COTSWOLD
District Council

Thursday 16 July 2026

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AUDIT & GOVERNANCE COMMITTEE

A meeting of the Audit & Governance Committee will be held in the Council Chamber - Council Offices, Trinity Road, Cirencester, GL7 1PX on **Monday, 27 July 2026 at 4.00 pm.**

J H Portman

Jane Portman
Chief Executive

To: Members of the Audit & Governance Committee
(Councillors Helene Mansilla, Craig Thurling, Nick Bridges, Paul Hodgkinson, Jeremy Theyer, Jon Wareing, Len Wilkins, Nick Craxton, Christopher Bass and Claire Bloomer)

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 7 - 18)
   To confirm the minutes of the meeting of the Committee held on 9 April 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. **Strategic Risk Register** (Pages 19 - 30)
   Purpose:
   To present the current Strategic Risk Register for the Council.

   Recommendation:
   That the Audit and Governance Committee:
   1. Reviews the Strategic Risk Register and mitigation measures

8. **Annual Governance Statement (With Information Governance Update & Senior Information Risk Owner (SIRO) Annual Highlight Report 2025/26)**
   (Pages 31 - 80)
   Purpose:
   The purpose of this report is to present the Audit and Governance Committee with the Annual Governance Statement for 2025/26 and set out the Action Plan

for 2026/27.

Recommendations:
That Audit and Governance Committee resolves to:

1. Endorse the Annual Governance Statement for 2025/26 and the Action Plan for 2026/27
2. Note the 2025/26 SIRO report

9. **Annual Standards Update** (Pages 81 - 88)
Purpose:
To present the Audit and Governance Committee with standards updates and issues, including Code of Conduct Complaints for the year ending 31 March 2026.

Recommendation:
That Committee resolves to:

1. Note the update for the financial year 2025/26.

10. **Annual Complaints Report and Annual Local Government Ombudsman Report 2025/26** (Pages 89 - 122)
Purpose:
This report provides a review of the organisation's complaints handling performance and service improvement over the financial year 1 April 2025 – 31 March 2026.

The report is written in line with the Councils Complaints Policy and Procedure which was introduced on 1 April 2025. The policy meets the requirements of the Local Government and Social Care Ombudsman's Complaint Handling Code.

The report also presents the Annual Complaints statistics as provided by the Local Government and Social Care Ombudsman letter for the year 1st April 2025 – 31st March 2026.

Recommendations:

1. That the Committee note the content of the report and the Local Government and Social Care Ombudsman's annual letter for 25/26.
2. That the Committee approve the recommended changes to the Complaints Policy and Procedure in relation to the use and response to Artificial Intelligence generated complaint.

11. **Internal Audit Opinion 2025/26** (Pages 123 - 152)
Purpose:
To present a summary of the work undertaken by Internal Audit during 2025/26

and to give an overall opinion on levels of assurance resulting from this work.

Given that the Internal Audit Annual Opinion provides a comprehensive summary of audit activity and outcomes for the year, it is considered unnecessary to present a separate quarterly monitoring report on this occasion. Instead, a condensed report has been prepared, providing a summary of the audit work completed since the last meeting of the Committee.

Recommendation:

That the Audit and Governance Committee resolves to:

1. Consider the report and comments as necessary.

12. **2025/26 Statement of Accounts (Draft)** (Pages 153 - 268)

Purpose:

The Statement of Accounts for 2025/26 shows the financial position of the Council as of 31 March 2026 as well as the performance during the year. Under the Council's Constitution, the Audit and Governance Committee is charged with the responsibility of the approval of the accounts. This report presents to the Committee for consideration the draft Statement of Accounts for the year ended 31 March 2026.

Recommendations:

That the Audit and Governance resolves to note:

1. The draft unaudited Statement of Accounts 2025/26 (as attached at **Annex A**)
2. Key highlights from the Statement of Accounts 2025/26 as set out within this report.

13. **Treasury Management Outturn 2025/26** (Pages 269 - 286)

Purpose:

To receive and discuss details of the Council's Treasury management performance for the period 01 April to 31 March 2026.

Recommendations:

That Audit and Governance Committee resolves to:

1. Consider the Council's Treasury Management performance for the period 1 April 2025 to 31 March 2026.
2. Agree any comments to be passed to full Council when considering this item.

14. **To approve minor amendments to the Code of Conduct Complaint Handling arrangements** (Pages 287 - 298)

Purpose:

To consider minor amendments to the Code of Conduct Complaint Handling arrangements as detailed in red on the attached document.

Recommendation:

1. To approve proposed minor amendments to the Code of Conduct Complaint Handling arrangements.

15. **Audit and Governance Committee Work Plan** (Pages 299 - 302)

Purpose:

For the Committee to review and note its work plan.

Recommendation:

That the Committee approves the Audit and Governance Committee work plan.

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COTSWOLD
District Council

Audit & Governance Committee
09/April2026

Minutes of a meeting of Audit & Governance Committee held on Thursday, 9 April 2026

Members present:
Helene Mansilla

Nick Bridges	Craig Thurling	Nick Craxton
Paul Hodgkinson	Len Wilkins	Christopher Bass

Officers present:

Nickie Mackenzie-Daste	Emma Cathcart	Alex Walling
Angela Claridge	David Stanley	Tyler Jardine
Lucy Cater		

Observers:

64 Apologies

The Chair noted the attendance of Councillor Thurling and Independent Member Nick Craxton, both of whom were new additions to the Committee, and congratulated the Head of CFEU for being recognised as Female Pioneer of the Year. The Chair introduced the other attending members of the Committee, noted that no members of the public were present, and confirmed that Councillors Jon Wareing and Jeremy Theyer had sent their apologies.

The Monitoring Officer explained that an additional report had been issued to members of the Committee that was not included in the agenda as published. The Officer confirmed that a vote would be needed on this item, but that the report itself formed part of a suite of data reviewed regularly by the Committee.

65 Substitute Members

The Chair confirmed that there were no substitute members attending the Committee.

66 Declarations of Interest

The Chair confirmed that there were no declarations of interest.

67 Minutes

The Chair invited members to comment on the minutes of the Committee held 27 January 2026. Councillor Paul Hodgkinson noted that he had been present at that meeting and Councillor Tony Dale had not, requesting the attendees be corrected. The Chair noted a misalignment on the formatting of the text on Page 9. The Deputy Chief Executive (S151) Officer advised that during the previous Committee members had requested the purchase price of the Council's portfolio of investment properties, and confirmed that the available data would be issued to members.
The Committee approved the minutes with the above amendments.

68 Public Questions

No public questions were received.

69 Member Questions

No Member questions were received.

70 Audit and Governance Committee Work Plan

The Monitoring Officer introduced the item and explained that the table set out upcoming Audit and Governance Committee dates and the preliminary reports expected at each. The Officer advised that, in line with wider Council matters, it was proposed to move the 8 June Committee date to 27 July; the Chair put this to a vote, and the Committee unanimously approved the change.
Officers noted that no Internal Audit Progress Reports were listed in the Workplan and confirmed that they would liaise with Democratic Services to update the plan.
No other comments were received and the Committee voted to approve the Audit and Governance Committee Workplan.

71 Procurement Action Plan - Follow-Up

The Chair noted that this item had been agreed at the Committee in September 2025, that this report provided a progress update, that a further update was expected in October 2026, and invited the Deputy Chief Executive (S151) Officer to introduce it.

The Officer presented a report on CFEU actions – noting Members had sought further assurance on procurement controls, which was included. Actions 1 through 4 were completed, and actions 6-9 were progressing well. Changes had been made to cost centres and payment approval hierarchies, including the implementation of the 'No PO, No Pay' rule, requested by Internal Audit. One mandatory procurement briefing for Members had been held in March and recorded for Members. Action 5 had been removed as it was no longer requires, having been superseded by controls implemented in Action 2.

In response to the Committee's question regarding the "implementation of a procurement toolkit", and assurance around its use, Officers confirmed that this toolkit was available on the Council's internal system. They explained that the Commissioning and Procurement Board, chaired by the Monitoring Officer, would only approve requests submitted via the toolkit. Guidance had been issued to officers, and the team would be available to support those wishing to raise procurement requests. Members queried audit controls for expenditure below £5000 under the enhanced procurement process. Officers advised that such lower-value sums typically reflected time-limited or one-off purchases which were covered by the procurement process and considered lower risk. Procurement fraud was recognised as a risk area, with mandatory staff training in place. Officers also confirmed that a review of the process was underway, including monitoring for duplicate payments and supplier oversight, with findings to be provided to the Committee for its next meeting.

The Committee noted the report.

72 Annual Governance Action Plan 25/26 Update

The Chair introduced the Annual Governance Action Plan update. Officers advised that seven of eight actions included in the report had been completed, including the business impact assessments which would feed into the new business continuity plans. Committee members queried the updates to business continuity plans. Officers explained that recent business impact assessments had offered new insights to inform and update the Council's plans, while existing plans remained in place in the interim. Members queried whether they would typically review business continuity plans. Officers clarified that the Committee's role was to be assured that appropriate up-to-date plans were in place, rather than to review them individually.

The Committee noted the report.

73 Strategic Risk Register and Risk Management Policy

The Deputy CEO (S151) explained that these reports formed part of the suite now provided to the Committee by the governance teams on a quarterly basis. No changes had been proposed to the Council's Risk Management Strategy since its last review in May 2025. The Corporate Leadership Team (CLT) had reviewed the Strategic Risk Register alongside service-specific risk registers had identified two additional risks for inclusion, together with adjustments to the scoring of existing risks. These changes related in particular to the Local Plan project and the District's civil contingency plans. As set out on page 46 of the Committee pack, the CLT had identified that the Council was insufficiently prepared for a "civil emergency leading to harm of life", and although mitigation work was underway, the risk was not yet considered adequately controlled. Officers intended to have a full contingency plan in place by May 2026. It was noted that aside from this risk, the Council was otherwise well placed to respond to unforeseen emergencies. Regarding the Local Plan project, officers advised that the risk was expected to reduce significantly once the Local Plan had reached Reg19 stage in August 2026.

The Committee enquired how increased activity at RAF Fairford was being assessed in relation to potential hostile interests. Officers advised that given the sensitivity of the matter and importance of accuracy, members would receive a written response outlining the plans in place. Members further queried whether contingency arrangements included sufficient redundancy, to prevent cascading failures and to ensure effective communication with residents of the District during an emergency. Officers confirmed that these details would be addressed in their written response.

Members queried how the Risk Register should be interpreted; specifically, whether initial risk referred to the inherent unmitigated risk or the risk as first recorded on the register, with the 'residual risk' reflecting the position after mitigation. Officers clarified that the 'initial risk' was the unmitigated risk exposure, which may vary depending on external factors, with 'residual risk' reflecting the position following the application of controls.

Members noted that the Risk Register included risks related to staff recruitment and retention, especially in light of the upcoming Local Government Reorganisation project. Officers advised that a revised retention strategy would be brought before Cabinet in the weeks following the Committee to address the unique challenges associated with the project.

The Committee requested the explanation of PCI/DSS (Payment Card Industry Data Security Standard). Officers explained that the Council operated at the lowest of the four compliance levels, which was appropriate for the nature of data processing undertaken by local authorities. They noted that a key vulnerability related to the included taking of payment information over the phone, which was considered an unavoidable service requirement. Officers further advised that the associated health and safety risk related to an open Internal Audit action and reflected the Council's ability to evidence compliance to potential auditors rather than indicating non-compliance.

The Committee approved the Risk Register and Risk Management Policy.

74 Internal Audit Progress Report - April

The Committee received the Internal Audit Annual Report presented on an annual basis and prepared in consultation with Members and officers. The Head of Internal Audit advised that the key section for Members' consideration was the draft Annual Audit Plan for 2026–2027, set out from page 14 onwards. The Plan had been developed to ensure coverage of core assurance areas within the Council's control framework, including financial systems, human resources, revenues and benefits, and information and communication technology, and to deliver additional governance audits in higher risk areas, specifically emergency planning and business continuity, health and safety, and safeguarding.

The Committee was also advised of ongoing audit work throughout the year, including quarterly duplicate payment analysis as well as quarterly reviews in collaboration with the procurement review unit and building control, in advance of upcoming external assessments

Officers presented the report, which provided a summary of internal audit activity since January 2026 and assurance on the effectiveness of the Council's internal controls. The Committee was also presented with the Internal Audit Plan and Internal Audit Mandate. The Chair queried whether sufficient support had been received from service managers in delivering the audit actions. The Head of Internal Audit confirmed that they had received strong support from the Corporate Leadership Team, with escalation procedures in place where required. It was further noted that the audits listed as not having been started at the time of the report's production had now commenced. The Committee noted that there were five 'substantial' items in progress and queried how compared to previous reports. The Officer advised that the current report provided a snapshot of recent activity, and that a more comprehensive update would be provided in July detailing progress made during 2025/26 period and how this was reflected in the status of the items. Members requested that this July report include a comparison to the status of Internal Audit at the same point the previous year.

The Committee approved the items as presented.

75 CFEU Update Report (Including RIPA and IPA annual update)

The CFEU Assistant Director presented a summary of service activity for 2025–26, including the annual update on RIPA and IPA surveillance powers and an update on the whistleblowing policy. Members were advised that procurement remained a key focus; with strengthened controls in place, including a procurement fraud section on the Council's intranet, a new fraud risk register, and ongoing mandatory training across the District partnership.

The fraud awareness workstream had been expanded to target different audiences, with tailored approaches for staff, Members, and residents. The new "failure to prevent fraud" offence was highlighted, relating particularly to procurement activity where if processes were not properly followed.

Further initiatives included the launch of a public fraud reporting website ('Glassjar'), continued work on business grants (with remaining debt collection transferred to external agencies) and ongoing National Fraud Initiative work, focusing mainly on council tax, housing, and payroll data matching. The housing waiting list review had been delayed but was expected to commence within the year. Reactive casework included a review of council tax reduction claims, which had identified, with a further report to follow on lessons learned. Surveillance, policy updates were noted, with a full review scheduled later in the year, alongside a minor amendment to the whistleblowing policy following legislative change.

In relation to COVID-19 grant payments, Members noted the £75.5m distributed and queried the £1 million identified as resulting from fraud and error, as well as the remaining unrecovered sum of over £500,000 and reference to "DBT". Officers advised that given the scale and urgency of the schemes, some fraud and error was expected primarily arising from incorrect or duplicate applications and that the Councils post-payment audit approach had supported identification of issues. The Officer noted that, in the context of the total £75.5 million distributed, the £1 million attributed to fraud and error was relatively low. It was further explained that the council undertook a comprehensive post-payment audit of all mandatory grants, a process not carried out universally by other authorities, which contributed to the identification of these figures. Some duplication arose from genuine confusion due to the complexity and rapid evolution of multiple grant schemes, rather than deliberate dishonesty. Regarding recovery, the Officer stated that recovered funds had been returned to central government, as it was the original source of the grant funding. Responsibility for the remaining outstanding debt had been transferred to the relevant government department (the Department for Business and Trade, DBT).

Officers advised that at the time, the Council was reliant on temporary staff to administer the schemes, and that some errors were attributable to reliance on temporary staff and limited central government guidance at the time, and that CDC's error and fraud rates were notably lower than that of government as well as compared to other local authorities. Members were advised that communications regarding the 'Glassjar' fraud reporting site had been issued and further details would be provided to the Committee outside the meeting.

76 Statement of Accounting Policies 2025/26

The Committee received a report presenting the draft accounting policies to be included in the 2025/26 Statement of Accounts. It was explained that the policies which set out the principles, bases, conventions, and rules for preparing and presenting the accounts had been reviewed and updated to reflect the latest guidance for 2025/26. A key change within Section 4 concerning the valuation of property, plants, and equipment was highlighted, whereby full valuations would now be undertaken every five years, with indexation permitted in intervening years, representing a change in approach from previous practice. Officers noted that the main challenge to implementation would be the selection of an appropriate index, which would be agreed in consultation with the internal valuer and external auditors prior to finalisation of the accounts.

The Committee discussed the proposed approach to indexation for asset valuations. and queried which index would be applied, noting potential variation between measures such as CPI and RPI.). Officers advised that the most appropriate index was still under review and would be selected in consultation with the Council's valuer, drawing on a range of recognised and national indices. It was noted that different indices may be applied to different classes of assets, depending on their characteristics, and that some assets, such as investment properties, would continue to be subject to full valuation rather than indexation. Officers clarified that the indexation approach applied only to Council-owned assets and included in its Statement of Accounts. It was further confirmed that asset valuations did not determine or directly influence fees and charges, which are set separately, based on operational and policy considerations.

There being no further questions, the Chair put the recommendations to the Committee, and the accounting policies were approved.

77 Q3 Treasury Management Prudential Indicators

The Committee received an interim treasury management update, in line with CIPFA guidance. Members noted that three formal reports are presented annually: the strategy (January), a mid-year update (December), and the outturn report (July), alongside this additional update to provide more regular oversight. The report reviewed performance for the previous quarter and confirmed that the Council remained compliant with its Treasury Management Strategy, including investment limits and the principles of security, liquidity and yield.

An update was given on the Prudential Indicators, including the liability benchmark, which had shifted to a negative position, reflecting changes in financing arrangements, notably in relation to the waste fleet. This indicated that the Council was not expected to undertake external borrowing and would continue to fund its capital programme from internal resources. One area of non-compliance was noted in relation to interest rate exposure, reflecting surplus cash levels and recent rate movements although interest rate expectations had become more uncertain. Officers advised that, despite their volatility, higher-than-anticipated interest rates might have a positive impact on treasury income relative to earlier budget assumptions.

The Committee requested an explanation of the factors shaping the Council's investment strategy, which was driven primarily by cash flow requirements and the timing of income and expenditure. It was noted that balances typically increased following council tax and business rates receipts at this point in the financial year. The Council maintained a mix of long-term investments, including strategic pooled funds, alongside shorter-term investments, such as deposits with the UK Government's Debt Management Office, money market funds, and bank deposits with varying maturities. Cash flow forecasting was used to align investment decisions with planned expenditure, including provision for the £6m waste fleet purchase later in the year.

Inflationary pressures, particularly rising energy costs and fuel costs, were highlighted as a key risk, which were expected to create additional financial pressure across other areas, including energy costs for buildings and contracted services. It was noted that these factors may require a greater proportion of cash to be held in short-term, liquid investments to meet increased costs. Officers further advised that timing uncertainties, including potential delays to capital purchases, could affect cash flow forecasts by deferring the release of associated funds into the following financial year.

The Council's exposure to inflation on cash holdings was discussed, noting that holding approximately £3 million in cash could result in a real-terms loss of around £150,000 per year if inflation and interest rates rose to 5%. Questions were also raised about the approach to fuel procurement, noting the potential real-time impact of holding cash in a higher inflation environment. In response, the officer advised that waste fleet fuel was currently purchased at pump prices, due to the absence of on-site fuel storage, although plans were underway within the capital programme to install a fuel bunker, with work underway to determine the location, complete necessary civil engineering, and decide whether it would store diesel or hydrotreated vegetable oil (HVO). By contrast, gas and electricity used across council properties was procured through a consortium with neighbouring councils and the use of an energy broker. This arrangement had enabled forward purchasing and partial hedging of energy costs, which had reduced exposure to spot market volatility compared to previous arrangements.

On treasury management, the officer explained that a working cash balance must be maintained to meet day-to-day obligations including payroll, supplier payments, and distribution of council tax receipts to partner bodies. Surplus funds were actively managed and regularly transferred into money market funds to mitigate the impact of inflation. It was noted that reported balances represented a point-in time snapshot and fluctuated frequently depending on operational needs.

