
- A further 477 matches were received as part of the 2024/25 cycle resulting in the following:
 - 67 matches were reviewed in relation to housing waiting list anomalies. 25 recommendations have been made.
 - 21 matches relating to payroll, 3 matters were referred to update declaration of interest matters.
 - 389 matches relating to Housing Benefit and Council Tax Reduction Scheme discrepancies. 13 cases were referred to the Department for Work and Pensions.

3.8 A review of the Housing Waiting List was due to be completed during 2025/26 to verify applications within Emergency Band, Gold Band and Silver Band. The Data Sharing agreement between the Housing Team and the Revenues and Benefits team for this exercise was reviewed this year. Additional assurance was requested in relation to data sharing which has led to a temporary suspension of this workstream across the CFEU partnership. This is close to reaching a resolution.

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



families who are correctly banded have a greater chance of being housed and housed more speedily.

- 3.10** There are approximately 16,191 active household applications on the register for Gloucestershire currently, 1,811 of those relate to the Council. The CFEU undertakes reviews of the Emergency, Gold and Silver Band Lists for the Partnership to maximise savings in this area and ensuring priority applicants are dealt with expediently. Between 1 April 2019 and 31 March 2025 this activity has resulted in the review of 4,641 applications and the subsequent removal of 495 applications representing approximately £1,860,378 in loss avoidance.
- 3.11** The CFEU Officer receives the list of applications within the individual bands, the review of the Emergency and Gold Banded applications is undertaken as a priority. The task of the reviewing officer is to establish the veracity of the reason for the application, for example overcrowding, homelessness, significant medical need or downsizing. Checks relating to occupancy and residential status / history are made and any discrepancies are forwarded to the Housing Team for review.
- 3.12 Results 2025/26 (to 28 February 2026):**
- 3.13** In addition to the work carried out under the annual work plan, as a dedicated investigatory support service, the CFEU undertakes a wide range of enforcement and investigation work according to the requirements of each Council. This includes criminal investigation and prosecution support for enforcement teams, investigations into employee/member fraud and corruption, or tenancy and housing fraud investigation work.
- 3.14** Since 1 April 2025 the year the team received 93 referrals, 71 referrals resulted in advice / referral was declined and 10 matters were referred to the Department for Work and Pensions.
- 3.15** 10 cases were opened in relation to regulatory enforcement with teams across the Council and Publica.
- 3.16** The CFEU undertakes the investigation of alleged fraud and abuse in relation to the Council Tax Reduction Scheme (Council Tax Support) and acts as the single point of contact for the Department for Work and Pensions (DWP) Housing Benefit investigations. 6 cases were opened for investigation.



- 3.17** Additionally in this area, work with the Benefits Team to review all Council Tax Reduction Scheme (Council Tax Support) claims is almost complete. To date, 202 cases reviewed by the CFEU have been passed to the Benefits Team for reassessment. This identified incorrectly paid Council Tax Support of £222,763. 42 Civil Penalties, totalling £2,940 have been applied. 7 investigation cases have been opened by the CFEU due to suspected false representations or omissions.
- 3.18** Final updates and reassessments will be completed shortly and a report for consideration by the Deputy Chief Executive and Chief Finance Officer, and the Business Manager: Environmental, Welfare and Revenue Service will be prepared to identify learning and recommendations.
- 3.19** Between 1 April 2025 and 28 February 2026, the team received 2 referrals from HR relating to disciplinary matters. Both cases relate to Publica colleagues and have been closed; results are as follows:
- 1 case related to tracing a previous employee in relation to unpaid debt.
 - 1 case relating to falsifying of timesheets/not working contracted hours – the individual resigned during the investigation.
- 3.20** As previously reported, the team undertook an investigation relating to an employee undertaking full time employment for multiple Councils. The individual was found guilty at trial in July 2025 and was sentenced to 3 years imprisonment. The Proceeds of Crime proceedings are ongoing with the next hearing listed for April 2026.
- 3.21** The team closed 6 matters relating to Member Code of Conduct complaints. In 4 cases, no breach was found and in the case of 2 matters, a breach of the Code of Conduct was found following hearings held at the Standards Hearings Sub Committee.
- 4. REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA) / INVESTIGATORY POWERS ACT 2016 (IPA)**
- 4.1** The Council's RIPA and IPA Policies are based on the legislative requirements of these Acts and supporting guidance relating to directed surveillance and the acquisition of communications data.
- 4.2** The Policies were reviewed and presented to the Audit and Governance Committee in November 2019; these were adopted by Cabinet in December 2019. The Use of the



Internet and Social Media in Investigations and Enforcement Policy, presented to Audit and Governance Committee in October 2021 and adopted by Cabinet in January 2022.

- 4.3** The Policies were reviewed in July 2023 by the Investigatory Powers Commissioner's Office (IPCO). The Policies were fully endorsed with a request to remove any reference to the OSC Procedures and Guidance document as it has been removed from circulation. This has been done.
- 4.4** Two minor amendments to the current RIPA (Surveillance and CHIS) Policy have been actioned using the delegation which applies as these are minor. Section 22.5 'APPLICATIONS/AUTHORISATION' has been altered to reflect that any alternative approach should be explored before surveillance where possible and justification should be recorded on the case file rather than within a feasibility study/intrusion assessment.
- 4.5** Section 22.18 'ATTENDING THE HEARING' has been updated to reflect that the applicant must attend the hearing but that the Authorising Officer does not but should be available if required to.
- 4.6** The Policies will be the subject of a full review later in the year and will be presented to Members for approval at that time.
- 4.7** The Council must have a Senior Responsible Officer and Authorising Officers to approve any applications for surveillance or the use of a Covert Human Intelligence Source, before the Court is approached. The Senior Responsible Officer is the Chief Executive, and the Authorising Officers are the Deputy Chief Executive and Chief Finance Officer, and the Director of Governance and Development (Monitoring Officer).
- 4.8** All applications for communications data are made online via the National Anti-Fraud Network (NAFN) which acts as the single point of contact for Councils. There is a requirement for the Council to nominate a Designated Senior Officer who will confirm to NAFN that the Council is aware of any request and approves its submission. This role is undertaken by the Head of Service, CFEU.
- 4.9** The Council was inspected by IPCO, regarding its compliance with the legislation in July 2023. The next inspection is due in 2026.
- 4.10** There have been 2 RIPA applications made by the Council during 2025/26 and 1 application was made for communications data.



4.11 The Council takes responsibility for ensuring its procedures relating to surveillance and the acquisition of communications data are continuously improved and all activity is recorded.

5. WHISTLEBLOWING POLICY

5.1 The Audit and Governance Committee approved the revised and updated Whistleblowing Policy in May 2025.

5.2 Subsequently, the Employment Rights Act 2025 outlined that allegations that sexual harassment has or is likely to occur that are in the public interest will qualify as a 'protected disclosure' and individuals making these allegations will receive whistleblowing protections against dismissal or detriment. The Whistle-Blowing Policy has therefore been updated to reflect this using the delegation which applies as this is a very minor amendment.

5.3 Section 1.5 (2) now includes 'sexual harassment that has or is likely to occur'.

6. FINANCIAL IMPLICATIONS

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

- Revenue - £222,763 (includes Council Tax revenue which is ultimately shared amongst precepting authorities)

Penalties - £2,940

Loss Avoidance - £0

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

7. LEGAL IMPLICATIONS

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



7.2 The Authority is also required to ensure that it complies with the Regulation of Investigatory Powers Act 2000, the Investigatory Powers Act 2016 and any other relevant/statutory legislation regarding investigations. Any authorisations for directed/covert surveillance or the acquisition of communications data undertaken should be recorded appropriately in the Central Register.

8. RISK ASSESSMENT

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

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

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

8.4 The RIPA and IPA Policies demonstrate the Council's consideration of necessity, proportionality and public interest when deciding on surveillance activity or the decision to obtain personal communication data. The application of the Policies and Procedures, to govern surveillance and the obtaining of personal communications data, minimises the risk that an individual's human rights will be breached. Furthermore, it protects the Council from allegations of the same.

9. EQUALITIES IMPACT

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

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

10. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

10.1 None directly.

11. BACKGROUND PAPERS

11.1 None.



COTSWOLD

District Council

(END)

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Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	AUDIT AND GOVERNANCE COMMITTEE – 9 APRIL 2026
Subject	STATEMENT OF ACCOUNTING POLICIES 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 Email: David.Stanley@cotswold.gov.uk
Report author	Andrew Moran, Interim Finance Business Partner Email: andrew.moran@publicagroup.uk
Summary/Purpose	This report presents the accounting policies to be included in the 2025/26 Statement of Accounts. This provides Members with the opportunity to review and approve the policies in advance of the preparation of the Statement of Accounts 2025/26. Approving the accounting policies in advance of the preparation of the accounts represents best practice.
Annexes	Annex A – Draft Statement of Accounting Policies – 2025/26
Recommendation(s)	It is recommended that: <ol style="list-style-type: none"> 1. The Audit and Governance Committee considers and approves the draft accounting policies for 2025/26 included at Annex A; 2. Further necessary amendments to the policies set out at Annex A (occurring subsequent to this meeting) are included within the draft (unaudited) and/or final (audited) Statement of Accounts when presented to this Committee.
Corporate priorities	<ul style="list-style-type: none"> • Delivering Good Services
Key Decision	NO



COTSWOLD

District Council

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



1. EXECUTIVE SUMMARY

- 1.1** This report presents for approval, the draft Statement of Accounting Policies to be applied in closing the Council's accounts for 2025/26. The policies are included at Annex A.
- 1.2** The policies outline the relevant accounting principles, bases, conventions, rules and practices applied by the authority in preparing and presenting its financial statements.
- 1.3** The policies have been reviewed to ensure they align with the latest CIPFA Code of Practice on Local Authority Accounting (The Code) supported by International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs).

2. BACKGROUND

- 2.1** The Council's External Auditor, Bishop Fleming, recommend that Members formally approve the draft Statement of Accounting Policies to be included in the Statement of Accounts before the closedown process is undertaken.
- 2.2** Such approval demonstrates that those charged with governance have had the opportunity to consider and review the draft policies and are aware of the policies to be applied in closing the Council's accounts for 2025/26 in advance of the process.
- 2.3** The Committee will approve the Statement of Accounts, receive the Audit Findings Report, and sign the letter of Representation as those charged with governance at a future Audit and Governance Committee meeting.

3. MAIN POINTS

- 3.1** The 2025/26 financial year ended on 31 March 2026. Finance colleagues are currently preparing the draft Statement of Accounts, subject to audit for 2025/26. It is considered best practice for those charged with governance to review and approve the accounting policies prior to the meeting at which the Statement of Accounts will be approved.
- 3.2** The draft Statement of Accounting Policies are included at **Annex A**. They are prepared largely from the CIPFA guidance, adjusted as appropriate to be suitable for the Council. There may be certain matters arising during preparation of the Statement of Accounts which will require the draft accounting policies to be updated. For example, CIPFA may issue updates to the guidance. Further necessary



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

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

4. PROPOSED AMENDMENTS FOR 2025/26

- 4.1** The policies set out in Annex A have been fully reviewed to ensure they align with The Code guidance notes. As a result, the following amendments are proposed for the 2025/26 accounting year and the impact of these changes are shown in the annex as marked-up text.
- 4.2** The proposed amendments are summarised as follows:
- **Prior period adjustments, changes in accounting policies and estimates and errors (Section iv)** – Updated to clarify that the valuation of non-investment assets will be applied prospectively, with no restatement of prior year figures.
 - **Financial Instruments (Section x)** – Includes updated drafting to clarify the accounting arrangements for premiums and discounts arising from the premature repayment of debt. The only material change to these arrangements is the inclusion of an option for the Council to amortise premiums to the General Fund over a shorter period of time should it elect to do so. In addition, the section titled “Financial assets measured at fair value through profit or loss” now states that fair value gains and losses for Pooled Investment Funds made after 1 April 2024 will be charged to the General Fund.
 - **Property, plant and equipment (Section xvii)** – Indexation will now be applied to assets annually between revaluations (which typically take place every five years). Where the Council cannot obtain indices without undue cost or effort, it will apply a desktop revaluation in year three. Also, the policies now clarify that no



depreciation is provided for during the financial year an asset is acquired. However, a full year's depreciation is provided for in the financial year of asset disposal.