Members noted that there was an error in Table 1: Investment Limits, Officers then provided the corrected table (below)

Table 1: Investment Limits

Investment Limits Qtr 3	2025/26 Maximum (£)	31/12/2025 Actual (£)	2025/26 Counterparty limit (£)	2025/26 Sector Limit (£)	Compiled?
The UK Government	23,250,000	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-33m	10,000,000	Yes

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

The Committee discussed the Council's approach to investment returns, risk, and timescales. Members queried long-term return expectations, and whether performance was assessed against market benchmarks or subject to review in the event of underperformance and asked whether underperformance would prompt a change of provider.

The Deputy CEO advised that investment decisions were governed by the principles of security, liquidity, and yield, with yield considered only after the first two objectives were met. It was explained that the Council sought to manage risk through diversified portfolios, particularly pooled funds, and that performance was monitored and reported regularly to Members, who had the opportunity to challenge returns in comparison to other funds; however, it was noted that past performance is not a reliable indicator of future returns and that practical constraints, such as exit costs and liquidity constraints particularly for property funds also influenced decision making. arrangements. Members were offered the opportunity to receive more detailed performance information and analysis through existing reporting arrangements.

The Committee noted the importance of aligning investment strategy with timescales, recognising that longer investments could reduce risk and enhance returns, whereas shorter-term investments may require a more conservative approach.

The Deputy CEO agreed with this point and proposed further discussion outside f the Committee. He reiterated that yield was not a primary objective and highlighted that most treasury investments were medium-term, (typically five to ten years), with shorter-term planning horizons driven by financial planning cycles and liquidity needs. He also advised that future arrangements, including those arising from local government reorganisation, would require a reassessment of investment strategies in light of inherited assets and cash flow requirements.

78 2025/26 External Audit Plan

The Committee received the External Audit Plan for 2025/26, introduced by the external auditor. Members were reminded that the auditor’s role, as defined by the National Audit Office Code of Practice, was to provide an opinion on the Council’s financial statements and to assess value for money arrangements.

The plan was based on initial planning work, incorporating a review of key risks, prior audit findings, and relevant internal audit outcomes, with ‘materiality’ set at approximately 2% of gross revenue expenditure (just over £1m). The auditor confirmed that significant risks remained broadly in line with previous years, including the valuation of property, plant and equipment, and noted revised accounting guidance, which now allowed local authorities to revalue assets on a five-year cycle with indexation applied in intervening years, which had been reflected in the audit approach.

Value for money work would focus on financial sustainability, governance, and economy, efficiency, and effectiveness. A potential significant risk had been identified in relation to governance linked to the previously reported procurement issues. The proposed audit timetable was outlined, including the statutory reporting deadline at the end of January, which placed pressure on both the finance and audit teams. Audit fees were also noted as being nationally determined, with any variations arising from additional work to be calculated and reported at a future Committee.

79 Proposal to Appoint New Member of the Standards Hearings Sub-Committee

The item proposed the appointment of Councillor Nick Bridges to the Standards Hearings Subcommittee. Councillor Bridges noted that this appointment would only extend through May 2026. The Committee unanimously approved the appointment.

80 Proposal to Change Audit & Governance Committee date

The Committee was requested to approve the amended date for the next meeting of the Audit and Governance Committee from 8 June to 17 July 2026. The Committee unanimously approved the amendment.

The Meeting commenced at 16:03 and closed at 18:01.

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COTSWOLD
District Council

Council name	**COTSWOLD DISTRICT COUNCIL**
Name and date of Committee	**AUDIT AND GOVERNANCE COMMITTEE– 27 JULY 2026**
Subject	**STRATEGIC RISK REGISTER**
Wards affected	All
Accountable member	Councillor Mike Evemy, Leader of the Council Email: mike.evemy@cotswold.gov.uk
Accountable officer	David Stanley, Deputy Chief Executive and Section 151 Officer Email: david.stanley@cotswold.gov.uk
Report author	David Stanley, Deputy Chief Executive and Section 151 Officer Email: david.stanley@cotswold.gov.uk
Summary/Purpose	The report sets out the current Strategic Risk Register for the Council.
Annexes	Annex A – Strategic Risk Register
Recommendation(s)	That Audit and Governance Committee: 1. Reviews the Strategic Risk Register and mitigation measures.
Corporate priorities	All
Key Decision	NO
Exempt	NO
Consultees/ Consultation	Corporate Leadership Team ("CLT"), Extended Management Team ("EMT") Leader of the Council, Cabinet Member for Finance

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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 2025/26 and Q1 of the current financial year.

1.2 The Strategic Risk Register was considered by Cabinet at their meeting on 01 July 2026. Audit and Governance Committee reviewed the Q3 risk register at their meeting on 09 April 2026 and discussed the risk on Civil Contingency/Major Event (CDC_SRR_252610) with a focus on business continuity plans.

1.3 The risks set out in Annex A of the report represent provide an update of the authority's strategic risks and the risk management work being undertaken; to assist the committee in fulfilling their obligations to periodically review the authority's Corporate Risk Register and to consider the effectiveness of the council's risk management arrangements.

2. BACKGROUND

2.1 Audit and Governance Committee considered the Risk and Opportunity Management Policy at their meeting on 09 April 2026. The policy outlined sets the Council's approach to risk and opportunity management including defining what is Risk and Opportunity Management, our risk appetite as a council, definitions, roles, and responsibilities, and how risk management is embedded across the organisation.

2.2 The Council's risk appetite level is Cautious, although this can change on a risk-to-risk basis. It is willing to consider all potential options but with well evaluated risks and learning from experience. The risk appetites considered in the policy are shown below for information.

Averse	Cautious	Creative and Aware	Eager
• Safe Business delivery options with low risks limited reward • Reluctant to take action given uncertainty	• Safe delivery of options that have a medium degree of risk and potential for reward • Tight corporate control over change	• Willing to consider all potential options that are most likely to result in success • Well evaluated risk taking • Learns from experience	• Eager to be creative and innovative • Higher rewards despite inherent risk • Willing to accept significant loss • Actions when results are unknown

2.3 Accepted best practice is for risk management to be reported to members on a regular basis.

2.4 External Audit, as part of the annual assessment of the Council's arrangements for securing economy, efficiency and effectiveness (Value for Money) have recommended that the frequency of the review of the strategic risk register should be quarterly.

2.5 The Council's constitution sets out the role of Audit and Governance Committee includes "Monitoring the arrangements for the identification, monitoring and control of strategic and operational risk within the Council" and "consider summaries of specific risk management reports, quarterly."

2.6 Members should view this review in response to the recommendation, and it is proposed that the strategic risk register is included in the work programme for the committee with a quarterly review frequency.

2.7 As an additional measure, the strategic risk register is reviewed by Cabinet on a quarterly basis and is aligned to the wider service and financial performance reporting cycle.

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3. MAIN POINTS

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

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

3.2 The strategic risks facing the Council are set out in Annex A and are considered the risks that could impact the successful achievement of the Council's long-term core objectives, priorities, reputation, and outcomes. These risks are classed as strategic as these are no able to be managed at service level.

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

- 1 risk scored 16 (Red) – Local Plan (No Change)
- 3 risks scored 15 (Red) – Cyber Security, Health and Safety Compliance, Civil Contingency/Major Event (No Change).
- 1 risk scored 12 (Amber) – Financial Sustainability (No Change).
- 9 risks scored 9 (Amber) – Contractor Failure, Compliance GDPR/Data breach, Staff recruitment and retention, Service Standards (LGR impact), Staff capacity (LGR workload), Corporate Plan delivery, Democratic resilience, Fraud & Corruption, PCI/DSS Compliance
- 1 risk scored 6 (Green) – Procurement (reduction in score from 9 to 6).

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

4. FINANCIAL IMPLICATIONS

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

5. LEGAL IMPLICATIONS

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

6. RISK ASSESSMENT

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

7. EQUALITIES IMPACT

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

8. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

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

9. BACKGROUND PAPERS

9.1 None.

(END)

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Cotswold District Council

Strategic Risk Register - June 2026

09/06/2026

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									
POLITICAL																					
CDC_SRR_252601	**Financial Sustainability** The Council is unable to maintain a balanced budget position during 2026/27 due to unavoidable cost pressures, loss of income 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	20-May-2026	20	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 **Exposure to secondary commodities market - seek longer term fixed price deals (although market appetite is low)**	**2026/27** 2025/26 Outturn report - further options on utilising beneficial financial position to support 2026/27. 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 **2027/28** **Review of MTFS post year end (June/July 2026)** **Engagement with Ubico/Publica prior to end of Q1 on expectations for 2027/28** **2027/28 Budget setting actions started earlier**	Risk Reduction	*Risk to Partner Authorities but under control*	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	Remote	2	6	-3	20-May-2026	20	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 July 2026**	Risk Reduction	*Risk to Partner Authorities but under control*	Open	
CDC_SRR_252602	**Contractor Failure - Contract Management** The Council does not effectively manage contracts with major suppliers and results in a failure to deliver services 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	20-May-2026	20	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 & Bradsheet 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	*No impact*	Open	

Cotswold District Council

09/06/2026

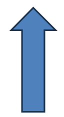
Strategic Risk Register - June 2026

ID	Description of risk / opportunity	Owner	Initial Risk: Impact category	Initial Risk: Impact score	Initial Risk: Likelihood category	Initial Risk: Likelihood score	Initial Risk: Score	Residual Risk (current): Impact category	Residual Risk (current): Impact score	Residual Risk (current): Likelihood category	Residual Risk (current): Likelihood score	Residual Risk (current): Score	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)
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	20-May-2026	20	H&S Team, policy Risk assessments in place **H&S Board minutes standing item on CLT (quarterly)** Risk assessment training 20/05	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 serious data breach	Chief Executive	Major	4	Probable	4	16	Moderate	3	Possible	3	9	0	20-May-2026	20	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 Improvements in Data Breach Reporting (more low level breaches being reported), roll	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	0	20-May-2026	20	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.** **Retention Strategy and updated Flexibility in Pay Policy agreed in April 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	Risk Acceptance & Retention	*Publica Risk*	Open	

Cotswold District Council

09/06/2026

Strategic Risk Register - June 2026

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	0	20-May-2026	20	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)** Mandatory Training to continue to build capacity, training	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 Ongoing dialogue with Cabinet on impact of LGR on BAU	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	Moderate	3	Possible	3	9	3	20-May-2026	20	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** **Impact of 2 LGR areas on staff etc** **Aggregation and Disaggregation workstreams Oxon - asking Districts for staff/input**	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	0	20-May-2026	20	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	

Cotswold District Council

Strategic Risk Register - June 2026

09/06/2026

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_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	20-May-2026	20	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 CEX review with each Cabinet member (with Leader) on what has been done to deliver CP actions and what needs to be done for future delivery	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	
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 Note - 2 different risks on BCPs vs Civil Contingencies?	Chief Executive	Extreme	5	Possible	3	15	Extreme	5	Possible	3	15	0	20-May-2026	20	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	20-May-2026	20	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	0	20-May-2026	20	**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	

Cotswold District Council

09/06/2026

Strategic Risk Register - June 2026

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_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	20-May-2026	20	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	0	20-May-2026	20	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	

	Impact		Likelihood	TOTAL
Total	53.00		45.00	160.00
Average	3.53		3.00	10.67
Previous Total	49.00		43.00	151.00
Previous Average	3.50		3.07	10.79
Change in Total	**4.00**		**2.00**	**9.00**
Change in Average	**0.03**		**-0.07**	**-0.12**

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COTSWOLD
District Council

Council name	**COTSWOLD DISTRICT COUNCIL**
Name and date of Committee	**AUDIT AND GOVERNANCE COMMITTEE – 27 JULY 2026**
Subject	**FIN202603 – ANNUAL GOVERNANCE STATEMENT 2025/26**
Wards affected	All
Accountable member	Cllr Mike Evemy, Leader of the Council Email: mike.evemy@cotswold.gov.uk
Accountable officer	Jane Portman, Chief Executive Email: jane.portman@cotswold.gov.uk
Report author	David Stanley, Deputy Chief Executive & Section 151 Officer Email: david.stanley@cotswold.gov.uk Angela Claridge, Director of Governance and Development Email: angela.claridge@cotswold.gov.uk
Summary/Purpose	This report presents the Audit and Governance Committee with the Annual Governance Statement for 2025/26 and sets out the Action Plan for 2026/27.
Annexes	Annex A – Annual Governance Statement 2025/26 Annex B – Senior Information Risk Owner (SIRO) Annual Report 2025/26
Recommendation(s)	That Audit and Governance Committee resolves to: 1. Endorse the Annual Governance Statement for 2025/26 and the Action Plan for 2026/27 2. Notes the 2025/26 SIRO report
Corporate priorities	All
Key Decision	NO
Exempt	NO
Consultees/	Corporate Leadership Team, Extended Management Team, Leader

COTSWOLD
District Council

Consultation	of the Council, Cabinet Member for Climate Change and Digital Member for

1. EXECUTIVE SUMMARY

1.1 The Annual Governance Statement ("AGS") sets out how the Council demonstrates compliance with the Local Code of Corporate Governance for 2025/26.

1.2 The AGS reports that the Council's governance arrangements are fit for purpose.

1.3 An Action Plan for 2026/27 covers 3 areas – Financial Sustainability, Business Continuity, Procurement.

1.4 Section 5 of the report and Annex B to the AGS summarise and includes the 2025/26 Senior Information Risk Owner (SIRO) report, which was agreed to be included with the AGS by Audit and Governance Committee at their meeting on 27 January 2026.

2. BACKGROUND

2.1 The Audit and Governance Committee is the Committee of the Council charged with overseeing governance.

2.2 The Council reviews the effectiveness of the governance each year to fulfil the requirements of both the applicable regulations (Regulation 4 of The Accounts and Audit Regulations 2011) and the Code of Practice on Local Authority Accounting in the United Kingdom.

2.3 The benchmark against which the review should be undertaken is the seven principles of good governance, as set out in the Governance Framework and shown below:

- **Principle A:** Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- **Principle B:** Ensuring openness and comprehensive stakeholder engagement
- **Principle C:** Defining outcomes in terms of sustainable economic, social, and environmental benefits
- **Principle D:** Determining the interventions necessary to optimise the achievement of the intended outcomes
- **Principle E:** Developing the entity's capacity, including the capability of its leadership and the individuals within it
- **Principle F:** Managing risks and performance through robust internal control and strong public financial management

- **Principle G:** Implementing good practices in transparency, reporting, and audit to deliver effective accountability

2.4 The Council has adopted a Local Code of Corporate Governance which sets out the governance arrangements in place at Cotswold District Council and how the governance principles are evidenced. Cotswold District Council Local Code of Corporate Governance (Reviewed September 2025).

2.5 The annual review of effectiveness and preparation of the AGS will highlight areas of governance that require improvement including any significant gaps, significant governance failures, or areas where arrangements could be easier to understand and comply with.

2.6 The Action Plan outlines how those areas are being addressed in the coming year and beyond where necessary.

3. EXECUTIVE SUMMARY OF THE ANNUAL GOVERNANCE STATEMENT

3.1 The AGS sets out how the Council has demonstrated compliance with the Local Code of Corporate Governance (as approved by Audit and Governance Committee, 30 September 2025).

3.2 The key messages and conclusion of the AGS are:

- The Council has complied with the Local Code of Corporate Governance
- Actions and evidence to support compliance with Principles A to G has been reviewed and updated.
- Actions relating to the 2025/26 Action Plan have been completed with a roll forward Business Continuity with respect to finalising and testing business-critical continuity plans that have been prepared and reviewed in Q4 2025/26.
- Additional controls were agreed in relation to the Council's procurement activity following the report on Procurement to Audit and Governance Committee in September 2025. An Action Plan was agreed with the committee updated in April 2026 on progress.

3.3 It is considered that the governance arrangements for the Council are fit for purpose. These arrangements are reviewed both annually and continuously (as events may dictate) alongside the Local Code of Corporate Governance. These arrangements support the achievement of the authority's Corporate Plan and outcomes as set out.

3.4 The AGS includes an Action Plan for 2026/27 and an outlook on the governance environment that authority operates within.

3.5 The Action Plan for 2026/27 includes 3 areas:

- **Financial Sustainability:** (a) identify and implement efficiency savings to close the budget gap in the Council's MTFS. (b) ensure CDC are in a positive financial position when Unitary Authorities are established on 01/04/2028.
- **Business Continuity:** (a) complete the new BIA Process for the CDC and Publica services. (b) from the BIA, populate the new Business Continuity Plan template for all Council and Publica delivered services. (c) test the business-critical Business Continuity Plans
- **Procurement:** (a) review of PO to Pay Implementation. (b) provision of further Mandatory Training sessions for officers and/or members to include additional content in relation to "Failure to prevent fraud" corporate offence introduced in the Economic Crime and Corporate Transparency Act 2023

3.6 The AGS has been signed on behalf of the Council by the Leader of the Council and the Chief Executive.

4. ANNUAL GOVERNANCE STATEMENT – 2026/27 ACTION PLAN

4.1 An important aspect of the review of the Council's Governance is to consider whether there are any areas of governance that require additional action, improvement or enhancement. These are set out in the Action Plan for 2026/27.

4.2 The Action Plan includes 3 areas of focus:

- **Financial Sustainability:** (a) identify and implement efficiency savings to close the budget gap in the Council's MTFS. (b) ensure CDC are in a positive financial position when Unitary Authorities are established on 01/04/2028.
- **Business Continuity:** (a) complete the new BIA Process for the CDC and Publica services. (b) from the BIA, populate the new Business Continuity Plan template for all Council and Publica delivered services. (c) test the business-critical Business Continuity Plans

- **Procurement:** (a) review of PO to Pay Implementation. (b) provision of further Mandatory Training sessions for officers and/or members to include additional content in relation to "Failure to prevent fraud" corporate offence introduced in the Economic Crime and Corporate Transparency Act 2023

5. SIRO ANNUAL REPORT

5.1 The Council's Senior Information Risk Officer (SIRO) has accountability for ensuring that effective systems and processes are in place to address the Information Governance agenda including records and document management. With completion of phase 1 of the Publica review in November 2024, the role of SIRO moved from Publica to the Council and the role is held by the Chief Executive Officer.

5.2 The SIRO is responsible for the corporate approach to managing information risk including: · acting as corporate champion for information governance, security and data protection · providing a focus for the management of information governance at a senior level · ensuring sufficient professional capacity and expertise is in place · ensuring that the Council has appropriate information security policies in place · providing advice and reports in respect of information security incidents, risks and trends · assessing how the Council's strategic priorities may be impacted by these incidents, risks and trends and how they can be managed, resourced and scrutinised effectively · implementation of the Council's approach to the management, retention and destruction of paper and electronic records.

5.3 The SIRO is supported in this work by the Data Protection Officer (DPO) which is a statutory role required by Article 37 of the UK General Data Protection Regulations (GDPR) and Section 69 of the Data Protection Act 2018 and other compliance and governance officers.

5.4 Annex B includes the full report from the SIRO and is summarised briefly below.

- Information governance arrangements continued to strengthen and mature during 2025/26, moving from establishing controls to embedding good practice across the Council.
- Information governance policies, procedures and guidance were reviewed and updated to remain compliant with legislative and operational requirements.
- Information asset management and records retention arrangements were further enhanced, supporting improved compliance and consistency.