5. ALTERNATIVE OPTIONS

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

6. FINANCIAL IMPLICATIONS

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

7. LEGAL IMPLICATIONS

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

8. RISK ASSESSMENT

8.1 If the Council's accounting policies are not followed during preparation of the Statement of Accounts, external audit may decide that the Statement of Accounts is misstated. Officer training in advance of preparation of the Statement of Accounts and an associated Annual review of these policies mitigates the risk.

9. EQUALITIES IMPACT

9.1 None.

10. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

10.1 None.

11. BACKGROUND PAPERS

11.1 None.

(END)

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Draft Statement of Accounting Policies – 2025/26

i) General principles

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

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

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

ii) Accruals of income and expenditure

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

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

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

iii) Cash and cash equivalents

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

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

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

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is normally applied retrospectively (unless not material or stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. . Changes to the valuation of non-investment assets will be applied prospectively, with no restatement of prior year figures.

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

v) Charges to revenue for non-current assets

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

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

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses, and amortisation are therefore replaced by the contribution in the General Fund Balance - Minimum Revenue Provision (MRP), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

vi) Council tax and non-domestic rates

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

Accounting for council tax and NDR

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

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

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

vii) Employee benefits

Benefits payable during employment

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

recognised as an expense for services in the year in which employees render service to the Council.

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

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

Termination benefits

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

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

viii) Post-employment benefits

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

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

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

mortality rates, employee turnover rates, etc., and projected earnings for current employees.

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

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

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

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pension Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary benefits

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

ix) Events after the reporting period

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

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

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

x) Financial instruments

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

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

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. In accordance with regulations/statutory guidance, the Council spreads the gain or loss over the remaining financial years of the original loan term, starting from the current financial year through to and including the year in which the loan would have been repaid. In the case of premiums, the Council may elect to amortise the cost over a shorter period. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

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

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

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

Financial assets measured at amortised cost

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

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

Expected credit loss model

The Council recognises material expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis except for those where the counterparty is central government or another local authority, where relevant statutory

provisions prevent default. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors).

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

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

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

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

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

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

This statutory provision ceases on 31 March 2029.

For Pooled Investment Funds made on or after 1 April 2024, fair value gains and losses will be charged to the General Fund.

Fair value measurements of financial assets

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

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

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

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

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

xi) Government grants and contributions

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

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

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

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

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

Section 106 funding contributions are payable by developers to the Council to discharge specific planning obligations associated with residential or commercial development.

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

Community infrastructure levy

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

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

xii) Heritage assets

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

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

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

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

xiii) Intangible assets

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

The depreciable amount of an intangible asset is amortised over its useful life (usually 4 years) to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. The Council carries no internally generated intangible assets on its balance sheet.

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

xiv) Inventories and long-term contracts

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

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

xv) Investment property

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

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

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

xvi) Leases

The council as lessee

The Council classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

Initial measurement

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options.

The Council initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the Council's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the Council is reasonably certain to exercise
- lease payments in an optional renewal period if the Council is reasonably certain to exercise an extension option
- penalties for early termination of a lease, unless the Council is reasonably certain not to terminate early.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received.

However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

Subsequent measurement

The right-of-use asset is subsequently measured using the fair value model. The Council considers the cost model to be a reasonable proxy except for:

- assets held under non-commercial leases
- leases where rent reviews do not necessarily reflect market conditions
- leases with terms of more than five years that do not have any provision for rent reviews
- leases where rent reviews will be at periods of more than five years.

For these leases, the asset is carried at a revalued amount. In these financial statements, right-of use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration leases have been valued using market prices or rentals for equivalent land and properties.

The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption.

The lease liability is subsequently measured at amortised cost, using the effective interest method. The liability is remeasured when:

- there is a change in future lease payments arising from a change in index or rate
- there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee
- the Council changes its assessment of whether it will exercise a purchase, extension or termination option, or
- there is a revised in-substance fixed lease payment.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

Low value and short lease exemption

As permitted by the Code, the Council excludes leases:

- for low-value items that cost less than £10,000 when new, provided they are not highly dependent on or integrated with other items, and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the Council is reasonably certain to exercise and any termination options that the Council is reasonably certain not to exercise).

Lease expenditure

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed.

Depreciation and impairments are not charges against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

The council as lessor

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Finance leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the other operating expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset (if material) and charged as an expense over the lease term on the same basis as rental income.

xvii) Property, plant and equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (e.g. repairs and maintenance) is charged as an expense when it is incurred.

The Council's capitalisation de minimis is £10,000, except for where the sum of a group of assets is significant, such as waste collection bins and boxes or ICT equipment.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Assets are then carried in the Balance sheet using the following measurement bases:

- Community assets and assets under construction – depreciated historical cost
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective.
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Where non-property assets have short useful lives or low values (or both) depreciated historical cost basis is used as an approximation of current value.

Assets included in the balance sheet at current value are revalued to ensure that their carrying amount is not materially different from their value at year-end. All land and buildings are revalued at least every 5-years as part of a rolling programme with annual indexation applied to assets during the four intervening years. Where the Council cannot obtain indices without undue cost or effort, it will apply a desktop revaluation in year three. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the surplus or deficit on the provision of services within the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where items or property plant and equipment are revalued, and the valuer identifies an asset which has component parts that have significantly different useful lives, where one or more parts represent a significant proportion of the overall asset, then the asset may be componentised. With componentisation, one or more constituent parts may be identified, and the component parts separately valued for the accounts and depreciated over different useful lives to the main asset. Useful economic lives (and therefore depreciation calculations) will be based upon the asset lives recommended by the Council's valuer.

Where decreases in value are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction). For asset additions, no depreciation is provided for during the financial year of acquisition. However, a full year's depreciation is provided for in the financial year of disposal.

Depreciation is calculated on the following bases:

- Operational buildings and surplus property – depreciated on a straight-line basis, over a 40 year period (unless an asset life is deemed to be materially different to this by the Council's valuer)
- Car Park depreciable components (surface) – 20 years
- Land is not depreciated
- Vehicles, plant, furniture and equipment – depreciated on a straight-line basis, over a 4-year period
- Investment property is not depreciated

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and non-current assets held for sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the other operating expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses in the surplus or deficit on the provision of services. Depreciation is not charged on assets held for sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale, adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts remains within the capital receipts reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the reserve from the General Fund balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

xviii) Provisions, contingent liabilities and contingent assets

Provisions

Provisions are made where an event has taken place on or before the balance sheet date:

- that gives the Council a present obligation
- that probably requires settlement by a transfer of economic benefits or service potential, and
- where a reliable estimate can be made of the amount of the obligation.

If it is not clear whether an event has taken place on or before the Balance Sheet date, it is deemed to give rise to a present obligation if, taking account of all available evidence, it is more likely than not that a present obligation exists at the Balance Sheet date. The present obligation can be legal or constructive.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Council has an obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Contingent liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

xix) Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund Balance so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, local taxation, retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

xx) Revenue expenditure funded from capital under statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources, or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

xxi) Value Added Tax

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs (HMRC). VAT receivable is excluded from income.

xxii) Fair value measurement of non-financial assets

The Council's accounting policy for fair value measurement of financial assets is set out in the 'Financial Instruments' section (above). The Council also measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings (other financial instruments as applicable) at fair value at each reporting date. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset takes place either:

- in the principal market for the asset, or
- in the absence of a principal market, in the most advantageous market for the asset.

The Council measures the fair value of an asset using the assumptions that market participants would use when pricing the asset, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly
- Level 3 – unobservable inputs for the asset.

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Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	AUDIT AND GOVERNANCE COMMITTEE – 9 APRIL 2026
Subject	2025/26 TREASURY MANAGEMENT INDICATORS – QUARTER THREE
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
Summary/Purpose	To report to the Audit and Governance Committee the quarter three Treasury Management Indicators as required by the CIPFA Treasury Management Code.
Annexes	None
Recommendation(s)	That the Audit and Governance Committee resolves to: 1. Note the 2025/26 Treasury Management Indicators (Q3).
Corporate priorities	Delivering good services
Key Decision	NO
Exempt	NO
Consultees/ Consultation	N/A



1. EXECUTIVE SUMMARY

- 1.1** This report provides a quarterly update to the Audit and Governance Committee of the Council's performance against its Treasury Management Indicators. The indicators set out below are used to monitor the Council's performance against the prudential indicators approved by Council prior to the start of the financial year.
- 1.2** The Council has complied with all of the limits and indicators set at the end of the third quarter of 2025/26 with the exception of Interest Rate Risk, see 4.6 below for more detail.

2. BACKGROUND

- 2.1** The Council's Treasury Management Strategy for 2025/26 was approved at a full Council meeting on 24 February 2025. The Council has invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Council's treasury management strategy.
- 2.2** The Council adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code) which requires the Authority to approve, as a minimum, treasury management semi-annual and annual outturn reports.
- 2.3** Audit and Governance Committee have responsibility for reviewing and monitoring treasury management arrangements in accordance with the CIPFA Treasury Management Code and receiving performance reports.
- 2.4** The 2021 Treasury Management Code introduced a requirement from 1 April 2023 that monitoring of treasury and non-treasury management prudential indicators should be reported quarterly as part of the Council's general revenue and capital monitoring.
- 2.5** Non-treasury management prudential indicators are reported to Cabinet quarterly within Annex B of the Financial Performance Report. The Quarter 3 report is scheduled to be presented to Cabinet on 16 April 2026.



3. COMPLIANCE

3.1 The Deputy Chief Executive and S151 Officer reports that all treasury management activities undertaken during the quarter complied fully with the principles in the Treasury Management Code and the Council’s approved Treasury Management Strategy. Compliance with specific investment limits is demonstrated in table 1 below.

Table 1: Investment limits

Investment Limits Qtr3	2025/26 Maximum (£)	31/12/2025 Actual (£)	2025/26 Counterparty Limit (£)	2025/26 Sector Limit (£)	Complied?
The UK Government	0	17,180,000	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	3,000,000	3,000,000	Unlimited	Yes
Building Societies (Unsecured)*	0	0	2,000,000	10,000,000	Yes
Registered providers (Unsecured)*	0	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-*



4. TREASURY MANAGEMENT PRUDENTIAL INDICATORS

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

Liability Benchmark

4.2 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 £10m.

Table 2: Liability benchmark

*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.

Liability benchmark – Q3	31/03/2025 Actual (£m)	31/03/2026 Forecast (£m)	31/03/2027 Forecast (£m)	31/03/2028 Forecast (£m)
Loans CFR	0.36	0.46	0.43	0.40
Less: Balance sheet resources	(22.23)	(24.19)	(16.42)	(10.46)
Net loans requirement	(21.87)	(23.73)	(15.99)	(10.07)
Plus: Liquidity allowance	13.00	10.00	10.00	10.00
Liability benchmark	(8.87)	(13.73)	(5.99)	(0.07)
Existing borrowing	0.26	0.16	0.06	-



Long-term Treasury Management Investments:

4.3 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:

Table 3: Long-term Treasury Management Investments:

Long Term Q3	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 31.12.2025	£0	N/A	N/A	12,500,000
Complied?	Yes	N/A	N/A	Yes

4.4 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.

Additional Indicators

4.5 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.

Table 4: Portfolio average credit rating

	2025/26 Target	31/12/2025 Actual	Complied?
Portfolio average credit rating	A-	AA-	Y

4.6 Interest Rate Exposures: This indicator is set to limit the Council’s exposure to interest rate risk. The Bank Rate has decreased by a total of 0.75% so far this financial year, falling from 4.50% on 1 April 2025 to 4.00% by 30 September 2025, followed by a further 0.25% reduction in December 2025.