- Staff training and awareness programmes continued, reinforcing responsibilities for data protection, information security and records management.
- Monitoring of information incidents and risk mitigation actions was strengthened, improving organisational resilience and reducing information-related risks.
- Cross-service collaboration ensured information governance considerations were embedded within service delivery, digital transformation and business change programmes.
- No significant information governance failures occurred during the year. Data protection incidents were managed in accordance with established procedures, with lessons learned implemented where appropriate.
- The SIRO is satisfied that information governance arrangements remain effective and continue to improve.
- Key priorities for 2026/27 include:
  - Further development of records management arrangements.
  - Continued training and awareness for staff and elected members.
  - Ongoing review of emerging information and cyber risks.
  - Maintaining compliance with legislation and best practice guidance.
- The SIRO's annual assurance is now incorporated within the Annual Governance Statement, providing enhanced transparency and assurance over information risk management.

6. CONCLUSIONS

6.1 It is considered that the governance arrangements for the Council are fit for purpose. These arrangements are reviewed both annually and continuously (as events may dictate) alongside the Local Code of Corporate Governance. These arrangements support the achievement of the authority’s Corporate Plan and outcomes as set out.

6.2 The AGS includes an Action Plan for 2026/27 and an outlook on the governance environment that authority operates within.

7. FINANCIAL IMPLICATIONS

7.1 There are no financial implications arising directly from this report.

COTSWOLD District Council

8. LEGAL IMPLICATIONS

8.1 There are no legal implications arising directly from this report.

9. RISK ASSESSMENT

9.1 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 2026/27 financial year identified in the AGS provide a clear set of priorities for the continual improvement of governance and mitigation of risk

10. EQUALITIES IMPACT

10.1 An equalities impact assessment is not required for this report.

11. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

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

12. BACKGROUND PAPERS

12.1 None

(END)

1 Executive Summary

Over the past year, the Council has continued to manage high volumes of information requests while maintaining performance and making targeted improvements in turnaround times, reducing information risk and strengthening its overall approach to data and information governance.

Performance has remained broadly in line with statutory requirements, with improvements in case handling and timeliness supporting effective delivery during the reporting period.

Progress has also been made in improving the approach to information governance, information risk and cyber security across the Council and while there are challenges that remain to be resolved, there are clearly defined actions for the future.

This second report provides an update for 2025/26 of the Council's key actions regarding information governance and information risk management.

The report provides both a backward-looking view of the actions, plans, opportunities and challenges related to information risk and governance during 2025/26 and satisfies the requirement for the Senior Information Risk Owner (SIRO) to provide an annual report and a forward-looking view of planned activities for the next year.

2 Background

2.1 Regulatory, Strategy & Policy Framework

The UK GDPR and Data Protection Act 2018 (DPA 2018) are the primary pieces of legislation regulating data protection in the UK.

The proposed Data Protection and Digital Information Bill (DPDI Bill) did not pass through Parliament before the General Election; instead, the Data (Use and Access) Bill received Royal Assent in June 2025. The Data (Use and Access) (DUA) Act 2025 complements, rather than replaces, existing legislation like the UK GDPR and the Data Protection Act 2018. The Act aims to make it easier and more secure for data to be shared and used, such as through new Smart Data schemes and digital verification services.

Key actions from the DUA Act 2025:

Key Changes	Plans	Responsible Officer
Subject Access Requests (SARs) – The Council must now only conduct "reasonable and proportionate" searches. The time limit for responding can also be paused if the Council needs more information from the requester.	We have updated our internal SAR procedures and we are now compliant with the DUA Act.	Compliance Manager
Cookies: Exemptions have been created for certain cookies, such as those used for statistical purposes, to be used without user consent.	The Council Cookies Privacy Notice has been updated with DUA requirement. This action has been completed.	DPO
Automated decision-making: Restrictions on automated decision-making have been relaxed, allowing for broader use of these systems, though safeguards are still required.	Automated decision-making review undertaken on Council processing activities completed. Privacy Notices have been updated.	DPO
Internal complaints procedure: Council is now required to have an internal complaints procedure for data protection issues. Individuals must complain to the organization first before escalating to the Information Commissioner.	We have updated our internal complaint process and aligned all data protection complaints received with our generic complaints process. We are compliant with the DUA Act.	Compliance Manager

The Information Commissioner's Office (ICO) has undergone several internal structure changes, most recently with the introduction of the DUA Act 2025. The new structure is called the Information Commission (IC).

IC has announced a set of commitments to support the government's growth agenda. These include introducing a statutory code of practice for businesses developing or deploying Artificial Intelligence (AI); simplification of the Privacy and Electronic Communications Regulations (PECR) consent requirements (which mainly relate to cookies and other tracking technology) and publishing new guidance on international data transfers.

The above matters continue to be monitored by the ICT Audit & Compliance Manager (Data Protection Officer (DPO)), who will update the Corporate Leadership Team as required. Privacy & Electronic Communications Regulations (PECR) consent requirements:

Key Actions Required	Plans	Responsible Officer
General rule: The Council will need prior consent to send unsolicited direct marketing to individuals.	Consent Review Marketing activities completed July 25. Council Communication service 'Communicating with our residents' website pages and Privacy Notice updated with PECR consent requirements Sept 25.	DPO
Existing customers: The Council can email existing customers with marketing for similar services without consent, provided they had the chance to opt out when their details were collected and are given an easy way to opt out of future marketing	The Council's Communications services marketing procedures are now compliant with PECR consent requirements. Review completed by DPO in Aug 25.	DPO
Obtaining consent: The Council required to have reliable method is to provide opt-in boxes where individuals can clearly indicate they want to receive marketing. **Opt-out:** All marketing communications must include a simple way for recipients to unsubscribe.	The Councils Communications services Consent marketing procedures is now compliant with PECR consent requirements. Review completed by DPO in Aug/Sept 25.	DPO

The Council's vision for managing information, the principles supporting that vision and the context and challenges faced by the Council are detailed in the relevant policies and guidance documents:

Policy	Review	Responsible Officer
Data Breach Policy & Procedures – Compliance with UK GDPR Article 33 & 34	Completed June 2025	Compliance Team
Council & Publica Privacy Notices - Compliance with UK GDPR Article 5 (Data Protection Principles) & DUA Act 2025 update	March 2027: On-going review of 60 Privacy Notices	Compliance Team
Data Protection Policy – Compliance with UK GDPR Article 5 (Data Protection Principles) & DUA Act 2025 update	July 2026	DPO
Information & Data Retention Schedule - ensures compliance with Article 5(1)(e) of the UK GDPR by establishing and enforcing rules for how long personal data is kept, ensuring it is not stored longer than necessary for the original purpose	On-going full review of all Retention Schedules. Completion expected by September 2026.	Compliance Team

Policy	Review	Responsible Officer
ICT Acceptable Use Policies – ensures compliance with UK GDPR Article 5, Article 32 Security of processing, Computer Misuse Act 1990 (UK), Malicious Communications Act 1988	March 2026	ICT Audit & Compliance Manager/DPO
Record of Processing Activities – which is a detailed written log of all personal data processing, ensures Compliance with Article 30 of the UK GDPR	September 2026	Compliance Team

2.2 Roles & Responsibilities

The Chief Executive Officer has the role of SIRO; their responsibilities include:

- working closely with the DPO.
- overseeing the strategic management of information-related risks.
- ensuring alignment with business objectives.
- promoting a culture that protects information.
- owning information risk management policies and processes; ensuring they are implemented.
- advising on information risk management processes and assurances.
- owning the ICO incident management framework.
- producing an annual report on information risk and governance, covering progress and plans, of which this is the first.

The SIRO's overall role is supported by the Director of Governance & Development and the internal Governance Group.

The Data Protection Officer (DPO) is a statutory role required by Article 37 of the UK GDPR and Section 69 of the Data Protection Act 2018 to monitor internal compliance, inform and advise on data protection obligations, provide advice regarding Data Protection Impact Assessments (DPIAs) and act as a contact point for data subjects and the Information Commissioner.

3 Looking Backwards

3.1 Data Breaches

Most breaches during the year were assessed as low risk and were managed in line with established procedures. None met the threshold for formal reporting to the ICO. Training and awareness activity has continued to support staff in reducing both the occurrence and impact of breaches.

	2025/26			
	Q1	Q2	Q3	Q4
Total Breaches	4	1	4	1
Low Level	3	-	4	1
Medium Level	1	1	-	-
High Level	-	-	-	-

3.2 Subject Access Requests

The Council has maintained strong compliance with statutory requirements for Subject Access Requests, with the vast majority completed within the legal timeframe or permitted extension, with only a single isolated case missed.

Where requests remained open during the year, this was due to case complexity or the need to obtain further information or identification from the requester, rather than delays in processing. Overall, this supports continued progress in turnaround performance and effective case management.

	2025/26			
	Q1	Q2	Q3	Q4
Requests Received	5	4	4	2
Requests Completed & Issued	2	2	3	2
Requests Open/On Hold*	3	2	1	1

3.3 Access Controls

Access controls are the mechanisms and policies that determine who or what is permitted to access specific resources such as data, applications and physical locations. It is a security measure that verifies the user's identity (authentication) and then grants or denies access based on predefined rules and permissions (authorisation). Starters, leavers and transfers are crucial security processes which ensure starters are onboarded with the correct access, existing staff who move jobs have the correct access and those who leave the organisation have their access revoked.

3.4 Data Retention

Effective management of Council records is essential to support service delivery, meet legal requirements and manage information-related risks. Following a SWAP Audit, a Council-wide review of our current Retention Schedule was undertaken in 2025/26.

The SWAP Audit recommended that each service area should review the systems they use, and the data and documents they hold to ensure they are held in accordance with the retention schedule and legislation. We have reviewed all data processing and redrafted retention schedules with all service areas. This task is expected to be fully completed by September 2026 and going forwards will be reviewed six monthly to ensure it remains current. The Council also maintains its Information Asset Register, providing a key governance mechanism for overseeing information assets and associated risks.

3.5 Data Destruction

Departments continued to conduct routine destruction of information assets in line with approved retention schedules, using established procedures to ensure the secure disposal of both digital and physical records.

3.6 Freedom of Information/Environmental Information Requests

Under the Freedom of Information Act (FOIA) and Environmental Information Regulations (EIR), individuals are entitled to ask the Council for a copy of information it holds.

Request volumes remained high throughout the year, with performance broadly maintained against statutory timescales and improving towards the end of the reporting period.

	2025/26			
	Q1	Q2	Q3	Q4
Requests Received	121	133	121	144
Answered within 20 days	106 87.6%	118 88.7%	95 78.5%	132 91.7%
Answered after 20 days	15 12.4%	15 11.3%	26 21.5%	12 8.3%

3.7 Training & Awareness

Communications related to data security, cyber security and phishing are a regular communication topic for all officers and elected members. Over the past year there has been communication related to these topics which is raising awareness and both data protection and cyber training is a mandatory part of each new staff's induction programme with annual refreshers for existing staff.

Data protection and cyber training are both also part of the members' development programme. Members are encouraged to undertake the training online themselves but in addition, specific member sessions are organised whereby they can join for additional briefings. The sessions are hybrid to maximise attendance.

Completion rates for the annual training programme have a target of 95% for Cyber Security & Data Confident (GDPR) training, actual achieved is 100%. The Information Commission does not set a specific "target rate" for GDPR training completion but expects training to be ongoing and effective.

Messages through a variety of communication channels are provided to staff alerting them to the need to protect personal data, be vigilant around cyber security and to use data appropriately. Cyber awareness and data confidence training are mandatory training for all staff and reviews are undertaken by managers to ensure compliance.

3.8 Data Sharing Requests

The Council continues to collaborate closely with partner organisations and shares data where appropriate to support service delivery. Requests for the disclosure of information about identifiable individuals, including those made under Schedule 2 or to confirm a person's status, were assessed on a case-by-case basis to ensure a clear legal basis for sharing and full compliance with data-protection requirements.

Data Sharing Agreements were developed and updated for both short and long-term initiatives across a range of departments, with appropriate safeguards and privacy notices in place to ensure the public remains informed about how their information is used.

In preparation for Local Government Reorganisation (LGR), Memorandums of Understanding for Data Sharing across Gloucestershire are being prepared and signed by all relevant authorities.

3.9 Data Policies & Guidance Documents

Policy	Review	Responsible Officer
Data Protection Policy – Compliance with UK GDPR Article 5 (Data Protection Principles) & DUA Act 2025 update	July 2026	DPO
Data Breach Policy & Procedures – Compliance with UK GDPR Article 33 & 34	June 2025	Compliance Team
Information & Data Retention Schedule - ensures compliance with Article 5(1)(e) of the UK GDPR by establishing and enforcing rules for how long personal data is kept, ensuring it is not stored longer than necessary for the original purpose	September 2026	Compliance Team
ICT Acceptable Use Policies – ensures compliance with UK GDPR Article 5, Article 32 Security of processing, Computer Misuse Act 1990 (UK), Malicious Communications Act 1988	March 2026	ICT Audit & Compliance Manager | DPO
Council & Publica Privacy Notices - Compliance with UK GDPR Article 5 (Data Protection Principles) & DUA Act 2025 update	March 2027	Compliance Team
Record of Processing Activities – ensures Compliance with Article 30 of the UK GDPR	September 2026	Compliance Team

3.10 Cyber Security

Cyber Security is reported via the Council Audit and Governance Committee annually.

Additional briefings for councillors and senior officers are available on request.

The Council operates a dedicated Cyber Security Team as part of its shared service arrangements with other Councils. This allows the Team to attract and retain staff with industry recognised Cyber Security qualifications. Investment by the Council has ensured the security solutions deployed are suitable for the task and configured correctly.

The Council obtained its Annual Public Sector Network (PSN) Code of Compliance certification in June 2025 and is in the final stages of submission for 2026. This process includes security assessment by third party experts both internally and externally. The Cabinet Officer reviews the results of these assessments.

The Council achieved the MHCLG Cyber Assessment Framework (CAF) Ready status in 2024. As a result of the preventative measures taken, there were no cyber security incidents that had a negative impact upon the Council in 2025/26.

4 Looking Forward

4.1 Strategic Direction - Future Programme of Work and Key Focus Areas

The strategic direction for information risk is to reduce information risk across the Council and associated organisations by ensuring that the right practices are in place and accountabilities understood. Key areas of focus continue to be:

- Risk Register
- Internal Audit
- External Audit
- Data Retention and Destruction
- Other regulator observations
- LGR and data sharing
- ICT environment (emphasis on shared platforms and data security)
- AI
- Microsoft 365 Implementation and Windows 11 Rollout

4.2 Staff Awareness

People are the first line of defence and the weakest link. Ongoing education and awareness of the importance of maintaining vigilance around cyber will continue. The approach to updates via regular communication to remind officers and members of the need for vigilance will continue,

4.3 Risk Register

The Council's strategic risk register is maintained by responsible officers which is regularly reviewed by the Corporate Leadership Team. The register includes a

'Compliance – GDPR/Data Breach' section which mitigates the risk of the Council not having adequate internal controls around the management of its data resulting in a data breach.

4.4 CCTV

A review of the CCTV Compliance policy will be undertaken to ensure adherence to legislation as well as updates to the CCTV register.

4.5 AI Policy & Board

In Spring 2026, Cabinet approved an AI Policy which includes creating an AI Board of which the SIRO is a member.

The AI Board will provide strategic oversight and governance for the adoption, use and assurance of artificial intelligence across the Council. The Board will ensure that AI is adopted in a responsible, practical and cost-effective way, consistent with the Council's approved AI Strategy, policy framework and wider governance arrangements.

The increasing use of AI represents a significant extension of the Council's information risk landscape. As SIRO, assurance is required that AI systems be underpinned by lawful data use, clear accountability and appropriate governance controls. This includes managing risks relating to data protection, security, bias, and the integrity of decision-making, ensuring that AI-enabled activities remain transparent, compliant, and aligned with statutory responsibilities.

4.6 Emerging Risks

The information risk landscape continues to evolve, with particular focus on emerging risks including AI, increasing data volumes, and the complexity of shared systems.

5 Concluding Comments

The Council continues to operate in a challenging environment with growing cyber threats, constantly changing digital world and increasing pressure to do more with less. Embracing the use of digital tools and data is critical, along with ensuring that officers can be the vital first line of defence. Maturing the way in which data and information are managed and supporting this with effective processes and policies are some of the tools in the arsenal. Teams continue to make progress in enhancing the measures taken to mitigate information risk, uplift understanding of officers and to ensure that robust cyber security measures are in place.

Collaborative efforts across various teams have resulted in strengthened controls, improved training and a more resilient infrastructure. Ongoing improvements to maintain momentum will allow the Council to keep improving the stance towards information risk and ensure that we keep our resident data safe and secure.

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ANNUAL GOVERNANCE STATEMENT 2025/2026

1. SCOPE OF RESPONSIBILITY

Cotswold District Council ('the Council') is responsible for ensuring that:

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

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

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

In 2024/25, the Council developed and approved a Local Code of Corporate Governance ('the Code'), which was consistent with the core principles and sub-principles as set out in the CIPFA/SOLACE "Delivering Good Governance in Local Government: Framework (2016)" ('the Framework'). This statement explained how the Council has complied with the Code and also meets the requirements of Regulation 6(1)(a) of the Accounts and Audit Regulations 2015 (England) which requires the Council to conduct a review at least once a year on the effectiveness of its system of internal control and include a statement reporting on the review with any published Statement of Accounts. The Local Code of Corporate Governance is reviewed annually, and in 2025/26 it was revised to include the addendum to the 'Delivering good governance in local government: framework published by Solace in May 2025. The application of this addendum is for annual governance statements for 2025/26 onwards.

In the addendum, CIPFA and Solace recommend that authorities adopt a local code of governance which sets out their governance arrangements, showing how governance principles are put into practice at their authority. The code should:

- clearly align to the principles in Delivering Good Governance in Local Government: Framework,
- take account of the best value statutory guidance or other statutory requirements of the appropriate national government
- be up-to-date and reviewed regularly to ensure it takes account of changes in the authority and its environment,
- identify what arrangements the authority has put in place to achieve each principle, so it is specific to the authority,
- include values and behaviours as well as processes, as these influence the authority's culture,
- include how the code is reviewed and updated.

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

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

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

The system of internal control is a significant part of the governance framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to:

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

The governance framework has been in place at the Council for the year ended 31 March 2026 and up to the date of approval of the Annual Statement of Accounts.

During 2025/26, the residents of Cotswold have continued to face the challenges presented by the cost-of-living crisis. The Council has adapted the delivery of its services to meet the changing needs of the residents whilst coping with the financial challenges faced by all local authorities. In previous years, the Council has received single year financial settlements which restrict our ability to confidently plan for more than one year in advance. With Local Government Reorganisation planned for 1 April 2028, the Council has received a three-year funding (final) settlement on 9 February 2026, covering the financial years 2026/27 through to 2028/29. Year 1 and 2 of the settlement period apply to Cotswold District Council with Year 3 covering the new unitary council. This provides greater certainty on the budget position as we head towards LGR.

General and wage inflation puts additional pressure on the financial position of the Council, however, the most significant challenge over the next two years will be to support the creation of new unitary council(s) in Gloucestershire whilst ensuring we continue to deliver on our priorities for the residents of Cotswold.