4.7 The upper limits on the one-year impact of a 1% rise or fall in interest rates will be:



Interest rate risk indicator	2025/26 Target	31.12.25 Actual	Complied?
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	-£0.18m	-£0.79m	No
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	£0.18m	£0.79m	No

4.8 This indicator was not complied with due to higher-than-expected surplus cash to invest created by additional grant income and underspent capital programme.

4.9 For context, the changes in interest rates during the quarter were:

	<u>01/04/25</u>	<u>31/12/25</u>
Bank Rate	4.50%	3.75%
1-year PWLB certainty rate, maturity loans	4.82%	4.37%
5-year PWLB certainty rate, maturity loans	4.94%	4.78%
10-year PWLB certainty rate, maturity loans	5.38%	5.34%
20-year PWLB certainty rate, maturity loans	5.88%	5.88%
50-year PWLB certainty rate, maturity loans	5.63%	5.71%

5. FINANCIAL IMPLICATIONS

5.1 As outlined in body of report.

6. LEGAL IMPLICATIONS

6.1 No Legal Implications.

7. RISK ASSESSMENT

7.1 None.

8. EQUALITIES IMPACT

8.1 None.

9. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS



COTSWOLD
District Council

9.1 None.

10. BACKGROUND PAPERS

10.1 None.

(END)

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Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	AUDIT AND GOVERNANCE COMMITTEE – 9 APRIL 2026
Subject	EXTERNAL AUDIT PLAN 2025/2026
Wards affected	None
Accountable member	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 author	Michelle Burge, Chief Accountant and Deputy S151 Officer Email: michelle.burge@cotswold.gov.uk
Summary/Purpose	To receive the 2025/2026 Audit Plan from Bishop Fleming, the Council's external auditors.
Annexes	Annex A – 2025/26 External Audit Plan
Recommendation(s)	That Audit and Governance Committee resolves to: 1. Consider and note the 2025/2026 External Audit Plan.
Corporate priorities	<ul style="list-style-type: none"> Delivering Good Services
Key Decision	NO
Exempt	NO
Consultees/ Consultation	Deputy Chief Executive and S.151 Officer



1. BACKGROUND

- 1.1** Each year, external audit are required to provide the Audit and Governance Committee with an:
- overview of the nature and scope of the audit; and
 - bring to their attention the key aspects of the audit.
- 1.2** The scope of the work is set in accordance with the National Audit Office's Code of Audit Practice (the Code) and International Standards on Auditing (ISAs) (UK). External audit are required to provide an independent opinion as to whether the financial statements give a true and fair view of the financial position of the Council at the year end and of its expenditure and income for the year. Their opinion also confirms whether the accounts have been properly prepared in line with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 and in accordance with the requirements of the Local Audit and Accountability Act 2014.
- 1.3** Bishop Fleming is also required to satisfy themselves that the Council has made proper arrangement for securing economy, efficiency and effectiveness in its use of resources and report on the arrangements in place in respect of financial sustainability, governance and improving economy, efficiency and effectiveness.

2. MAIN POINTS

- 2.1** The annex to the report contains the External Audit Plan for the year ended 31 March 2025.
- 2.2** The plan outlines the key financial risks that could potentially result in a material misstatement within the draft statement of accounts and highlights the external auditor's assessment of materiality.
- 2.3** Materiality for the 2025/2026 statements has been set at £1.075m. Misstatement either individually or in aggregate above the materiality level could reasonably be expected to influence the users understanding of the financial statement and/or decisions taken based on them. The materiality level applies to both monetary and disclosure requirements and adherence to acceptable accounting practice and applicable law.
- 2.4** Planning work on the Council's value-for-money arrangements has identified a significant risk relating to the Council's procurement processes, as previously



reported in the 2024/2025 Auditor's Annual Report. Bishop Fleming will undertake follow-up work to assess the Council's progress in implementing the recommendations arising from this previously reported weakness.

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

3. ALTERNATIVE OPTIONS

- 3.1** None.

4. FINANCIAL IMPLICATIONS

- 4.1** The audit fee for 2024/25 is £155,563 and will be met from the 2025/26 budget provision.

5. LEGAL IMPLICATIONS

- 5.1** None directly arising from this report.

6. RISK ASSESSMENT

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

7. EQUALITIES IMPACT

- 7.1** None directly arising from this report.

8. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

- 8.1** None directly arising from this report.

9. BACKGROUND PAPERS

- 9.1** None

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External Audit Plan

Cotswold District Council

For the year ended 31 March 2026



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Appendices

1. Required communications with the Audit and Governance Committee
2. Sector updates

Welcome

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

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

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

We are issuing our 2025/26 External Audit Plan now to ensure that there is timely discussion of the key areas of focus.

Alex Walling – Key Audit Partner

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1. General Audit Information

Engagement objectives and scope

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

- give a true and fair view of the financial position of the Council at the year end and of its expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025/26; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

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

We are also required to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2026. The Code requires us to report on the Council's arrangements under three specified reporting criteria:

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

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

Audit reports

Financial statements

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

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

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

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

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

- the Annual Governance Statement does not comply with 'Delivering Good Governance in Local Government: Framework 2016 Edition' published by CIPFA/SOLACE and the subsequent Addendum published in May 2025 – see Page 15 for more detail on the Addendum; or
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014; or
- we make a written recommendation to the Council under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or

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

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

Value for Money arrangements

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

Audit materiality

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

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

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

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

Our basis of materiality has been set as follows:

	Basis of materiality
Cotswold District Council	2% of gross expenditure This equates to £1,075,000*

**Based on the audited 2024/25 financial statements. We will update our materiality on receipt of the 2025/26 unaudited financial statements, published for public inspection.*

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

Risk assessment and significant risks

Financial statements

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

This risk assessment directs our testing towards the balances and transactions at the greatest risk of material misstatement so as to minimise the risk of undetected material misstatements. However, we do not test every group of transactions or balances but carry out sample testing of balances and transactions.

Therefore, there is an inherent and unavoidable risk that some material misstatements may not be detected and therefore audit procedures should not be relied upon to detect all material misstatements, fraud, irregularities or instances of non-compliance.