3. THE GOVERNANCE ENVIRONMENT

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

- Identifying and communicating the Council's vision of its purpose and intended outcomes for citizens and service users;
- Reviewing the Council's vision and its implications for the Council's governance arrangements;
- Measuring the quality of services for users, ensuing that they are delivered in accordance with the Council's priorities and ensuring that they represent the best use of resources;
- Defining and documenting the roles and responsibilities of Cabinet, Non-Executive including Scrutiny and Officer functions, with clear delegation arrangements and protocols for effective communication;
- Developing, communicating and embedding codes of conduct, defining the standards of behaviour for Members and employees;
- Reviewing and updating Financial Rules, Contract Rules, Schemes of Delegation, Codes and Protocols, which clearly define how decisions are taken and the processes and controls required to manage risks;
- Ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained;

- Ensuring the Council's financial management arrangements conform with the governance requirements of the *CIPFA* Statement on the Role of the Chief Financial Officer in Local Government (2015);
- Undertaking the core functions of an Audit and Governance Committee, as identified in CIPFA's Audit Committees: Practical Guidance for Local Authorities;
- Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful;
- Arrangements for whistleblowing and for receiving and investigating complaints;
- Risk based Internal Audit Strategy and Annual Plan;
- Identifying the development needs of Members and Senior Officers in relation to their strategic roles, supported by the appropriate learning and development opportunities;
- Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation;
- Incorporating good governance arrangements in respect of partnerships, including shared services and other joint working and reflecting these in the Council's overall governance arrangements;
- Reports from external bodies such as the Local Government & Social Care Ombudsman, HM Revenue & Customs, Information Commissioner, Investigatory Powers Commissioner and Planning Inspectorate;
- Overview & Scrutiny Committee represents a public forum through which Councillors can monitor the implementation of the Council's policies and the quality of its services; make recommendations on the discharge of the Council's functions and/or matters effecting the district and hold the Executive to account for their decisions and actions;
- Ensure we comply with the addendum 'Delivering good governance in local government: framework' published by Solace in May 2025.

The main areas of the Council's governance framework, and the key evidence of delivery, are set out below, under the headings of the core principles and sub-principles from the CIPFA/SOLACE "Delivering Good Governance in Local Government: Framework (2016) and addendum (2025).

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

- Behaving with Integrity
- Demonstrating strong commitment to ethical values
- Respecting the rule of the law

- The roles and responsibilities of Members generally and all office holders are set out in the Council's Constitution, along with the way in which the various elements of the Council interact and complement each other. The Constitution is supported and underpinned by a separate Code of Conduct for Members and a joint Member / Officer Protocol, which sets out guidelines as to behaviour and practical issues. This is further supported by the Council's Employee Code of Conduct and Publica's[1] Business Conduct rules which set out guidelines for staff behaviour.

- The Council's Constitution is kept under constant review. During the year, an Appeal Committee was established, amendments were made to the Planning Protocol, the Standards Hearing Procedure Rules were updated, and changes were made to the membership of the Planning and Licensing Committee. This process is overseen by the Constitution Working Group which has a busy programme of work and recommends improvements and updates to full Council. Included in the Constitution is a Member Code of Conduct to promote and maintain high standards of conduct.

- In 2025/26 full Council adopted an updated Risk Management Strategy and a more robust Risk Register. Quarterly updates were provided to Audit & Governance Committee and Cabinet of the Strategic Risk Register. The Council's Contract Procedure Rules was amended to reflect the new Procurement Act 2023 and adopted in March 2025.

- A Procurement Action Plan was agreed by Audit & Governance Committee in September 2025 in response to the investigation into procurement activity. The plan outlined 9 actions with implementation deadlines and relevant lead officers as a robust and urgent response to the issues highlighted. An update against the plan actions was provided to Audit and Governance Committee in April 2026.

[1] Publica Group (Support) Limited is a local authority owned company, jointly owned by Cheltenham Borough Council and Cotswold, Forest of Dean and Cotswold District Councils.

- Completed actions have strengthened the internal control environment for procurement activities. The Internal Audit Plan for 2026/27 includes a review of the controls in relation to procurement activities of the Council and Publica. Procurement is also part of the Internal Audit Plan of continuous and annual reviews.

- Introduction of Procurement Toolkit developed to reflect requirements under the Procurement Act 2023.

- Declarations are made at meetings by Members, where appropriate, and are recorded in the minutes of the meeting and on the Council website. The Members' Code of Conduct requires Members to complete a register of interests and these are also recorded and published on the Council website.

- The Council maintains a central register of all gifts, hospitality and sponsorship offered to Members and officers, with mandatory declaration requirements and clear thresholds. Anything over £25 requires approval from the Council's Monitoring Officer.

- Policies and procedures are in place, which are reviewed periodically and / or as changes are made to ensure compliance with laws, regulations and best practice.

- The Monitoring Officer and Section 151 Officer report directly to the Chief Executive and are members of the Corporate Leadership Team (CLT).

- Internal audit reviews are designed to ensure services are complying with internal and external policies and procedures / statutory legislation. Where non-compliance is identified, this is reported to Management and to Members via the Council's Audit & Governance Committee.

- Following the transition of services from Publica to the Council, several HR policies have been updated in the light of legislative changes or organisational requirements. This included developing and adopting a number of Council specific HR policies since January 2026 where gaps existed post transfer.

- The Whistleblowing Policy was included within the Constitution in 2024/25 and is now managed, monitored and reviewed as required. It has recently been updated (February 2026) following changes in legislation.

- A Counter-Fraud and Enforcement Unit, which delivers services across Gloucestershire, is hosted by this Council to help prevent and detect fraud and corrupt practices, including misuse of power. This service reports to the Audit & Governance Committee twice a year.

- An annual report providing summary information on Member Code of Conduct Complaints is considered by the Audit and Governance Committee.

- There are safeguards in the Constitution for handling planning and licensing applications from Members and Officers and the Probity in Planning Guidance was adopted by Council in 2024/25.

- As part of the transition of services from Publica back to the Council on 1 November 2024 and 01 July 2025, a dedicated Council Communications Team is now in place. As part of this, the Communications Strategy for the Council has been reviewed and updated to ensure communications are reaching our residents. Following the transition of services from Publica back to the Council on 1 November 2024, a dedicated CDC communications team has been established. As part of this, the Council's Communications Strategy has been reviewed and refreshed to strengthen engagement with residents and enhance internal communications with employees.

- A new Governance Group has been established following the transition of services back to the Council which is focused solely on the Council rather than across the Publica partnership. This ensures sufficient focus and scrutiny is given to our internal governance arrangements.

- Public meetings are minuted, with decisions and key actions recorded appropriately. The Council continues to publish key decisions in line with legal requirements and best practice. The Council provides regular updates to Members through a programme of monthly member briefing sessions on key Council services and major issues affecting the district (e.g. local government reorganisation and devolution). This is supplemented by the introduction of a Members newsletter and a revamped Members Portal (an online point of access to information Members may need to carry out their role effectively.

- There is an annual programme of member training which is overseen by the Members Development Strategic Steering Group. Members also now have access to selected courses via the Council's e-learning platform iHasco and are signposted to external training opportunities e.g. through the LGA, Centre for Public Scrutiny and South West Councils.

- The Communications Service remains fully mobilised to ensure communications through all our channels to support public health advice / information /

messaging and Council service and support information to reach audiences externally and internally.

- In line with the new addendum to the 'Delivering good governance in local government: framework was published by Solace in May 2025; a review of the Local Code of Corporate Governance will be undertaken during 2026/27 to ensure compliance.

B. Ensuring openness and comprehensive stakeholder engagement

- Openness
- Engaging comprehensively with institutional stakeholders
- Engaging with individual citizens and service users effectively

- Annual accounts are published in accordance with the reporting timescales as set out in the Accounts and Audit Regulations (2015) and guidance from MHCLG/CIPFA.
- The Council's Corporate Plan 2025 - 2028 was reviewed and adopted in October 2025. This is available on the Council website setting out the Council's vision and corporate priorities.
- The Council has appropriate arrangements in place to comply with the Local Government Association's pre-election guidance. During the pre-election period, additional controls are applied to decision-making, communications and the use of Council resources to ensure political impartiality and fairness. Clear guidance is issued to Members and officers, with oversight and advice provided by senior officers, including the Monitoring Officer. These arrangements provide assurance that the Council continues to operate lawfully, transparently and with due regard to public confidence during the election period.
- All Committee, Cabinet and Council reports clearly outline their purpose, so the community can understand what is trying to be achieved. Reports also address financial, legal, equalities, risk and climate and ecological implications to aid understanding of the potential impact of their recommendations.
- The roles and responsibilities of the Cabinet, Non-Executive, Scrutiny and Officer functions are defined in the Council's Constitution.

- The relationship between Overview & Scrutiny Committee and Cabinet is important to the overall governance arrangements of the Council. To support this, an annual Overview and Scrutiny Committee report is presented to Full Council to demonstrate the impact of Overview and Scrutiny and the effectiveness of the Executive/Scrutiny Protocol (Part E10 of the Constitution). The Chair of the Overview and Scrutiny Committee is drawn from outside the controlling political group.

- A Scheme of Delegation of powers to Officers is included within the Constitution.

- The Council has a planning protocol which sets out guidance for both Officers and Councillors when determining Planning applications, specifically those which come before the Planning and Licensing Committee for decision. The protocol sets out the conditions for Members to refer applications within the District to the Planning and Licensing Committee. Referrals are reviewed by a Review Panel which considers which applications should proceed to the Committee. The Minutes of the Review Panel are circulated to all Members.

- Communication channels for Council and Publica employees include one-to-ones and team meetings. Corporate communications include weekly update emails and an online portal. All Staff Briefings are held on a 6-weekly cycle.

- A Customer Feedback form is available publicly for handling comments, complaints and compliments and the Council's website includes different ways for customers to give feedback or access services. A customer satisfaction survey was carried out on the telephone service provided, with the Council receiving high satisfaction scores being ranked third in the country.

- The People & Culture Strategy 2025 – 2028 was developed and, together with four core workforce values, approved by Cabinet in September 2025.

- A new customer complaints process was introduced in April 2025 which complies with the newly published Ombudsman Code for Complaint Handling.

- Ensuring clear channels of communication with all sections of the community and other stakeholders.

- A protocol for webcasting all Council Committee Meetings was approved in January 2024 at Full Council enabling greater transparency and community engagement in Council Meetings following the refurbishment to the Council Chamber into a multi-functional venue. This continues to be in place.

- The ability for members of the public to ask questions at Cabinet, Full Council and Committee meetings.

- A report is produced quarterly regarding the performance of the Council's services and the achievement of its aims and objectives. The report is presented to the Cabinet, discussed at the Overview & Scrutiny Committee and published on the Council's website. The format of the report has been enhanced to provide a narrative and clearer information on Council priorities and key performance indicators.

- The Council publishes transparency data on its website which includes supplier payments, service structure charts and the Annual Pay Policy Statement. Where data is not available in the published data sets, instructions are available on how to make a Freedom of Information requests and the procedure that will be followed to answer the requests.

- Corporate Leadership Team (CLT) and Extended Management Team (EMT) meetings provide senior-level oversight of performance, risk and delivery. These forums support collective challenge, informed decision-making and alignment across services, providing assurance that corporate priorities are being effectively managed and key controls are operating as intended.

- The Council operates formal Overview and Scrutiny arrangements through which the performance of key strategic partners is monitored. Partners are required to attend Overview and Scrutiny Committee to present performance reports, provide assurance on the delivery of agreed outcomes and respond to Member challenge. This control provides effective oversight, supports transparency and accountability, and enables the early identification and management of performance risks within partnership arrangements.

- The Council has introduced employee surveys and feedback to provide a culture of internal challenge and self-assessment.

- Performance of services is challenged internally and improvement plans put in place where services are underperforming.

- Consultation and engagement are undertaken with residents, service users and stakeholders. This includes the budget consultation and extensive engagement of the Local Plan.

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

- Defining outcomes
- Sustainable economic, social and environmental benefits

- The Council's vision and corporate priorities are contained within the Council Plan 2025 - 2028 which was adopted by Council in October 2025. This sets out the high-level areas of focus, and what the Council hopes to achieve on its own or in partnership with others. These priorities are supported by the Code of Corporate Governance as good governance should underpin all the work of the Council.
- Service plans are in place for all services delivered directly by Cotswold District Council and our partner, Publica.
- An annual business planning process is also conducted by Publica, which is informed by the corporate priorities, legislation and government guidance.
- Detailed proposals arising from the corporate priorities are individually assessed and are included within decision making reports.
- Budget Procedure Rules have been adopted to ensure full engagement in the budget cycle.
- Contract Procedure Rules have been updated and approved by Council following the implementation of the Procurement Act 2023 and adopted in 2025. All relevant officers have been trained in the new legislation and a toolkit is available to guide officers through the process.
- The financial implications of delivering against the Council's priorities are included within the Council's Medium Term Financial Strategy ('MTFS'), revenue budgets and capital programme. These key financial documents are updated annually during the budget setting process. Variance to budget is reported quarterly.
- As part of its MTFS the Council assesses its forecast financial position and updates its assumptions about the resources available to, and the investment needs of, the Council.
- The Council's MTFS (February 2026) indicates the Council has a budget gap from 2027/28 due to constrained funding and pressures on service delivery and

costs. Mitigation measures will be considered by the Council during 2026/27 ahead of members approving the 2027/28 budget in February 2027. ● The Corporate Leadership Team and Officers are representing Cotswold District Council on the LGR programme for Gloucestershire. ● A new Operational Forum has been introduced in 2025/26 to monitor and manage the performance and delivery of our partner, Publica.
D. Determining the interventions necessary to optimise the achievement of the intended outcomes ● Determining interventions ● Planning interventions ● Optimising achievement of intended outcomes
● The Council, with three other councils, works in partnership with Publica Group (Support) Ltd to deliver services. Where appropriate, processes have been or are being aligned to ensure consistency across the partner councils, without compromising local priorities. In recognition that Publica is a significant contractor of the Council, the Council monitors its performance by: — Considering Publica's Annual Report at Council and the draft Business Plan at the Overview and Scrutiny Committees and Cabinet in February/March each year; — Requiring representatives from Publica to attend the Overview & Scrutiny Committee to support discussion on quarterly performance and other reports; — Inviting Publica senior officers to attend monthly Informal Cabinet meetings to discuss progress against the Business Plan and Corporate Plan ● A review of Publica was undertaken, and in response to this, a number of services were transferred from Publica to direct Council delivery. All other services continue to be delivered by Publica.

- The Council continues to secure savings through a Savings and Transformation Programme.
- Service plans are now in place for the Council and Publica and are aligned to the delivery of Council priorities. These also include any short and medium projects, resources, finances, risks and key performance indicators.
- The Council is also a Shareholder in Ubico, which delivers the Council's environmental services including waste and recycling collection services. The Council is focusing on ensuring effective governance arrangements are in place for this wholly owned company.
- The Council has processes in place to identify and respond to external changes, for example: changes to legislation and regulation, emerging risks and opportunities. Corporate processes such as risk management, performance management processes, budget monitoring and other management processes are designed to capture and incorporate these external factors and to enable the Council to respond appropriately.
- The strategic risk register is reviewed regularly by the Corporate Leadership Team and reported to the Audit & Governance Committee and Cabinet as part of performance and financial reporting. This has been reviewed to ensure all required risks are escalated and reported.
- Projects and services retain their own risk registers and escalate risks to the Corporate Leadership Team and Publica as appropriate for consideration. The Corporate Leadership Team reviews risk registers bi-monthly and escalates any emerging risks to the strategic register which is considered by Audit & Governance Committee on a quarterly basis. Significant progress has been made in improving the identification and reporting of risks and improved communication and processes to ensure risks are appropriately escalated to the strategic register and visible to the Corporate Leadership Team.
- Key performance indicators are measured and reported quarterly. Significant work has been undertaken to develop service performance reports which are presented to the Cabinet and the Overview & Scrutiny Committee. Improvement plans are put in place for any services which are identified as underperforming.
- Budgets are prepared annually in accordance with objectives, strategies and the MTFS, following consultation with residents, Members and Officers. The financial procedures rules were fully reviewed and amended in November 2023.

- The MTFS is a live document and is reviewed, updated during the financial year to respond to the changing environment.
- The Council has processes in place to assess its performance including lessons learnt to ensure continuous improvement and value for money.
- Procurement processes are in place which include social value.
- As we move forward, we will continue to analyse the impact of the cost-of-living crisis and how that may impact our strategic priorities. The Council will continue to work with residents and local businesses to review and respond to their changing needs.

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

- Developing the entity's capacity
- Developing the capability of the entity's leadership and other individuals

The Council has developed a People & Culture Strategy to ensure it has the right employees, in the right places to deliver its services and the Council Plan, building on the work delivered through Publica. It also includes how the Council supports its employees, helps them develop professionally and manage performance.

- The Constitution contains schemes of delegation at Member level covering the Council, Cabinet, individual Cabinet Members and other committees. Similarly, there is a scheme of delegation for officer decisions at Cabinet, Non-Executive and Regulatory meetings. These are reviewed and revised as structures at Council and Officer level change.
- Financial Procedure Rules are in place and are reviewed as required.
- An induction programme is available to new employees and Members. Training is also provided for both Members and Officers on an on-going basis as appropriate and necessary. Members on certain Committees (e.g., Planning, Standards and Licensing) are required to undertake training before attending the Committee meetings, and to attend further training to remain up to date and improve their knowledge. Leadership training is made available to Cabinet Members through the Local Government Association.

- Officers undertake regular 1-2-1 meetings with their line manager. As part of these meetings, officers discuss work plans/tasks and any training requirements associated with the successful delivery of the work plan. Officers are encouraged to complete Continuing Professional Development as relevant to their professional qualifications with the Head of Human Resources responsible for the Corporate Training budget and the process for allocating funding agreed with CLT to ensure that training can be undertaken to maintain skills and knowledge.

- Training is also provided for officers on an on-going basis as appropriate and necessary with CPD being undertaken by officers accredited to professional bodies.

- The Chief Executive (Head of Paid Services), the Section 151 Officer, the Monitoring Officer and the Leader of the Council have clear statutory responsibilities. Roles and responsibilities are contained within the Constitution along with the Member/Officer Protocol and Monitoring Officer Protocol. The Solace, CIPFA and Lawyers in Local Government (LLG) publication "Golden Triangle: Governance Roles & Responsibilities" was published in August 2025. This document has been reviewed by the three statutory officers to improve transparency and understanding between their roles.

- A Corporate induction is in place for officers and members.

- Publica provides learning and development services to Cotswold District Council employees. This includes mandatory, developmental and an annual training brochure. The Council also utilises the apprenticeship levy.

- Health and well-being initiatives are in place, including an Employee Assistance Programme, Menopause support and champions, and well-being advocates. The well-being offer is continually reviewed to ensure it meets the needs of our employees, especially as we go through LGR.

- The iHasco online training facility has been further developed to create a suite of mandatory and service specific training. Selected courses can now also be accessed by Members.

- Democratic Services routinely identifies suitable training opportunites for Members from the Local Government Association, Centre for Public Scrutiny, CIPFA, South West Employers and others.

- Mandatory Officer Cyber Ninja training has been undertaken with a specific tailored on-line module created for and rolled out to Members. Data Protection

training has also been rolled out to Members during 2025/26. Renewal training is being rolled out in 2026/27. ● Development Pathways are now in place across the organisation. Including Leadership and People Skills, this is supported with accredited ILM Leadership and Management Training. All Senior Managers have received Carbon Literacy training with silver accreditation being achieved and gold being targeted for 2026/27.
F. Managing risks and performance through robust internal controls and strong public financial management ● Managing risk ● Managing performance ● Robust internal control ● Managing data ● Strong public financial management
● The Council reports regularly on activities, performance and the Council's financial position through reports to its Cabinet and Committees. Timely, objective and understandable information about the Council's activities, achievements, performance and financial position is provided. This includes publication of: ➢ Quarterly Performance Reports, publicly reported to the Cabinet. ➢ Auditor's Annual Report covering audit conclusions and highlights the key findings arising from the external auditor's value for money work. ➢ Annual Statement of Accounts (which are subject to an external audit and opinion) including an Annual Governance Statement. ● The Corporate Leadership Team reviews the Strategic Risk Register on a quarterly basis and also presents the Strategic Risk Register to Members. The Strategic Risk Register is reported to the Audit & Governance Committee on a quarterly basis.

- A revised Risk Management Policy was presented and approved by Audit and Governance Committee on 27/05/2025.
- Risks are identified when undertaking Internal Audit reviews and reported when necessary. The Council, through the Leadership Team, is able to flag any areas of concern to be added to the work of the Internal Audit team in the coming year.
- The work of the Internal Audit team is reviewed and challenged by both the Leadership Team and the Audit and Governance Committee.
- Performance Management measures the quality of service for users to ensure services are delivered in accordance with the Council's objectives and represent best use of resources.
- Performance is measured on a regular basis through the quarterly key perfomance indicator dashboards and reported to Members and the Cabinet.
- Cabinet reports are subject to Statutory Officer sign-off (by Head of Paid Service, Section 151 Officer and Monitoring Officer) to ensure that all risks are assessed ahead of publication for meetings.
- Minutes of public meetings are published and highlight the challenge made by Members to Officers and to Cabinet Members.
- The Internal Audit service is provided by South-West Audit Partnership Internal Audit Services ('SWAP') and is run in partnership with other local authorities.
- A risk-based Audit Plan is drafted annually following consultation with Officers, Members and the Leadership Team. The Audit Plan is approved at the Audit & Governance Committee prior to the financial year.
- Audit reports, once completed, are discussed with the service manager. Executive summaries, including findings, and progress on the Annual Plan are reported to the Audit & Governance Committee, on a quarterly basis.
- Recommendations made in audit reports are followed up 6 months after the completion of the audit and priority 1 and 2 findings are reported to the Audit & Governance Committee. Recommendations not implemented within that time scale are reported to the S151 Officer and to the Audit & Governance Committee.

- The Audit & Governance Committee's Terms of Reference are contained within the Constitution. Training is provided to Members on various aspects of the Committee's functions and responsibilities (internal audit, external audit, statement of accounts, risk, counter-fraud, treasury).

- The Council has successfully recruited 2 Independent Members who provide challenge and support to the Committee as non-voting members.

- The Counter Fraud and Enforcement Unit supports the Council and other third parties. Where investigations identify possible improvements to the internal control framework the Counter Fraud and Enforcement Unit will liaise with the Internal Audit team to ensure the improvements are followed up and implemented by management.

- The Council's Data Protection Officer has responsibility for Data Protection policies and ensuring that Officers and Members are informed and appropriately trained. The Council has appointed the Chief Executive as the Senior Information Risk Owner (SIRO). The first Information Governance and SIRO Annual Report was presented to Audit & Governance Committee in January 2026.

- The Council has invested in its cyber security capability to increase its resilience against a cyber-attack, by implementing additional security solutions, recruiting additional staff and resourcing an ongoing training programme to maintain the impact of this investment.

- A new Artificial Intelligence (AI) Policy has been approved at Cabinet on 16 April 2026 and is being supported with AI training being offered through our internal Learning and Development Team.

- Audit reviews ensure data is held securely whether electronically or hard copy.

- The MTFS is reviewed and updated on a regular basis by the Section 151 Officer to ensure that the Chief Executive, Monitoring Officer and Members are aware of the financial standing of the Council.

G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability • **Implementing good practice in transparency** • **Implementing good practices in reporting** • **Assurance and effective accountability**
• Data in respect of transparency is published on the Council's website. • The Council's Statement of Accounts is produced and published annually in accordance with statutory legislation. Aligned with this is the production of the Annual Governance Statement which identifies how the Council has met its governance reporting obligations. • External Audit recommendations are reported to the Audit & Governance Committee, following the completion of their annual audit process, follow-ups of recommendations are also reported. • Internal Audit processes ensure compliance with Public Sector Internal Auditing Standards. Internal Audit recommendations are followed up and reported to the Audit & Governance Committee, further follow-up is planned if recommendations have not been actioned in full. • The Council has a process for the receipt and processing of freedom of information requests made under the Freedom of Information Act and environmental information requests under Environmental Information Regulations. The process was reviewed in 2024/25 to improve efficiency. • There is a presumption that all reports and the associated annexes to be considered in public meetings will be published. The Council's Legal Officer is consulted in circumstances where reports or annexes contain information which is considered to be exempt from publication. • The Council has reviewed its approach to accessibility to ensure compliance with statutory requirements and good practice. As a result, improvements are being made to published website content. This work provides assurance that information and services are accessible, inclusive, and appropriately controlled, supporting transparency and equitable access for all users.

4. REVIEW OF EFFECTIVENESS

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

The Council's process for maintaining and reviewing the effectiveness of the governance framework has included the following:
• Statutory Officers, Directors, Executive Directors, Assistant Directors and Heads of Service/Business Managers are required to complete an Annual Assurance Statement at the end of the financial year. These governance declarations provide appropriate management assurance that key elements of the system of internal control are in place and are working effectively and help to identify areas for improvement. • The Corporate Leadership Team (including the Chief Executive, Section 151 Officer, the Monitoring Officer and Directors) review the Strategic Risk Register on a quarterly basis and Service/Project Risk Registers are maintained by each Head of Service/Business Manager. • A Governance Group meets quarterly to discuss and action matters such as staff declarations of interests/gifts and hospitality, audit recommendations, cyber security and GDPR updates/breaches register and counter fraud updates. • The SWAP Assistant Director (Head of Internal Audit) provides the Audit & Governance Committee, as the Committee charged with governance, with an Annual Opinion on the control environment of the Council, which includes its governance arrangements. • Investigation of, and decisions on, allegations of failure to comply with the Members' Code of Conduct are considered and determined by the Monitoring Officer and the Standards Sub-Committee taking into account the views of the Independent Person. • The Council has three Independent Persons ('IP's') to ensure resilience if there was an absence or conflict of interest situation.

- Induction processes are provided for newly elected Members, including a comprehensive welcome pack and training on the Code of Conduct.

- Training and awareness sessions are carried out for the Audit & Governance Committee in relation to Informal/External Audit functions, risk, counter fraud, the statement of accounts and treasury annually.

- Bishop Fleming have been appointed, by the Public Sector Audit Appointments (PSAA), as the External Auditors for the period 2023/24 to 2027/28.

- The External Auditors present regular progress reports to the Audit and Governance Committee.

- The External Auditor's Annual Audit Letter and follow-up of management responses to issues raised in the Letter or other reports are overseen by the Audit & Governance Committee.

- Quarterly performance reports, including the budget position, are presented to the appropriate Member panel and Executive, demonstrating performance management against agreed performance indicators and budgets.

- The Audit & Governance Committee reviews the Annual Statement of Accounts, including the final AGS, the Treasury Management Strategy and quarterly progress reports from Internal Audit (SWAP). External Audit (Bishop Fleming) attend meetings of the committee.

- Full Council approves the annual budget and reviews and approves the Treasury Management Strategy, following recommendations from the Audit & Governance Committee.

- Internal Audit monitors the quality and effectiveness of systems of internal control. Audit reports include an opinion that provides management with an independent judgement on the adequacy and effectiveness of internal controls. Reports including recommendations for improvement are detailed in an action plan agreed with the relevant Director/Head of Service/Business Manager.

- The Annual Internal Audit Opinion for 2024/25, in respect of the areas reviewed during the year, was one of "Reasonable" Assurance, that there is a generally sound system of governance, risk management and control in place.

- The Council's Financial Rules and Contract Rules are kept under review and revised periodically, with new Contract Procedure Rules adopted in March.

- Other explicit review/assurance mechanisms, such as the Annual Report from the Local Government & Local Care Ombudsman and reports from SWAP or Bishop Fleming are also reviewed.

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5. REVIEW OF GOVERNANCE ACTION PLAN FOR 2025/2026

	Key Area of Focus	Planned Actions	Update	Responsible Officer / Date	Status
1	New service delivery models	• To complete the phase 2 transition of services • To ensure new services are embedded into the Council's culture	• Phase 2 transition of services successfully completed • New Council People and Culture Strategy adopted and action plan in place and on target. • Workplace values agreed and promoted.	Chief Executive Officer 31/03/2026	Complete
2	Council Constitution	• 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	• 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	• Further develop business continuity plans to ensure they are robust and fit for purpose under the new service delivery model	• A new Business Impact Assessment (BIA) Tool has been tested and is being rolled	Executive Director	This will be carried

		• To test the business-critical Business Continuity Plans	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.	Corporate Services 31/03/2026	over into next FY
4	Procurement	• To ensure officers are trained and competent in the new Procurement Act 2023 • To develop a toolkit for use by officers who undertake procurement	• 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.	Business Partner Procurement 31/03/2026	Complete

			• Manager training has now taken place across CDC and Publica		
5	LGR / Devolution	• To ensure the Council 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 the Council is in the best financial position possible pre and post LGR / Devolution.	• A LGR programme is in place and work programme have been established across Gloucestershire and the Council is represented on all key work programmes • The Council has 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 which best meets their criteria, with a	Chief Executive Officer 31/03/2026	In year actions complete.

			government run consultation run during February and March 2026 with a decision expected in the Summer of 2026. • 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	• To have service plans in place for all business areas, delivered directly by the Council and its partners	• Service plans were put in place for 25/26 • Publica have completed their 26/27 Service Plans and are available for the Council to review	Service / Business Managers 30/06/2026	
7	Council specific policies	• To ensure all Council specific policies are up to date and comply with relevant legislation	• Policies are under continual review and a number of policies which required review,	Service / Business Managers	

		• To produce new policies and procedures where required.	updating or were not in place, have now been completed	31/03/2026	
8	Internal Audit	• Ensure all agreed actions are completed and that any issues identified are appropriately followed up	• Ongoing	Service / Business Managers 31/03/2026	Carry over as standard action

6. **In preparing this statement for 2025/26 and reviewing the effectiveness of the governance arrangements as part of our continuous improvement approach, a number of areas have been identified where the Council needs to focus attention and improve arrangements over the next financial year 2026/27. These areas of work are planned to strengthen the control framework and are set out in the table below and due to be completed by 31/03/27.**

Notes and key

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

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

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

This action plan contains actions from the Annual Governance Statement 2026/27 which are coordinated and monitored by the CDC Management Team.

Key to officers:

Accountable Officer (AO):		**Publica Responsible Officer (RO):**	
CEO – Chief Executive	**Jane Portman**	EDWS – Assistant Director Workforce Strategy & Transformation	**Cheryl Sloan**
CFO - Chief Finance (S.151) Officer:	**David Stanley**	EDCS – Exec Director, Corporate Services	**Claire Locke**
DG – Director of Governance	**Angela Claridge**	Risk&Gov – Risk and Governance Officer	**Sandrine Mangin**

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	Key Area of Focus	Planned Actions	Update	Responsible Officer / Date	Status
1	Financial Sustainability	• To identify and implement efficiency savings to close the budget gap in the Council's MTFS. • To ensure CDC are in a positive financial position when Unitary Authorities are established on 01/04/2028.		Chief Finance (S.151) Officer	
2	Business Continuity	• Complete the new BIA Process for the CDC and Publica services • From the BIA, populate the new Business Continuity Plan template for all Council and Publica delivered services. • Test the business-critical Business Continuity Plans		Executive Director Corporate Services	

3	Procurement	• Review of adequacy of controls and compliance with legislation following introduction of the Economic Crime and Corporate Transparency Act 2023. “Failure to prevent fraud” is a strict liability corporate criminal offence – organisations are criminally liable if an associated person commits fraud intending to benefit the organisation, and the organisation lacks reasonable prevention measures. • Review of PO to Pay Implementation • Provision of further Mandatory Training sessions for officers and/or members		Chief Finance (S.151) Officer	

7. APPROVAL OF LEADER AND CHIEF EXECUTIVE

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

Signed on behalf of Cotswold District Council:

Mike Evemy, Leader of the Council	**Jane Portman, Chief Executive**
Date:	**Date:**

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COTSWOLD
District Council

Council name	**COTSWOLD DISTRICT COUNCIL**
Name and date of Committee	**AUDIT AND GOVERNANCE COMMITTEE – 27 JULY 2026**
Subject	**ANNUAL STANDARDS UPDATE**
Wards affected	None
Accountable member	Councillor Helene Mansilla, Chair of the Audit and Governance Committee Email: helen.mansilla@cotswold.gov.uk
Accountable officer	Angela Claridge, Director of Governance & Development (Monitoring Officer) Email: angela.claridge@cotswold.gov.uk
Report author	Angela Claridge, Director of Governance & Development (Monitoring Officer) Email: angela.claridge@cotswold.gov.uk
Summary/Purpose	To present the Audit and Governance Committee with standards updates and issues, including Code of Conduct Complaints for the year ending 31 March 2026.
Recommendation(s)	That Committee resolves to: 1. Note the update for the financial year 2025/26.
Corporate priorities	• Delivering Good Services
Key Decision	No
Exempt	No
Consultees/ Consultation	

COTSWOLD
District Council

1. EXECUTIVE SUMMARY AND BACKGROUND

1.1 The Localism Act 2011 requires the Council to have complaint handling arrangements in place. These enable an individual to make a formal complaint that an elected or co-opted member of Cotswold District Council or a Town or Parish Council within the district area, has failed to comply with their Council's Code of Conduct for Members. The complaint handling arrangements seek to ensure that complaints are dealt with fairly and are resolved informally where appropriate.

1.2 As one of its functions, the Audit and Governance Committee is responsible for promoting and maintaining high standards of conduct and for the determination of complaints regarding the conduct of members. The Audit and Governance Committee previously received an annual update report for the financial year ending 31 March 2025 in relation to code of conduct complaints at its meeting on 27 May 2025.

1.3 One Standards Sub-Committee hearing was held on 6 November 2025 in relation to allegations against two Chipping Campden Town Councillors (these allegations arose in the previous financial year 2024/25). The Sub-Committee determined that both councillors had breached the Code of Conduct and recommended sanctions to the Town Council for implementation.

1.4 On 18 March 2026, the Council adopted an updated procedure for the Standards Hearing Sub-Committee. This Sub-Committee has the responsibility to conduct hearings following any formal investigation into an allegation that a member of the District Council or a Town or Parish Council within the district area has failed or may have failed to comply with their Council's Code of Conduct for Members.

1.5 This report provides an update on the number and status of code of conduct complaints.

2. GLOUCESTERSHIRE WIDE CODE OF CONDUCT

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

COTSWOLD
District Council

3. NUMBER AND STATUS OF CODE CONDUCT COMPLAINTS

3.1 The Monitoring Officer has delegated authority, after consultation with the Independent Person, to determine whether a complaint requires formal investigation. Wherever practicable, the Monitoring Officer seeks resolution of complaints without formal investigation.

3.2 The summary of received complaints is set out in the table below. Data recording is based upon the date the formal complaint was received. Some complaints received in 2024/25 and notified in last year's report, will have been managed during 2025/26 but are not included in the table.

3.3 In all cases where the Monitoring Officer has been required to consider a Code of Conduct complaint, they have consulted with an Independent Person, as required by the Localism Act 2011. During 2025/26, four Independent Persons were retained by the Council; Robert Cawley, Melvin Kenyon, Michael Paget-Wilkes and Phyllida Pyper. The Independent Persons continue to contribute in an invaluable and constructive manner. Individual discussions have been held between the Independent Persons and the Monitoring Officer reviewing how we can promote good conduct in parish and town councils to mitigate the increasing numbers of complaints.

3.4 Financial Year 1 April 2025 to 31 March 2026

Stage of complaints process resolved	Outcome	District	Town or Parish
Assessment stage	No action – complaint withdrawn/incomplete information	0	12
	No action - complaint dismissed	0	2
	In progress	0	1
Investigation stage	No action – complaint dismissed	1	22
	Local resolution	0	9
	In progress	0	7
Local hearing stage	No action – complaint dismissed	0	0
	Sanctions applied or recommended	0	0
Total		**1**	**53**

COTSWOLD
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This is an increase of 39% from the previous financial year, predominantly in relation to complaints against town and parish councillors. Whilst there is no nationally collected dataset that definitively demonstrates an increase in complaints against town and parish councillors, national research undertaken by the Local Government Association indicates that complaints relating to parish and town councils continue to represent a significant proportion of standards casework managed by local authority Monitoring Officers.

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

4. LEARNING RESULTING FROM CODE OF CONDUCT COMPLAINTS

4.1 Members will note that for the last four financial years, the number of complaints has risen considerably. The majority of complaints relating to town and parish councillors have arisen from five councils: Bourton on the Water Parish Council, Chipping Campden Town Council, Down Ampney Parish Council, Moreton in Marsh Town Council and Tetbury Town Council.

4.2 Both nationally and locally, the most common complaints against town and parish councillors relate to allegations of bullying and disrespectful behaviour, inappropriate use of social media, bringing the council into disrepute, failure to declare interests and conduct towards fellow councillors, clerks and members of the public. Research undertaken by the Local Government Association suggests that town and parish council complaints continue to represent a significant and resource-intensive element of standards casework for local authorities which reflects the situation in this district. Furthermore, there has been an increase in complex and lengthy complaints covering a number of allegations.

4.3 This Council adopted the Local Government Association's "Debate Not Hate" campaign in July 2022 which aims to raise public awareness of the role of councillors in their communities, encourage healthy debate and improve the responses and support for local politicians facing abuse and intimidation.

4.4 The National Association of Local Councils (NALC) and Society of Local Council Clerks (SLCC) have introduced the "Civility & Respect" campaign for their town and parish council sector. Throughout the sector, there are growing concerns about the impact bullying, harassment and intimidation are having on local (parish and town) councils, councillors, clerks and council staff and the resulting effectiveness of local councils.

4.5 Another theme emerging from complaints over the last year is the nature of the allegations have arisen or relates to matters where the councillor was not acting in their councillor capacity or as a representative of the authority and is a private matter. If this is the case, the Code of Conduct doesn't apply. Section 52(1) of the Local Government Act 2000 contains the duty for a Councillor to comply with the Code of Conduct. It requires every Councillor to sign a declaration of acceptance of office, in which they undertake that 'in performing his functions' they will observe the authority's Code of Conduct. As a general rule, the public expects councillors to uphold high standards of conduct and show leadership at all times whether in a councillor or other capacity.

4.6 There is a worrying theme of the misuse of the code of conduct complaints system as a weapon against others, particularly relating to planning issues. Some subject members (councillors subject to complaints) have suggested that complaints have sometimes been used for revenge or to disrupt processes, which have incurred significant investigation costs for Cotswold District Council as a result.

4.7 Complaints are received from a variety of sources including serving councillors, former councillors, town/parish clerks and members of the public. A significant proportion of complaints arise from interpersonal disputes within town and parish councils including disagreements between councillors, tensions between councillors/ clerks and issues arising following a councillor's departure from office. Complaints from members of the public commonly relate to concerns about councillor conduct at meetings, interactions with residents, social media activity and the declaration of interests.

4.8 The Monitoring Officer continues to meet quarterly with the Monitoring Officers of the other Gloucestershire Councils and the Gloucestershire Association of Local Councils (GALC) in order to review existing practice and keep abreast of national and regional developments.