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

Significant risks:

Risk	Audit Approach
<p>Management override of controls (required under the ISAs)</p>	<p>We are required by auditing standards (ISA 240) to consider fraud and management override of controls to be a significant risk for all audits as no matter how strong a control environment, there is the potential for controls to be overridden or bypassed. To address this risk, we will:</p> <ul style="list-style-type: none"> • Review the reasonableness of accounting estimates and critical judgements made by management; • Test material journals processed at the year-end; and • Test other journals with key risk attributes. <p>In testing journals, we will use data analytics tools to interrogate the whole population of journals posted in the year and focus on those with key risk factors.</p>
<p>Valuation of land and buildings</p> <p><i>There are a number of changes required to local authority financial statements as a result of CIPFA/LASAAC having regard to HM Treasury's Thematic Review on Non-investment Assets. Further detail is set out in our Sector Update at the back of this Plan. Our audit approach has been updated to reflect these changes.</i></p>	<p>There is a risk over the valuation of these assets due to the values involved and the high degree of estimation uncertainty, due to the sensitivity of the estimate to changes in key assumptions and judgements. To address this risk, we will:</p> <ul style="list-style-type: none"> • Hold early discussions with key officers within the Council to ascertain how the Code changes required are being implemented and whether proposed actions are in line with the guidance; • Document our understanding of the processes and controls put in place by management, and evaluate the design of the controls; • Review the instructions provided to the valuer and the valuer's skills and expertise, in order to determine if we can rely on the management expert; • Write to the valuer to confirm the basis on which the valuation was carried out; • Confirm that the basis of valuation for assets valued in year is appropriate based on their usage; • Review the appropriateness of assumptions used in the valuation of land and buildings; • Review accuracy and completeness of information provided to the valuer, such as floor areas; • Test a sample of revaluations made during the year to ensure that they have been input correctly into the Council's asset register;

Risk	Audit Approach
	<ul style="list-style-type: none"> • Form our own expectations regarding the movement in property values and comparing this to the valuations reflected in the Council's financial statements, following up valuation movements that appear unusual; • For assets not formally revalued in the year, review the indices selected by the Council to ensure they are: <ul style="list-style-type: none"> ○ verifiable; ○ relevant to the asset type and the location of the asset; and ○ appropriate for 31 March; • Consider whether Indices have been applied to carrying amounts in accordance with the requirements of the Code, that the selection of accounting policies is reasonable and appropriate to the Council's circumstances and that accounting treatments have been applied consistently across asset types.
Valuation of investment properties	<p>There is a risk over the valuation of these assets due to the values involved and the high degree of estimation uncertainty, due to the sensitivity of the estimate to changes in key assumptions and judgements. To address this risk, we will:</p> <ul style="list-style-type: none"> • Document our understanding of the processes and controls put in place by management, and evaluate the design of the controls; • Review the instructions provided to the valuer and the valuer's skills and expertise, in order to determine if we can rely on the management expert; • Write to the valuer to confirm the basis on which the valuation was carried out; • Confirm that the basis of valuation for assets valued in year is appropriate based on their usage; • Review the appropriateness of assumptions used in the valuation; • Review accuracy and completeness of information provided to the valuer, such as floor areas; • Test a sample of revaluations made during the year to ensure that they have been input correctly into the Council's asset register; and • Form our own expectations regarding the movement in property values and comparing this to the valuations reflected in the Council's financial statements, following up valuation movements that appear unusual.
Valuation of the pension fund net liability (Local Government Pension Scheme)	<p>There is a risk over the valuation of the pension fund net liability due to the values involved and the high degree of estimation uncertainty, due to the sensitivity of the estimate to changes in key assumptions. To address this risk, we will:</p> <ul style="list-style-type: none"> • Document our understanding of the processes and controls put in place by management, and evaluate the design of the controls; • Review the instructions provided to the actuary and the actuary's skills and expertise, in order to determine if we can rely on the management expert; • Consider the accuracy and completeness of the information provided to the actuary; • Ensure that the disclosures in the financial statements in respect of the pension fund liability are consistent with the actuarial report from the actuary; • Carry out procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary

Risk	Audit Approach
	<p>(as auditor's expert) and performing any additional procedures suggested within the report; and</p> <ul style="list-style-type: none"> Obtain assurances from the auditor of Gloucestershire County Council Pension Fund in respect of the controls around the validity and accuracy of membership data, contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

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

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

Value for money arrangements

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

Our planning work has identified the following risk of significant weakness, previously reported in our 2024/25 Auditor's Annual Report:

- There is a risk around the Council's governance policies following an investigation by the Counter Fraud Enforcement Unit into procurement arrangements during 2024/25. This highlighted evidence of senior officers and an elected member involved in procurement being able to bypass/ override the Council's procurement arrangements preventing the opportunity for effective challenge by appropriate statutory officers and elected members. This resulted in us concluding that there was a significant weakness in the Council's governance arrangements in 2024/25, namely around how it ensures it makes properly informed decisions, supported by appropriate evidence allowing for challenge and transparency and meeting legislative/ regulatory requirements and standards in terms of officer or member behaviour. We will follow up on the Council's progress in addressing our recommendations made as a result of this weakness.

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

Control environment

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

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

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

Adjusted and unadjusted items

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

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

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

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

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

Fraud

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

Prior year recommendations

We will follow up on the progress made by the Council in addressing the recommendations made by us in respect of issues reported in our 2024/25 Audit Completion Report and our 2024/25 Auditor's Annual Report.