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

5.1 No legislative changes took effect during 2025/26. However, the Government was actively developing reforms to the standards framework which are expected to require primary legislation and may result in significant changes to member conduct arrangements, sanctions and governance processes in future years

6. FINANCIAL IMPLICATIONS

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

7. LEGAL IMPLICATIONS

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

8. RISK ASSESSMENT

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

9. EQUALITIES IMPACT

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

COTSWOLD
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10. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

10.1 There are no climate and ecological implications arising directly from this report.

11. BACKGROUND PAPERS

11.1 None.

(END)

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COTSWOLD
District Council

Council name	**COTSWOLD DISTRICT COUNCIL**
Name and date of Committee	**AUDIT AND GOVERNANCE COMMITTEE – 27 JULY 2026**
Subject	**ANNUAL COMPLAINTS, PERFORMANCE AND SERVICE IMPROVEMENT REPORT, INCLUDING THE ANNUAL SUMMARY OF COMPLAINTS STATISTICS FORM THE LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN YEAR ENDING 31 MARCH 2026.**
Wards affected	All
Accountable member	Cllr Helene Mansilla, Chair of the Audit & Governance Committee Email: helen.mansilla@cotswold.gov.uk
Accountable officer	Jane Portman, Chief Executive Officer (Head of Paid Services) Email: jane.portman@Cotswold.gov.uk
Report author	Cheryl Sloan, Executive Director Workforce Strategy & Transformation Email: Democratic@Cotswold.gov.uk
Summary/Purpose	This report provides a review of the organisation's complaints handling performance and service improvement over the financial year 1 April 2025 – 31 March 2026. The report is written in line with the Councils Complaints Policy and Procedure which was introduced on 1 April 2025. The policy meets the requirements of the Local Government and Social Care Ombudsman's Complaint Handling Code. The report also presents the Annual Complaints statistics as provided by the Local Government and Social Care Ombudsman letter for the year 1st April 2025 – 31st March 2026.

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	The report also outlines some proposed changes to the Council Complaints Policy and Procedure for Committee Approval.
Annexes	1. Annex A - The Local Government and Social Care Ombudsman's annual letter for 25/26. 2. Annex B – Ombudsman Complaints Breakdown 3. Annex C - Example from the Ombudsman webpage 4. Annex D – The Complaints Policy and Procedure
Recommendation(s)	That the Committee note the content of the report and the Local Government and Social Care Ombudsman's annual letter for 25/26. That the Committee approve the recommended changes to the Complaints Policy and Procedure in relation to the use and response to Artificial Intelligence generated complaint.
Corporate priorities	• All
Key Decision	NO
Exempt	NO
Consultees/ Consultation	NA

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1. EXECUTIVE SUMMARY

1.1 This report presents the annual complaints performance for 2025/26 for Cotswold District Council (CDC) as required by the Local Government Ombudsman Complaint Handling Code and the annual Ombudsman letter for 2025/26.

1.2 The report confirms that the council is compliant with the requirements set out in the Complaint Handling Code, with some proposed improvements for next financial year.

1.3 The report summarises the Annual Ombudsman Letter which confirms that a total of 11 complaints were received by the Ombudsman relating to CDC in 2025/26, of which one was investigated and upheld.

1.4 The report also proposes some changes to the Council's complaints policy to recognise the use of Artificial Intelligence (AI) by complainants for the Audit and Governance Committee approval.

2. BACKGROUND

2.1 In February 2024, the Local Government Ombudsman (LGO) introduced a new Complaint Handling Code. The purpose of the Code was to enable organisations to resolve complaints raised by individuals promptly, and to use the data and learning from complaints to drive service improvements. It also aimed to help create a positive complaint handling culture amongst staff and individuals.

2.2 Local councils were encouraged to adopt the Code as soon as they were able to do so, however, the Ombudsman intended to start considering the Code as part of their processes from April 2026 to give local councils the opportunity to adopt the Code successfully into working practices.

2.3 In response to the new Complaint Handling Code, Cotswold District Council (CDC), reviewed its complaints processes and implemented a new policy and procedure from 1 April 2025 which complied with the new Complaint Handling Code. A copy of the policy and procedure is attached in Annex B for reference. This was approved by the Audit Committee at its meeting on 21 November 2024.

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2.4 A requirement of the new Code is to produce an annual Complaints Performance and Service Improvement Report, which covers the following:

- an annual self-assessment against the Code to ensure its Complaints Policy remains compliant with its requirements;
- a qualitative and quantitative analysis of the organisation's complaint handling performance, including a summary of complaints that were not accepted;
- details of any findings of non-compliance with the Code;
- the service improvements made as a result of learning from complaints;
- the Ombudsman's annual letter regarding the organisation's performance; and
- any other relevant reports or publications issued by the Ombudsman relating to the organisation.

2.5 This report is therefore our annual Complaints Performance and Service Improvement Report which covers the requirements set out in the code and our revised policy and procedure.

2.6 The report also includes a recommendation to make some changes to the Customer Complaints policy and procedure to address the use of Artificial Intelligence (AI) by complainants.

3. SELF-ASSESSMENT AGAINST THE CODE

Below is our self-assessment against the Complaints Handling Code:

Code section	Action	Do we follow the Code: Yes/No	Explanations and Commentary
1: Definition of a service	We recognise the difference between a service request and a	Yes	This is explained within our complaints policy, Point 4,

request and complaint	complaint, and these are defined in our policies and procedures.		complaints-policy-and-procedure-cdc.pdf
2: Exclusions	Our complaints policy sets out circumstances where we would not consider a complaint. These are reasonable and do not deny individuals access to redress.	Yes	This is explained in paragraph 5.1 of the complaint policy complaints-policy-and-procedure-cdc.pdf If there is a circumstance where a complaint is received but it falls within one of the exclusion categories, the council will normally respond to the complainant and provide advice. An example would be with complaints regarding planning decisions, where we would redirect the complaint to the appeals process. If the complainant is dissatisfied with our response, they can still raise their complaint with the Ombudsman. This approach is being reviewed for this FY.
3: Accessibility and awareness	We provide different channels through which individuals can make complaints. These are accessible and we can make reasonable adjustments where necessary	Yes	This is exampled within paragraph 5 of the complaint policy complaints-policy-and-procedure-cdc.pdf The majority of complaints are received by email to

			customer feedback or through customer services.
4: Complaint handling resources	We have designated, sufficient resource assigned to take responsibility for complaint handling. Complaints are viewed as a core service and resourced accordingly.	Yes	The team who manage complaints is very lean and are also responsible for Freedom of Information requests. This is 1.5FTE across the partnership. We have recently increased resource by an additional 11 hours to meet increased demand across Complaints and FOIs.
5: The complaint handling process	We have a single policy for dealing with complaints covered by the Code and individuals are given the option of raising a complaint where they express dissatisfaction that meets the definition of the complaint in our policy.	Yes	We have a single corporate policy in place. This has been communicated to all service areas, and detailed guidance is available on the portal, as well as through the complaints team. Where a complaint is received, service areas either pass it on internally in line with the policy or, if the customer prefers, provide the contact details for the Customer Feedback team so the customer contact the complaints team directly.

6: Complaints stages (Stage 1)	We process stage 1 complaints in line with timescales and processes set out in the Code.	Yes	Statistics provided within the report. Performance is reviewed on a quarterly basis and reported to Leadership Teams and Executive as part of the performance report.
6: Complaints stages (Stage 2)	We process stage 2 complaints in line with timescales and processes set out in the Code.	Yes	Statistics provided below Performance is reviewed on a quarterly basis and reported to Leadership Teams and Executive as part of the performance report.
7: Putting things right	When something has gone wrong, we take action to put things right.	Yes	When a complaint is upheld, we take action to address the problem, learn from what happened, apologise and improve future practice.
8: Performance reporting and self-assessment	We produce an annual complaints performance and service improvement report for scrutiny and challenge which includes a self-assessment against the Code.	Yes	Quarterly performance reports are created and reported to Leadership Team and Executive.
9: Scrutiny & Oversight	We have appropriate senior leadership and governance oversight of the complaints process and performance.	Yes	The Chief Executive has overall responsibility for Complaint Handling and the Chair of Audit and Governance Committee.

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4. QUALITATIVE AND QUANTITATIVE ANALYSIS OF THE ORGANISATION'S COMPLAINT HANDLING PERFORMANCE, INCLUDING A SUMMARY OF COMPLAINTS THAT WERE NOT ACCEPTED

4.1 A complaint is defined by the Council's Policy as an expression of dissatisfaction, however made, about the standard of service, actions or lack of action by the Council, its own staff, or those acting on its behalf, affecting an individual or group of individuals. This differs from a service request, which is a direct request for the Council to take action to resolve an issue and is not included within the complaint's statistics.

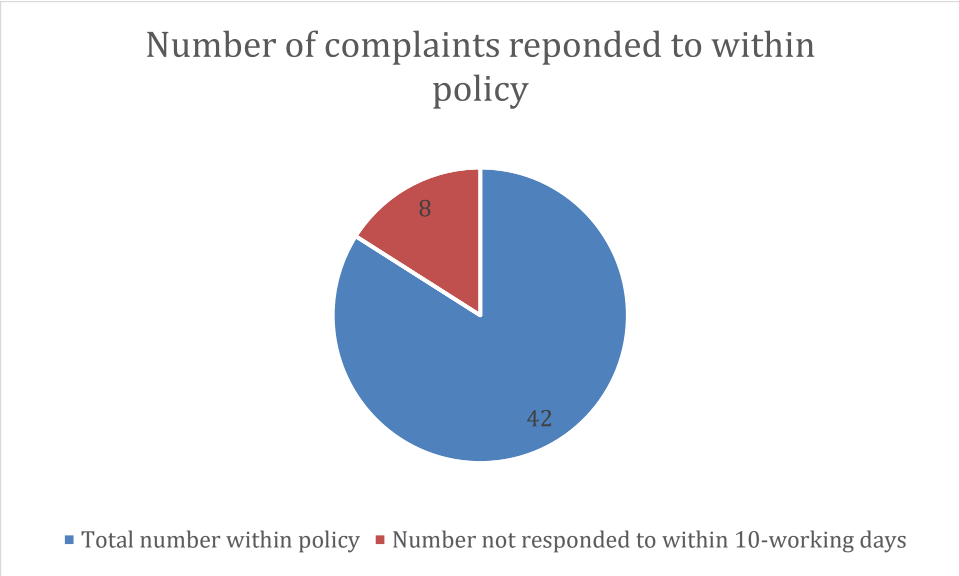
4.2 Target response times for customer complaints, as set by the Ombudsman are as follows:

- Stage 1 – 10-working days, plus an extension of a further 10-working days for complex complaints
- Stage 2 – 20-working days, plus an extension of a further 20-working days for complex complaints.

4.3 Below is a summary of the stage 1 complaints received about services provided by CDC during the financial year 1 April 2025 – 31 March 2026 along with the percentage which were responded within target shown in a table and graph format.

Stage 1	**Q1**	**Q2**	**Q3**	**Q4**	**Total**	**%**
Number responded to within 10 working days	9	13	13	6	**41**	82
Number awarded an extension	0	1	0	0	**1**	2
Total within policy					42	84
Not responded to within 10 working days	4	1	2	1	**8**	16

Totals	**13**	**15**	**15**	**7**	**50**	



4.4 Below is a summary of the stage 2 complaints received about services provided by CDC during the financial year 1 April 2025 – 31 March 2026 along with the percentage which were responded within target shown in a table and graph format.

Stage 2	Q1 25/26	Q2 25/26	Q3 25/26	Q4 25/26	**Total**	**%**
Responded to within 20 working days	3	5	5	2	**15**	**83%**
Awarded an extension	3	0	0	0	**3**	**17%**
Not responded to within 10 working days	0	0	0	0	**0**	**0**
Total answered within policy					**18**	**100%**
Closed			**1**		**1**	**-**
Total	**6**	**5**	**6**	**2**	**19**	**-**

4.5 Under the policy, stage 1 complaints are responded to by the service area for which the complaint has been raised, and the stage 2 complaint is undertaken by an independent officer. Unless very complex, all stage 2 complaints are completed by the Complaints Team.

4.6 With regards to the Stage 1 complaints which did not meet the 10-working day target (16% / 8 complaints out of 41 total), performance remains high, with 84% of complaints responded to within policy timescales (either within 10 working days or with an agreed extension). A focus in 2026/27 will be to utilise the 10-day extension provision where appropriate, ensuring service areas have sufficient time to respond while maintaining compliance with policy timescales.

4.7 Below provides a breakdown of the complaints received by service area. Revenues & Benefits recorded the highest number of complaints (18), followed by Planning (8), A moderate number of complaints were received in Waste (7) and ERS (6) and Housing (4).

4.8 Whilst the Council receives a wide range of complaints, the majority relate to areas where formal decisions have been made, rather than the standard of service delivery. This is particularly evident in-service areas such as Planning, Revenues and Benefits, and Housing, which together account for the majority of complaints and where outcomes are often determined through statutory or policy-led decision-making processes.

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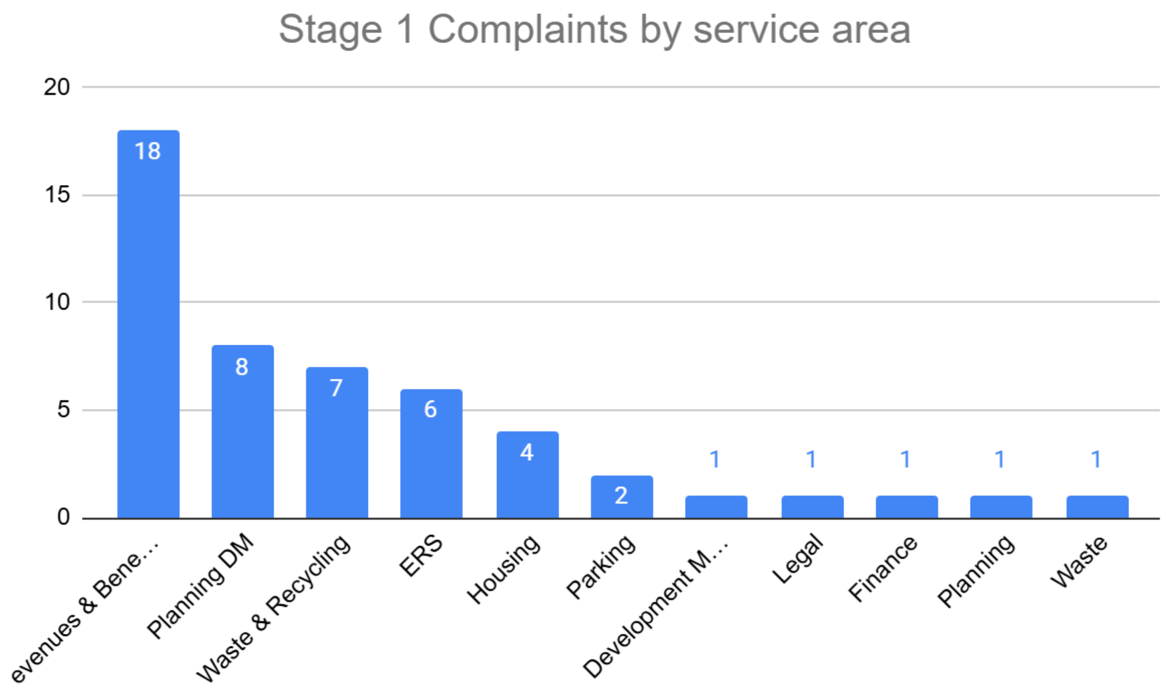

4.9 The majority of complaints that have been assessed and deemed exempt under the complaints process fall into the following categories: -

- Service issues
- Challenges to planning decisions
- Housing appeals

4.10 Where a complaint is assessed as exempt from the complaints process, it will be passed to the relevant department to respond to and record accordingly, or the complainant will be advised about the route to appeal.

4.11 We have historically tended to respond to many complaints which could / should be exempt from the complaints policy, such as planning complaints. Planning complaints in the majority are raised as the complainant is dissatisfied with a planning decision, however reference is often also made to a dissatisfaction with the process. This financial year, a more robust approach will be taken to ensure complaints that are exempt are not taken through the formal complaints process, this avoids further dissatisfaction as the complaints process is unable to provide remedy to such complaints.

4.12 As per the Councils Complaint Policy the list below sets out all types of complaints that are exempt from the complaints process:

- Where you have, or previously had, a right of appeal or to take legal action. This may include tribunals (such as a Housing Benefit Appeal), Housing Benefit and Council Tax Support decisions, or planning appeals.
- Where the complaint is challenging a planning judgment or a decision not to take enforcement action.
- Where the complaint is challenging a licensing or other quasi-judicial decision, and legal rights of challenge exist (for example, appeal to the Magistrates' Court).
- Where the matter is a personnel issue, such as employment or disciplinary matters.
- Complaints regarding the handling of Freedom of Information requests.
- Complaints relating to Data Protection matters.
- Complaints about the conduct of elected Members.
- Requests for a service or reports of a service failure, for example a missed bin collection.
- Complaints submitted more than 12 months after the complainant became aware of the issue.

5. DETAILS OF ANY FINDINGS OF NON-COMPLIANCE WITH THE CODE

5.1 We currently do not keep a record of complaints that have been exempted from the policy. This is something that we will record for financial year 1 April 2026 – 31 March 2027.

5.2 All other areas of the code have been compliant.

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6. SERVICE IMPROVEMENTS MADE AS A RESULT OF LEARNING FROM COMPLAINTS

6.1 A total of 50 Stage 1 complaints were recorded over the reporting period. Of these, the majority (34; 68%) were not upheld, while 14 (28%) were upheld. A further 2 complaints (4%) remain ongoing. Complaint volumes were relatively consistent throughout the year, although a slight increase was observed in Q2 and Q3. A total of 19 Stage 2 complaints were recorded over the reporting period. Of these, the majority (16; 84%) were not upheld, while 1 (5%) was upheld. A further 2 complaints (11%) were closed. This suggests that, in most cases, the original Stage 1 decisions were appropriate upon review.

6.2 We consider a 'lesson learnt' to be when 'knowledge or understanding is gained by an experience'. This could be as a direct result from a positive or negative experience. When it's positive, we will look to see if it can be applied elsewhere, and when it's negative, we want to ensure that the issue is not repeated.

6.3 A summary of the improvements made resulting from the complaints received are as follows:

- Monitoring of systems has been enhanced, including regular checks on parking machines and transaction reviews, to identify and resolve faults more quickly
- Service monitoring arrangements have been strengthened, particularly within waste services, to address repeat failures and ensure consistent delivery.
- Staff training and development have been improved across services to increase accuracy, efficiency, and professionalism in handling customer interactions and casework
- Escalation processes for technical issues have been clarified, ensuring that system faults are promptly referred to and addressed with external software providers where necessary.
- Quality assurance in reporting and decision-making has been improved, including strengthened checks on planning reports to avoid omissions and enhance transparency.
- Processes within Revenues and Benefits have been reviewed and refined to improve the timeliness and accuracy of claims handling, billing, and correspondence.

- Internal feedback mechanisms have been strengthened to ensure that lessons from complaints are shared with teams and used to drive service improvements.
- Communication with residents has been improved to provide clearer explanations of decisions, service standards, and any delays encountered.
- Procedures for financial corrections have been reinforced to ensure that refunds, adjustments, and write-offs are applied accurately and without unnecessary delay.

THE OMBUDSMAN’S ANNUAL LETTER

6.4 A total of 11 complaints were referred to the Ombudsman in 2025/26 of which:

- 4 was not for the District Council
- 6 were assessed and closed with no action taken.
- 1 complaint was investigated and 1 was upheld

6.5 The upheld complaint was regarding a delay and poor communication during the handling of complaints about a neighbouring business. There was no fault in the process followed by the Council in reaching its decision, and no evidence of inconsistency in how the matter was assessed. While the complainant experienced distress and an impact on their residential amenity, this was not due to fault by the Council. However, there was fault in the delayed handling of the complaint. The delay did not result in significant injustice as it did not alter the outcome; however, an apology was required to acknowledge the uncertainty caused.

6.6 Of the complaints referred to the Ombudsman, 4 related to planning, 3 for Revenues and Benefits, 2 for housing,1 for Corporate and 1 for ERS. If we are more robust in our approach to exemptions, this should reduce the volume of complaints which are raised with the Ombudsman and closed by the Ombudsman after initial enquiries.

6.7 The number of complaints referred to the Ombudsman has increased compared to last financial year, where a total of 7 complaints were referred, with no complaints upheld.

7. ANY OTHER RELEVANT REPORTS OR PUBLICATIONS ISSUED BY THE OMBUDSMAN RELATING TO THE ORGANISATION

7.1 There is nothing further to add under this section.

8. PROPOSED CHANGES TO THE CUSTOMER COMPLAINTS POLICY AND PROCEDURE

8.1 The service is starting to see an increase in the number of complaints that have been generated using Artificial Intelligence (AI). These are often long, will quote case law, policy, and process that is on occasion inaccurate and create additional work to follow up unnecessary lines of investigation.

8.2 As such, it is proposed to make a change to the Complaints Policy. This is in-line with guidance from the Ombudsman. The following change is recommended:

Proposed change to the Complaints Policy:
The Council recognises that members of the public may choose to use Artificial Intelligence (AI) tools to assist in drafting correspondence or complaints. While we do not restrict the use of such tools, all submissions must remain:

- *Accurate*
- *Relevant to the matter being raised, and*
- *Proportionate in length.*

Where a lengthy AI generated complaint has been submitted, the Council reserves the right to:

- *Greatly summarise unnecessarily lengthy or repetitive complaints and respond only to the substantive issues raised;*

- *Issue brief position statements rather than detailed responses if the complaint includes excessive or irrelevant commentary.*
- *Where correspondence appears to have been generated using AI in a way that produces excessive volume, repetitive material, or content that does not relate meaningfully to the issue, the Council may apply its unreasonable behaviour provisions.*

8.3 It is also recommended to provide guidance to users who may choose to use AI to help produce their complaint. This would be added to the complaints page on the council website.

When you bring a complaint to us, we need to understand your personal experience and how the issues have affected you. Simple, clear language that explains what happened will always be more helpful than complicated, formal writing.

If you choose to use AI to help produce your complaint, here are some suggestions to get the best results from AI tools when writing your complaint:

- *Keep your AI prompts focused on your experience and how it impacted on you. Consider using the following prompt:*

  "Rewrite the text below as a clear, polite complaint. Use only the information I have provided. Do not add or invent new facts. Be concise and professional, but not too formal. Include a closing paragraph suggesting how I would like the complaint to be resolved."

- *Do not ask AI to add legal arguments, use formal legal language or reference laws to try and make your complaint sound more 'official'. AI will often add irrelevant or incorrect legal information, making the resolution of your complaint more difficult.*

- *It is important to check any AI-generated text to make sure it reflects your own personal experience and contains accurate information. If you have* *requested AI to produce a summary on how you want the complaint resolved, ensure that this reflects the outcome you want.*

- If a proposed resolution has been included, ensure this reflects your wishes on how the complaint should be resolved.

9. **FINANCIAL IMPLICATIONS**

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

10. LEGAL IMPLICATIONS

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

11. RISK ASSESSMENT

11.1 This report relates to the Council's management of complaints. If our complaint handling arrangements are weak then the Council is at risk of failing to continuously improve, reputational damage, financial impact through remedy and action from the Ombudsman.

12. EQUALITIES IMPACT

13.1 An equalities impact assessment is not required for this report

13. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

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

14. ALTERNATIVE OPTIONS

14.1 This report is for noting and therefore no alternative options have been presented.

15. BACKGROUND PAPERS

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

- Annual Complaints Statistics and Annual Letter from the LGO

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

(END)

Local Government & Social Care OMBUDSMAN

20 May 2026

By email

Ms Portman
Interim Chief Executive
Cotswold District Council

Dear Ms Portman

Annual Review letter 2025-26

I write to you with your annual summary of complaint statistics from the Local Government and Social Care Ombudsman for the year ending 31 March 2026.

We recognise that local authorities continue to face significant pressures in delivering services to their communities. We hope the data and insight we share with you each year remains a useful tool for reflection and continuous improvement. Please consider it as part of your corporate governance processes.

Your annual statistics are available here.

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

We will write to organisations in July where there is exceptional practice or where we have concerns about complaint handling. Not all organisations will get a letter. If you do receive a letter it will be sent in advance of its publication on our website on 15 July 2026.

Supporting complaint and service improvement

We remain committed to supporting the sector to embed effective systems of redress. Where authorities are navigating reorganisation and devolution, we are ready to help ensure that robust complaint handling is built into new arrangements from the outset. Please do get in touch if your organisation would benefit from our advice and guidance.

Our Complaint Handling Code, in force since April 2025, is now applied in our casework and offers structure and support to your local complaint system. Our training programme provides a flexible, expert-led route to building complaints capability across your teams, with courses open for individual delegates to book. Contact training@lgo.org.uk for more information.

Our Annual Review of Local Government Complaints will be published in July 2026, setting out the national picture of complaints, trends across service areas, and emerging systemic issues. We encourage you to read it alongside your own organisation's data.

Yours sincerely,

A. K. Clarke

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

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Complaints received

Reference	Authority	Category	Subcategory	Received
24023436	Cotswold District Council	Housing	Allocations	03/04/2025
25003298	Cotswold District Council	Benefits & Tax	Council tax	22/05/2025
25005048	Cotswold District Council	Benefits & Tax	Council tax	13/06/2025
25009305	Cotswold District Council	Benefits & Tax	Council tax	07/08/2025
25010146	Cotswold District Council	Housing	Homelessness	19/08/2025
25010557	Cotswold District Council	Environmental Services & Public Protection & Regulation	Refuse & recycling	26/08/2025
25012155	Cotswold District Council	Environmental Services & Public Protection & Regulation	Noise	16/09/2025
25012181	Cotswold District Council	Planning & Development	Other planning application	17/09/2025
25015899	Cotswold District Council	Planning & Development	Enforcement-householder	25/10/2025
25024787	Cotswold District Council	Corporate & Other Services	Standards committees	27/01/2026
25026255	Cotswold District Council	Housing	Homelessness	09/02/2026
25029994	Cotswold District Council	Planning & Development	Planning & Developmt-other	11/03/2026

Complaints Decided

Reference	Authority	Category	Subcategory	Decided	Decision	Decision	Remedy
24016177	Cotswold District Council	Planning & Development	Enforcement - other	22/08/2025	Upheld	fault & inj	Apology
24023436	Cotswold District Council	Housing	Allocations	03/04/2025	Referred b	Decision -	
25003298	Cotswold District Council	Benefits & Tax	Council tax	12/08/2025	Closed afte	by alleged	
25005048	Cotswold District Council	Benefits & Tax	Council tax	23/07/2025	Closed afte	by alleged	
25009305	Cotswold District Council	Benefits & Tax	Council tax	04/12/2025	Closed afte	by alleged	
25010146	Cotswold District Council	Housing	Homelessness	19/08/2025	Referred b	Decision -	
25010557	Cotswold District Council	Environmental Services & Public Protection & Regulation	Refuse & recycling	26/08/2025	Referred b	Decision -	
25012181	Cotswold District Council	Planning & Development	Other planning application	17/09/2025	Referred b	Decision -	
25015899	Cotswold District Council	Planning & Development	Enforcement-householder	25/10/2025	Referred b	Decision -	
25024787	Cotswold District Council	Corporate & Other Services	Standards committees	24/03/2026	Closed afte	by alleged	
25029994	Cotswold District Council	Planning & Development	Planning & Developmt-other	11/03/2026	Referred b	Decision -	

Upheld

Reference	Authority	Category	Subcategory	Decided	Remedy	Remedy Achie	Satisfactio
24016177	Cotswold District Council	Planning & Development	Enforcement - other	21/08/2025	Apology	31/08/2025	Remedy satisfied on time

Explanatory notes

Cases received

Cases with a recorded received date between 1 April 2025 and 31 March 2026. Status as of 7 April 2026.

Cases decided

Cases with a recorded decision date between 1 April 2025 and 31 March 2026. Status as of 7 April 2026.
Please note that some cases may have been reopened since that date, with either a decision outcome pending or a new decision outcome recorded.

We report our decisions by the following outcomes:

Invalid or incomplete: We were not given enough information to consider the issue. **Advice given:** We provided early advice or explained where to go for the right help. **Referred back for local resolution:** We found the complaint was brought to us too early because the organisation involved was not given the chance to consider it first.	These decision outcomes are included in the number of cases reported as **not for us / not ready for us** in the complaints overview section on the online map.
Closed after initial enquiries: We assessed the complaint but decided against completing an investigation. This might be because the law says we're not allowed to investigate it, or because it would not be an effective use of public funds if we did.	This decision outcome is included in the number of cases reported as **assessed and closed** in the complaints overview section on the online map.
Upheld: We completed an investigation and found evidence of fault, or the organisation provided a suitable remedy early on. **Not upheld:** We completed an investigation but did not find evidence of fault.	These decision outcomes are included in the number of cases reported as **investigated** in the complaints overview section on the online map.
The following decision reasons are **satisfactory remedy decisions**, i.e. upheld cases where we were satisfied the authority had already provided a suitable remedy to resolve the complaint: *Upheld - Injustice remedied during organisations complaint processes* *Upheld - fault & inj - no further action organisation already remedied*	These decision reasons are included in the number of cases reported as **satisfactory remedies provided by the council** on the online map.

Compliance outcomes

Cases with a recorded remedy achieved date between 1 April 2025 and 31 March 2026. Status as of 27 April 2026. The relevant date is the date of compliance with the recommendations (for example, the date on an apology letter) rather than the date the evidence is provided to us. If we were notified after 27 April 2026 of a remedy achieved before 31 March 2026, this will not be included here.
Where the 'Satisfaction with Compliance' column records a non-compliance outcome of 'Remedy not complete and not satisfied', the 'Remedy Achieved' date designates the date the case was closed and a new case opened.

This year we are publishing a **timely compliance statistic** alongside the overall compliance rate. The statistic will show both the number and percentage of cases where agreed recommendations were recorded as completed on time. To be recorded as 'on time', all parts of a multi part recommendation need to have been recorded as delivered within agreed timescales.
Alongside this new statistic we are providing more detailed 'Satisfaction with Compliance' outcomes. These are:

- *Remedy satisfied on time*
- *Remedy satisfied late. Personal remedy and service improvement late.*
- *Personal remedy late. No service improvement recommendations.*
- *Personal remedy late. Service improvement satisfied on time.*
- *Service improvement late. No personal remedy.*
- *Service improvement late. Personal remedy satisfied on time.*
- *Remedy not complete and not satisfied.*

Complaint overview

Reporting year 2025 / 2026 Update results

Between 1 April 2025 to 31 March 2026, we dealt with 11 complaints. Of these, 6 were not for us or not ready for us to investigate. We assessed and closed 4 complaints. We investigated 1 complaints.

You can search the decisions behind these statistics and read our annual letters to this council.

11	6	4	1
Complaints dealt with	**Not for us**	**Assessed and closed**	**Investigated**

▶ More about this data

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Complaints Policy and Procedure

Document Control			
Document Title	Complaints Policy and Procedure		
Version Number	1	**Author/ Owner**	Business Manager for Governance, Risk and Business Continuity
Date Approved	21 November 2024	**Document Status**	Live
Effective Date	1 April 2025	**Approved by**	Audit and Governance Committee
Previous version	NA	**Date of Next Review**	1 April 2028

Version Control			
Version	**Author**	**Date**	**Changes**

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

1. Background

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

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

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

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

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

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

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

2. Introduction

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

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

3. Defined roles and responsibilities

The following are defined roles under this policy:

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

4. Definition of a complaint

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

Cotswold District Council has adopted this definition.

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

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

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

5. Making a Complaint

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

- letting us know by clicking the 'Make a Comment' button on the website Comments and complaints - Cotswold District Council
- Contact us - Cotswold District Council
- visiting us in person at our Council Offices;
- contacting your local Councillor;
- writing to us at: Cotswold District Council, Trinity Road, Cirencester, Gloucestershire, GL7 1PX

Where dissatisfaction is expressed through surveys, social media pages etc, we will not automatically classify these as a complaint but where possible will take steps to advise individuals and/or residents how they may pursue a complaint should they wish too.

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

5.1 Exemptions from this complaints process

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

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

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

6. Complaints process

6.1 Acknowledgement

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

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

6.2 Stage 1 Response

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

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

Our employees will deal with each complaint on its own merits, act independently and with an open mind, give the individual and/or resident a fair chance to set out their position, take measures to address any actual or perceived conflict of interest, and consider all relevant information and evidence carefully.

Where a complaint covers more than one service area, we will allocate to a ‘lead service’ area who will co-ordinate a single response.

Individuals and/or residents do not have the right to specify who they would like to investigate their complaint.

On rare occasions the council may appoint an external investigator if it is unable to identify a suitable officer internally to respond to the complaint. In this event, the council will set out its reasons for doing so. This policy does not give individuals and/or residents the right to request one.

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

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

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

Should you raise additional complaints during the investigation, these will be incorporated into your stage 1 response if they are related, and your stage 1 response has not been issued. If your stage 1 response has been issued, the new issues are unrelated to the issues already being investigated, or it would unreasonably delay the response, the new issues will be logged as a new complaint.

6.3 Stage 2 Review

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

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

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

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

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

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

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

Your Stage 2 response will confirm the following in writing:

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

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

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

7. Local Government Ombudsman

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

8. Outcomes and Remedies

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

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

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

9. Self-assessment, reporting and compliance

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

a) the annual self-assessment against the Code to ensure our complaint handling policy remains in line with the Code requirements.
b) a qualitative and quantitative analysis of the Council's complaint handling performance which will also include a summary of the types of complaints the Council has refused to accept;
c) any findings of non-compliance with the Code;
d) service improvements made as a result of the learning from complaints;

e) presentation of the annual report about the Council’s performance from the Ombudsman; and
f) any other relevant reports or publications produced by the Ombudsman in relation to the work of the Council.

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

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

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

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

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

10. Review of Complaints Policy

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

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COTSWOLD
DISTRICT COUNCIL

Council name	**COTSWOLD DISTRICT COUNCIL**
Name and date of Committee	**AUDIT AND GOVERNANCE COMMITTEE – 27 JULY 2026**
Report Number	**AGENDA ITEM 11**
Subject	**INTERNAL AUDIT ANNUAL OPINION 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, 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 work undertaken by Internal Audit during 2025/26 and to give an overall opinion on levels of assurance resulting from this work. Due to the information contained in The Internal Audit Annual Opinion, it is deemed unnecessary to submit a separate quarterly monitoring report. Instead, we have produced a condensed version of the usual report which contains a summary of the work concluded since the last meeting of this Committee.
Annexes	Annex A – Internal Audit Opinion 2025/26 Annex B – Finalised Audits completed since the last meeting of this Committee Annex C – Open Agreed Actions as at July 2026

COTSWOLD
DISTRICT COUNCIL

Recommendation(s)	That the Audit and Governance Committee resolves to: 1. Consider the report and comments as necessary
Corporate priorities	Ensure that all services delivered by the Council are delivered to the highest standard.
Key Decision	NO
Exempt	NO
Consultees/ Consultation	N/A

1. BACKGROUND

The Annual Opinion Report 2025/26, Annex 'A', provides the Head of Internal Audit's (SWAP Assistant Director) opinion, on the adequacy and effectiveness of internal control within Cotswold District Council. The opinion is based on the adequacy of control, noted from a selection of risk-based audits carried out during the year, and other advice work on control systems including the proactive work of the service as it supports the control arrangements within change projects. The results of any external inspections also inform the opinion.

Throughout the year the Internal Audit service have measured the degree of control assurance within the systems, or elements of systems, audited or supported by way of control advice. Overall, the opinion is that a **'Reasonable'** assurance level can be given for the controls in place, within the areas where audit activity has taken place, to safeguard these systems which in turn support the delivery of the Council's overall business objectives. Although reasonable is the same assurance level as 2024/25, 2025/26's level is higher than 2024/25s.

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

The purpose of the Head of Internal Audit's Annual Opinion is to contribute to the assurances available to the Chief Executive and the Council which underpin the Council's own assessment of the effectiveness of the authority's system of internal control. This opinion is one component that the Council must take into account when completing its Annual Governance Statement.

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

2. MAIN POINTS

SWAP work is completed to comply with the Global Internal Audit Standards plus the UK Public Sector Application Note and the CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government. The Head of Internal Audit is required to provide an annual opinion, based upon, and limited to, the work performed, on the overall adequacy and effectiveness of the organisation's control arrangements. This is achieved through a risk-based programme of activities, agreed with management and approved, for 2025/26, by the Audit and Governance Committee, which should provide a level of assurance across a range of Council activities. The opinion does not imply that the internal audit service has reviewed all risks and controls relating to the Council or the systems it reviews.

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

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

3. FINANCIAL IMPLICATIONS

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

4. LEGAL IMPLICATIONS

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

5. RISK ASSESSMENT

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

6. EQUALITIES IMPACT

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

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

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

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

7. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

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

8. ALTERNATIVE OPTIONS

8.1 None

9. BACKGROUND PAPERS

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

- Internal Audit Progress Reports

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

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Cotswold District Council

Internal Audit Annual Opinion Report 2025/26

Internal Audit ▪ Risk ▪ Special Investigations ▪ Consultancy

Internal Audit Annual Opinion – 2025/26: 'At a Glance'

Annual Opinion

We are pleased to offer Cotswold District Council a **Reasonable Assurance** for 2025/26

This assurance is based on information obtained from multiple engagements and sources, the results of which, when viewed together, provide an understanding of the organisation's governance arrangements, risk management processes and internal control environment

The Headlines

Audits undertaken for Payroll - Publica Controls, Disaster Recovery - Revenues and Benefits, Data Breaches / Protection, and Accounts Payable - Quarterly Review resulted in Substantial Assurance with no agreed actions.
This signifies that internal controls are operating effectively and being consistently applied in these areas.

Significant risks were identified in the Data Retention Audit, and the Leisure Audit.
The actions for both audits have been completed, with no actions outstanding.

22 reviews delivered as part of the 2025/26 Internal Audit Plan.
Includes assurance, advisory and follow up reviews, and specific audit support to the Council.
We have 1 review at draft report stage, 4audits are in progress, and 2 have been deferred.

Internal Audit staff supporting the Council.
Auditors continue to support the Council, by attending meetings, supporting projects and when necessary, conducting specific tasks for the Council.

Agreed Actions
Two agreed actions reported in 2024/25 remain open. Of the 12 actions agreed in 2025/26, 4 remain open.