2. The Audit Team

Key Audit Partner:	Alex Walling
Email:	awalling@bishopfleming.co.uk
Manager:	Jonathan Saunders
Email:	jonathan.saunders@bishopfleming.co.uk
In-Charge:	Ellie Shepherd
Email:	eshepherd@bishopfleming.co.uk

3. Timetable

We have completed a debrief and planning meeting with management. Based on this, we have developed a timetable that works for both sides. It aligns the planned audit work with the availability of both management and the audit team. A summary audit timetable has been included below:

Cotswold District Council			
YEAR END: 31 March 2026			
Date	Requirement	Bishop Fleming	Council
Throughout 2026	Regular liaison meetings with management and the Chair of Audit and Governance Committee	✓	✓
March 2026	Planning procedures and interim audit work undertaken, examining systems and controls in place, and completion of early substantive testing.	✓	✓
w/c 13 April 2026	Date for issue of audit deliverables	✓	
30 June 2026	Date for receipt of the draft financial statements		✓
30 July 2026	Date for receipt of audit deliverables		✓
30 July 2026	Date for receipt of VFM self-assessment from management		✓
August 2026	Audit team to undertake VFM work	✓	
September – October 2026	Audit fieldwork to be undertaken, completing work on significant risk areas and other material balances.	✓	✓
w/c 9 November 2026	Audit completion meeting to discuss draft Audit Completion Report	✓	✓
3 December 2026	Presentation of Audit Completion Report and Auditor's Annual Report to those charged with governance	✓	✓

4. Audit Fees

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

	2024/25	2025/26
PSAA scale fee	£151,327	£155,563
Fee variations in respect of work completed as part of the 2024/25 audit:		
Review of implementation of IFRS 16	£4,982	-
Fee variations in respect of additional value for money procedures:		
Follow-up on the Council's progress to address the significant weakness in relation to the Council's arrangements in respect of its procurement arrangements – as noted on Page 8 of this Plan.	£7,475	TBC
Total (excluding VAT)	£163,784	TBC

The scale fees set by PSAA:

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

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

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

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

5. Ethical Issues

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

Threats & safeguards

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

Overall assessment

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

Maintaining objectivity & independence

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

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

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

Appendices

1. Required communications with the Audit and Governance Committee

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

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

2. Sector updates

Key changes to the Code of Practice on local authority accounting in the United Kingdom 2025/26

Valuation of Property, Plant and Equipment

There are a number of changes required to local authority financial statements as a result of CIPFA/LASAAC having regard to HM Treasury's Thematic Review on Non-investment Assets. The main changes are:

- o A revaluation expedient for property, plant and equipment, requiring valuations once every five years or on a five-year rolling basis and supported by indexation in intervening years. Alternatively, a desktop valuation in year three in rare cases where no index is available;
- o Intangible assets to be held at historical cost only;
- o Transitional arrangements when applying these changes so they will be applied prospectively, with no restatement of prior year figures;
- o To assist authorities, an existing adaptation has been removed to allow both options permitted by IAS 16 for the treatment of accumulated depreciation when assets are revalued. This aligns with existing arrangements in the FrEM; and
- o A clarification to ensure that undertaking a full revaluation should not be a default process to demonstrate there has not been a material impairment of an asset and to comply with IAS 36 (impairment of assets).

Guidance is set out in [CIPFA Bulletin 22 Indexation application guidance](#).

Annual Governance Statement

Following the publication of [Delivering Good Governance in Local Government: addendum / Solace covering the annual review of governance and the annual governance statement \(2025\)](#), the content of the annual governance statement (AGS) has changed. Local authorities should refer to the addendum for full details; however, the AGS should contain the following elements:

- An executive summary, including an overall opinion on whether governance arrangements were fit for purpose;
- An assessment of effectiveness, setting out how the overall opinion was arrived at;
- Where governance needs to improve, including an action plan;
- How governance has been improved over the current financial year; and
- A forward look on governance.

Revised guidance on minimum revenue provision

Under the Prudential Framework (the "Framework"), local authorities have wide freedoms to borrow and invest without seeking the government's prior approval.

The duty to make Minimum Revenue Provision ("MRP") is an important component of the Framework. Where local authorities finance capital expenditure with debt, they must set aside an amount of money each year to ensure that debt can be repaid ensuring that local authorities do not take on more debt than they can afford. Therefore, in deciding whether any capital expenditure is affordable, an authority must consider whether it can meet the cost of the associated MRP charged within an affordable budget. The amount of MRP should be determined with respect to a local authority's Capital Financing Requirement ("CFR").

Local authorities are required to charge MRP to their revenue account in each financial year in respect of all capital expenditure financed by debt. Before 2008, the 2003 Regulations contained details of the method that local

authorities were required to use when calculating MRP. This has been replaced by the current regulation 28, which gives local authorities flexibility in how they calculate MRP, providing the amount is 'prudent'. In calculating a prudent provision, local authorities are required to have regard to this guidance.

The 2003 Regulations were further amended with full effect from [April 2025](#) to expressly provide that in determining a prudent provision, local authorities cannot exclude any amount of CFR from its calculation, unless by an exception set out in statute. Further, that capital receipts cannot be used to directly replace, in whole or part, the prudent charge to revenue. Specific exceptions were introduced for capital loans, alongside appropriate risk mitigations. These measures were taken to strengthen compliance with the duty to make MRP.

Local authorities must comply with the duty to make MRP and failure to do so, through under-charging of MRP, creates risk to the authority, the finance system and to local and national taxpayers. Under-provision can result in a local authority being unable to repay a proportion of its debt, passing the liability to future taxpayers, which will need to be met from capital receipts or accelerated MRP payments. Further, if a prudent charge is not made, then this can also encourage the local authority to take on greater levels of debt than might otherwise be affordable. The duty to charge MRP is an important mechanism in the Framework to constrain risk and ensure the affordability of capital expenditure.

The guidance in full can be found on [Capital finance: guidance on minimum revenue provision \(5th edition\) - GOV.UK](#)

English Devolution and Community Empowerment Bill

In last year's Audit Plan we outlined the Government's proposals around devolution and Local Government reorganisation which were set out in the English Devolution White Paper published in December 2024.

The White Paper announced planned changes to the Devolution Framework, aimed at "completing the map" by establishing new Strategic Authorities throughout England. Although the White Paper allowed for other options, these Strategic Authorities were intended to be partnerships of multiple local authorities across a large geography with their own Mayor. These Strategic Authorities would be given "areas of competence" such as performing functions in transport and local infrastructure and skills and employment support and empowered to deliver on them.

Since then the Government has drafted the English Devolution and Community Empowerment Bill which is currently going through Parliament. Alongside the changes outlined above, provisions within the Bill will also enable the establishment of a new public body, the Local Audit Office (LAO), to oversee the local audit system. These provisions set statutory objectives for the LAO and prescribe key elements of its governance processes and structures. The LAO's functions will include setting fees, appointment of auditors to eligible bodies, setting the code of audit practice and overseeing a regulatory framework.

In concert with the Devolution Framework, the White Paper also announced a significant programme of Local Government Reorganisation with an end to the remaining two-tier areas, resulting in all local authorities reorganised into unitary councils.

The Local Government and Public Involvement in Health Act 2007 (the 2007 Act) provides the statutory process for making structural changes to councils. The following paragraphs explain how this process works with specific reference to the invitation to all councils in two-tier areas (and small neighbouring unitary authorities) to develop proposals for unitary local government. Broadly, the stages are:

- 1. Stage one: Inviting unitary proposals.** Invitations went to the 21 two-tier areas and their neighbouring small unitary authorities and included statutory guidance pursuant to the 2007 Act, specifying criteria for establishing new unitary authorities and matters that should be taken into account.
- 2. Stage two: Submission of formal unitary proposals.** Each council could only make one formal proposal for unitary local government, and a proposal could either be submitted individually by a council or jointly with other councils that were invited. The Secretary of State could decide to take forward proposals that are submitted by areas with or without modification.
- 3. Stage three: Statutory consultation.** The Government will carry out a statutory consultation in accordance with the requirements of the legislation, which is that the Secretary of State must first consult any council affected that

has not submitted the proposal, as well as any other persons considered appropriate, before a proposal can be implemented.

4. Stage four: Decision to implement a proposal. Once a statutory consultation is concluded, Ministers will decide, subject to Parliamentary approval, which, if any, proposal is to be implemented, with or without modification. In taking these decisions, Ministers will judge proposals in the round against the criteria. In making a decision, Ministers will have regard to all the representations that were received, including the consultation responses, and any other relevant information available. The decision taken will be subject to collective agreement across Government.

5. Stage five: Making secondary legislation – the Structural Changes Order (SCO). Once a decision is taken on which proposal to implement, the Ministry for Housing, Communities and Local Government (MHCLG) will prepare the necessary legislation (the SCO) for Parliamentary approval. The SCO establishes the new single tier of local government in the relevant area and makes provision to abolish the predecessor councils. MHCLG will work with the current councils during the preparation of the legislation, seeking input on specific matters which might include names of the new councils, transitional arrangements and electoral arrangements:

a. **The Order:** will specify arrangements for the first elections for the new unitary council/s, councillor numbers, the functions the new council has in the transition period and establish suitable governance arrangements for the transition period before new councils go live, by giving powers to the relevant executive or joint committee overseeing the transition.

b. **Elections:** Typically, the first elections to new unitary councils take place on electoral arrangements specified in the SCO, and which are built using a mixture of existing wards, divisions or, in some cases, parishes.

c. **Transition period arrangements:** The SCO will specify the governance arrangements for the new unitary councils in the transition period i.e. what sort of transition body will be in place during the transition period until predecessor councils are abolished and new unitary councils go live.

6. Stage six: Transition period. Once the SCO has been made, the existing councils carry on delivering services and fulfilling their duties until vesting day, while preparing to transfer all assets, functions and staff on vesting day when the predecessor councils are dissolved and the new unitary authority takes on the legal duties and powers for providing local government to the area.

7. Stage seven: New unitary authority goes live. This is vesting day. While preparatory work may start with the development of proposals and continue through the process, a minimum of around a year is allowed to enable safe and legal transfer of key services from the point the legislation is made, to when the new unitary council/s goes live. Elections to the new unitary councils, in the transition year ahead of vesting day, aid a safe and legal transition by ensuring those who will be responsible for governing the new authority/ies are accountable for decisions on transition arrangements.

Final proposals were submitted at the end of November 2025. On 5 February, a written ministerial statement was made to Parliament about the statutory consultations on proposals for unitary local government made by councils in 14 areas. Details can be found on [Local government reorganisation: Policy and programme updates - GOV.UK](#)

Following these consultations, decisions on which proposal to implement could be announced before the summer recess. Secondary legislation would then be prepared, to be laid in the House after the summer recess. The legislation could then be made, subject to Parliamentary approval. This would allow for elections to the new unitary authorities on 6 May 2027. The new authorities would then go live on 1 April 2028.

Local audit reform and the local audit backstop

The local audit system has faced a significant backlog of outstanding unaudited accounts at local authorities (and some other local bodies including police, fire and national parks authorities), covering multiple financial years. Just one per cent of these bodies published audited accounts for 2022/23 by the original deadline. The audit backlog was also the key factor in the Comptroller and Auditor General's decision to issue disclaimed opinions on the Whole of Government Accounts for financial 2022/23 and 2023/24.

In 2024, the Government introduced a local audit backstop programme, structured around six publication dates for audited accounts, to clear the backlog and enable a greater focus on recent accounts, setting in motion the reestablishment of discipline required for the timely publication of both unaudited and audited accounts.

While the backstops have also resulted in many disclaimed audit opinions, auditors' other statutory duties – including to report on value for money arrangements, to make statutory recommendations and issue Public Interest Reports – remain a high priority.

For the next three years, the statutory publication date for unaudited accounts will be 30 June, while the planned backstop dates are:

- 2025/26: 31 January 2027
- 2026/27: 30 November 2027
- 2027/28: 30 November 2028.

In the interests of transparency, the Government committed to publishing a non-compliance list of local bodies failing to publish audited accounts by the backstop dates. See [Addressing the local audit backlog in England: Non-compliance lists](#).

Given the large number of disclaimed opinions, the backstops were announced alongside a five-year programme for building back assurance, with an aspiration that local audit recovers as soon as possible within that period. The Government continues to work with local bodies and audit firms to achieve this aim, and is considering what further measures may be necessary to support the process.

The Government has written to all audit firms and to all local bodies in the process of rebuilding assurance to underline the need for everyone to work together to accelerate progress and prioritise resources accordingly.



This document is confidential to: Cotswold District Council

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