Assurance Opinions	2024/25	2025/26
Substantial	5	7
Reasonable	6	2
Limited	1	1
No	0	0
Support to the Council	6	4
Grant Certification	1	1
Advisory	6	5
Follow-Up	1	2
Agreed Actions	**2024/25**	**2025/26**
Priority 1	3	4
Priority 2	12	3
Priority 3	8	5
Total	23	12

Executive Summary

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

Purpose

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

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

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

Executive Summary

<u>Three Lines Model</u>

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

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

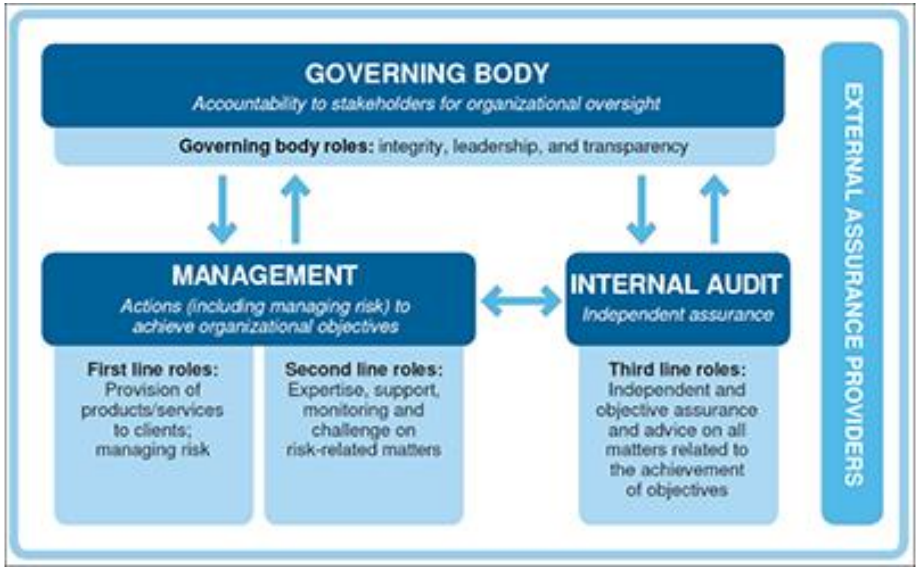
- **the first line – functions that own and manage risk.**
- **the second line – functions that oversee or specialise in risk management, compliance.**
- **the third line – functions that provide independent assurance.**

Background

The Internal Audit service for Cotswold District Council is provided by SWAP Internal Audit Services. The team's work for 2025/26 was completed to comply with the Global Internal Audit Standards and all other guidance recognised by the UK public Sector's Relevant Internal Audit Standards Setters. The work of the team is guided by the Internal Audit Charter which is reviewed annually.

Internal Audit provides an independent and objective opinion on the Authority's control environment by evaluating its effectiveness. This report summarises the activity of the Internal Audit team for the 2025/26 year.

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



Internal Audit Opinion 2025/26

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

Annual Opinion

On the balance of our 2025/26 audit work for Cotswold District Council, enhanced by the work of external agencies, I am able to offer a **Reasonable Assurance** opinion in respect of the areas reviewed during the year.

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

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

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

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

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

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

- *Work and investigations undertaken by the Council's Counter Fraud and Enforcement Unit*
- *Updates and PSN certification undertaken by the Council's ICT Team*
- *Review undertaken by Business Manager – Corporate Responsibility on Mangers' Assurance Statements 2025/26*

Internal Audit Opinion 2025/26

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

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

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

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

Summary of Audit Work 2025/26

Definitions of Corporate Risk

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

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

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

Significant Corporate Risks

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

We identified significant weaknesses in the following audits:

Data Retention

- The Data Retention Policy and Schedule required updating.
- Data was not retained in accordance with Publica's retention schedule, or best practice and statutory requirements.

Leisure

- The leisure service provider is responsible for managing compliance at the Council facilities and, as per the agreement, non-compliance should be reported to CDC. A review of selected health and safety compliance areas identified non-compliances that had not been reported to the Council.
- The leisure service provider has safeguarding policies and procedures. However, we were unable to verify that an adequate safeguarding self-assessment/risk assessment had been completed as required

To ensure control weaknesses are being addressed we have continued to follow-up all agreed actions made in previous years audits as well as current year ones which have passed their implementation dates. The CFO receives a regular report of all agreed actions which can be followed up with Officers and Publica where appropriate.
Two agreed actions reported in 2024/25 remain open. Of the 12 actions agreed in 2025/26, 4 remain open.

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

Summary of Audit Work 2025/26

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

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

Summary of Audit Opinion

The following two charts summarise the audit opinions and audit work, and involvement, during 2025/26.

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

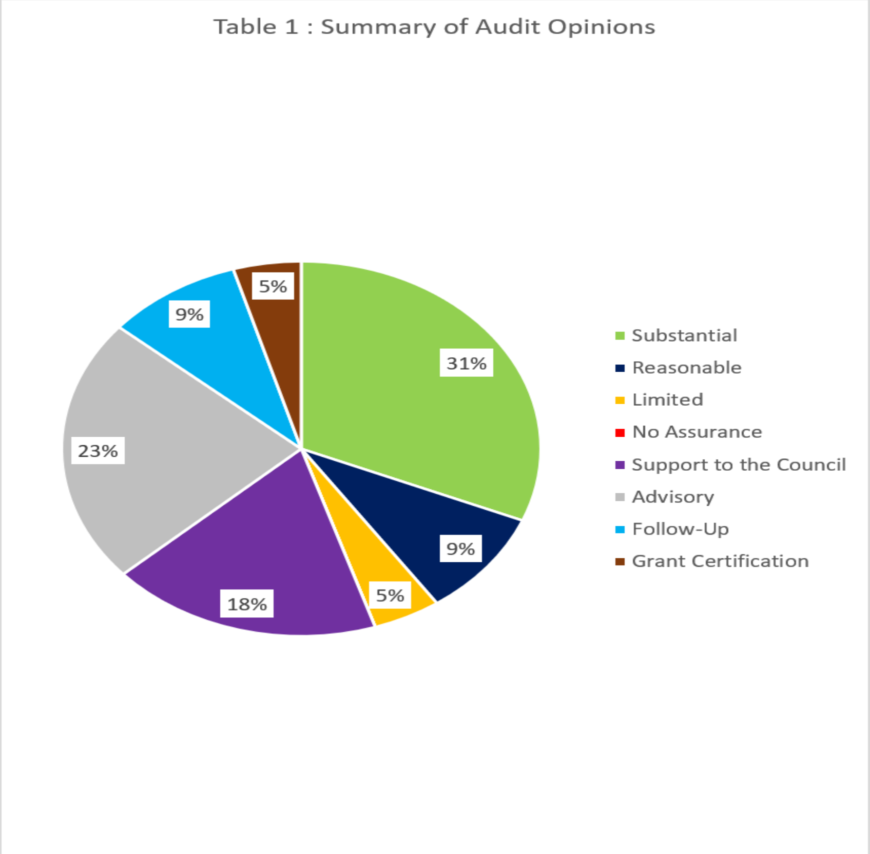
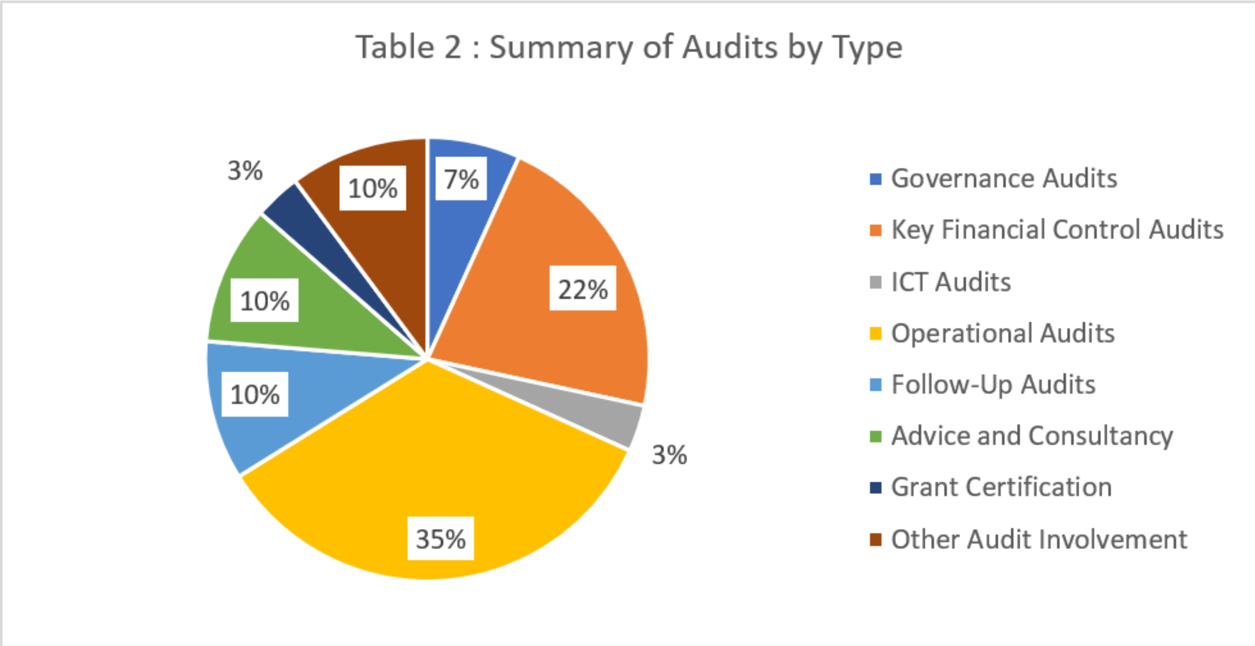


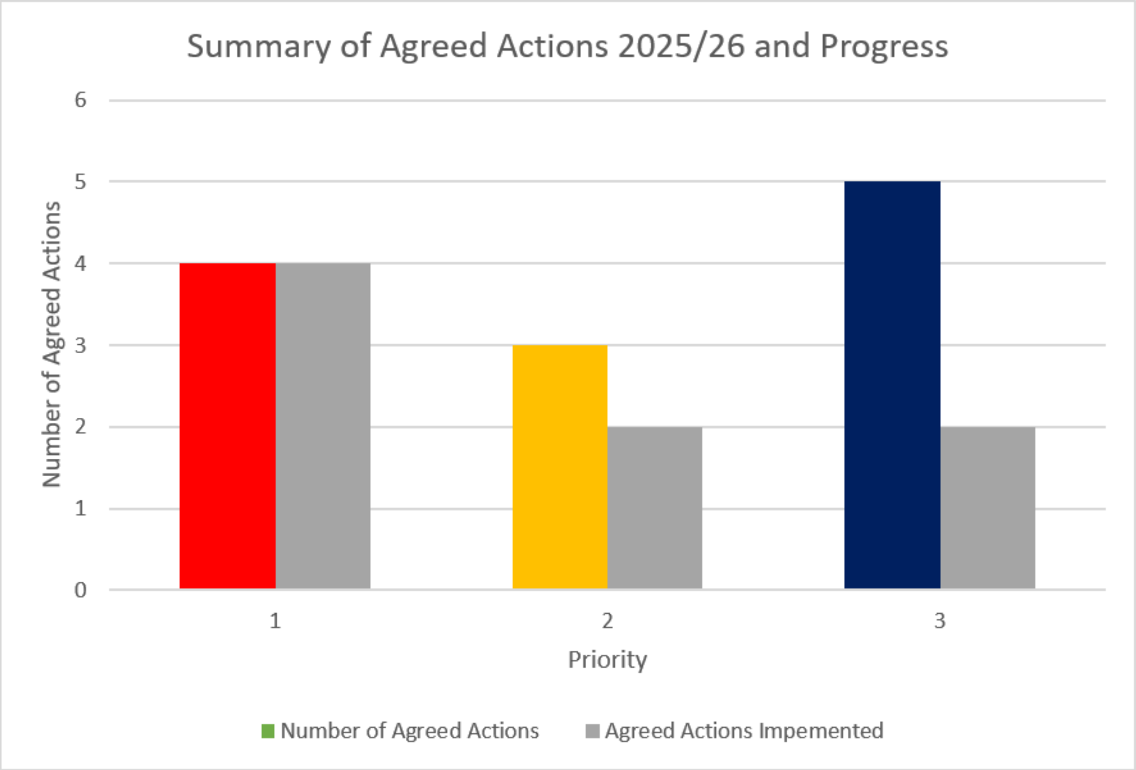
Table 2 indicates the audit work by type.



SWAP Performance - Summary of Audit Actions by Priority

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

Priority Actions



Plan Performance 2025/26

Added Value

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

Added Value

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

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

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

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

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

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

Plan Performance 2025/26

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

SWAP Performance

In 2025/26 SWAP work was completed to comply with the the Global Internal Audit Standards plus the UK Public Sector Application Note and the CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government. The Internal Audit service for Cotswold District Council is provided by SWAP Internal Audit Services.

Under these standards we are required to be independently externally assessed at least every five years to confirm compliance to the required standards. SWAP was assessed in January 2025 and confirmed that we are in conformance to PSIAS. Members of the Committee have been provided with the full EQA report.

Standard 8.3 of the Global Internal Audit Standards requires Heads of Internal Audit to develop, implement and maintain a Quality Assurance and Improvement Programme (QA&IP) that covers all aspects of the internal audit function. The programme must include both internal and external assessments (Standards 8.4 and 12.1 respectively). This acknowledges that high standards can be delivered by managers, but it also implies that improvements can be further developed when benchmarking is obtained from outside the organisation and the internal audit function. Following our External Assessment, we have produced our QA&IP and included additional improvements and developments identified internally that we want to make, as aligned to SWAP's Business Plan. The QA&IP is a live document and will be regularly reviewed by the SWAP Board to ensure continuous improvement and delivery on our actions.

Summary of Internal Audit Work 2025/26

Audit Type	Audit Area	Status	Opinion	No of Actions
2025/26 Finalised and Completed Reviews				
Operational	Counter Fraud and Enforcement Unit	Final Report	Low Substantial	1
Operational	Leisure and Culture Facilities	Final Report	Mid Limited	4
Key Financial Control	Payroll – Publica Controls	Final Report	Mid Substantial	0
Key Financial Control	Payroll – Council Controls	Final Report	Mid Reasonable	1
ICT	Disaster Recovery – Revenues and Benefits	Final Report	Low Substantial	0
Follow-Up	Members' Allowances	Final Report	N/A	0
Governance	Data Retention	Final Report	Advisory	2
Operational	Digital Exclusion	Final Report	Advisory	0
Key Financial Control	Council Tax and NNDR	Final Report	High Reasonable	2
Key Financial Control	Housing Benefit and Council Tax Support	Final Report	Mid Substantial	1
Key Financial Control	Bank Reconciliations	Final Report	Mid Substantial	1
Follow-Up	Data Breaches / Protection	Final Report	Mid Substantial	0
Key Financial Control	Accounts Payable – Quarterly Review 2025/26	Final Report	High Substantial	0
Grant Certification	SWNZ Grant	Complete	N/A	

Summary of Internal Audit Work 2025/26

Audit Type	Audit Area	Status	Opinion	No of Actions
Support	Business Grant Funding – Aged Debt	Complete	Support to the Council	N/A
Follow-Up	Follow-Ups of Recommendations made in Substantial and Reasonable Audits	Complete	Follow-Up	N/A
Other Audit Involvement	Working with the Counter Fraud and Enforcement Unit	Complete	Support to the Council	N/A
Other Audit Involvement	Management of the IA Function and Client Support	Complete	Support to the Council	N/A

Audit Type	Audit Area	Status	Comment
Draft Reports			
Operational	Climate Change – Operational		

Summary of Internal Audit Work 2025/26

Audit Type	Audit Area	Status	Comment
Audits In Progress			
Operational	Bio-Diversity Net Gain		
Operational	Health and Wellbeing		
Operational	Income Streams (ERS)		
Operational	Building Control Regulatory Compliance		
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
Ongoing Audit Support / Involvement			
Support / Advisory	Support to Publica Transition Programme Phase 2		Support complete
Advisory	Procurement and Commissioning Group		Support complete for 2025/26, will continue into 2026/27
Advisory	Health and Safety Working Group		Support complete for 2025/26, will continue into 2026/27
Support	Co-Ordination Team / Emergency Planning		Support complete for 2025/26, will continue into 2026/27

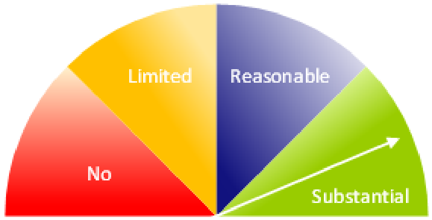
Summary of Audit Findings

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

Data Breaches / Protection – Final Report – March 2026

Audit Objective	To conduct a follow up audit in order to provide assurance that when Data Breaches occur, they are reported/actioned as per agreed policy/protocols.

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

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

The updated Data Breach Policy and the new toolkit provide clear definitions of data breaches and near misses and reporting procedures for staff. The Data Breach Toolkit also includes practical resources comprehensive guidance, templates, and training materials to support the Compliance and Information Governance team in managing data breaches effectively. Reporting requirements to the ICO are well-defined, and the triggers for escalation are appropriately established.

Based on the fieldwork undertaken, the new Data Breach Register is operating effectively as a central system for recording and managing breach cases. It integrates well with the reporting process, ensuring that all required information is captured consistently and accurately. The Data Breach Toolkit also supports robust and comprehensive breach reporting. Its alignment with the reporting form ensures that essential information is gathered at the point of submission. The high level of data completeness within the register indicates that the toolkit is being used appropriately and is enabling accurate record-keeping. Overall, the toolkit provides a structured and reliable framework for managing data breaches.

Audit Scope

The audit included a review of the data breach process arrangements in place, including, but not limited to, a review of the following areas:

- Policies and process for reporting/responding to a data breach
- Training provision for service areas
- The data breach register
- Data breach statistics
- Data breach communications.

Other Relevant Information
Overall significant progress has been made since the previous audit, in particular with the development of the Data Breach Toolkit. Ongoing development and refinement of the toolkit and policies will support this work even further. The updated Data Breach Policy is in the process of being rolled out across the councils at the time of reporting. The Reporting Data Breach Policy is in the process of being removed from the councils' websites as this is considered to no longer be relevant due to data breaches being included in the main Data Protection Policy available to the public. It was noted as part of the audit that the Information Security Standards policy and the Acceptable Use policies are out of date. Furthermore, we have been advised that the Data Protection Policy is in the process of being updated to ensure it is in line with the new Data Breach process. We have not raised these as actions as we have been advised that they do not fall within the remit of the Compliance and Information Governance Team. We have informally advised ICT of these findings. A staff survey was undertaken as part of this audit. The responses from this indicate broadly positive views across policies, training, reporting and communication relating to data breaches. Those responding to the survey generally stated that policies are accessible and comprehensive, training is adequate, breaches are being reported, and that remedial action is taken. There were a couple of comments in the survey, which we suggest are considered by the Compliance and Information Governance team: one requesting additional or more tailored training, and another regarding increasing the visibility of breach-related communications. One of the final comments from the survey was to say, "I have always found the data team supportive and approachable". A summary of the survey results has been provided to Management for information and to inform future activity.

Bank Reconciliations – Final Report – March 2026

Audit Objective	To provide assurance that core financial processes are operated in accordance with agreed policy/procedure and with the Financial Rules.

Executive Summary

Assurance Opinion	**Management Actions**		**Organisational Risk Assessment**	**Low**
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.	Priority 1	0	Our audit work includes areas that we consider have a low organisational risk and potential impact.	
	Priority 2	0		
	Priority 3	1		
	Total	**1**		

Key Conclusions

At the time of audit work (December 2025) there were several outstanding entries in the Council's suspense account, with the oldest unresolved item from 2021. The Publica Casual Business Partner Accountant is working to clear historic balances.

Items in suspense should not be held over several years with no resolution. Suspense account entries including historical balances are being resolved.

We can confirm the monthly bank reconciliation is being completed in a timely manner, it is appropriately authorised and it is in accordance with the financial rules (except for the clearing of the suspense account discussed above).

Audit Scope

The following areas were reviewed:

- Suspense account monitoring processes.
- Frequency and accuracy of bank account reconciliations.
- Authorisation process for bank account reconciliations.
- Implementation of previously agreed actions.

The period reviewed was April – December 2025.

Other Relevant Information

The Publica Interim Head of Finance advised (November 2025) she is working on a Business World project with Publica IT Officers to match and move repeat payments which go into the suspense account because of incorrect reference numbers.

Accounts Payable (Continuous Analysis) – 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

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 transaction. Potential duplicates for Q3 2025/26 have been forwarded to AP for further investigation.

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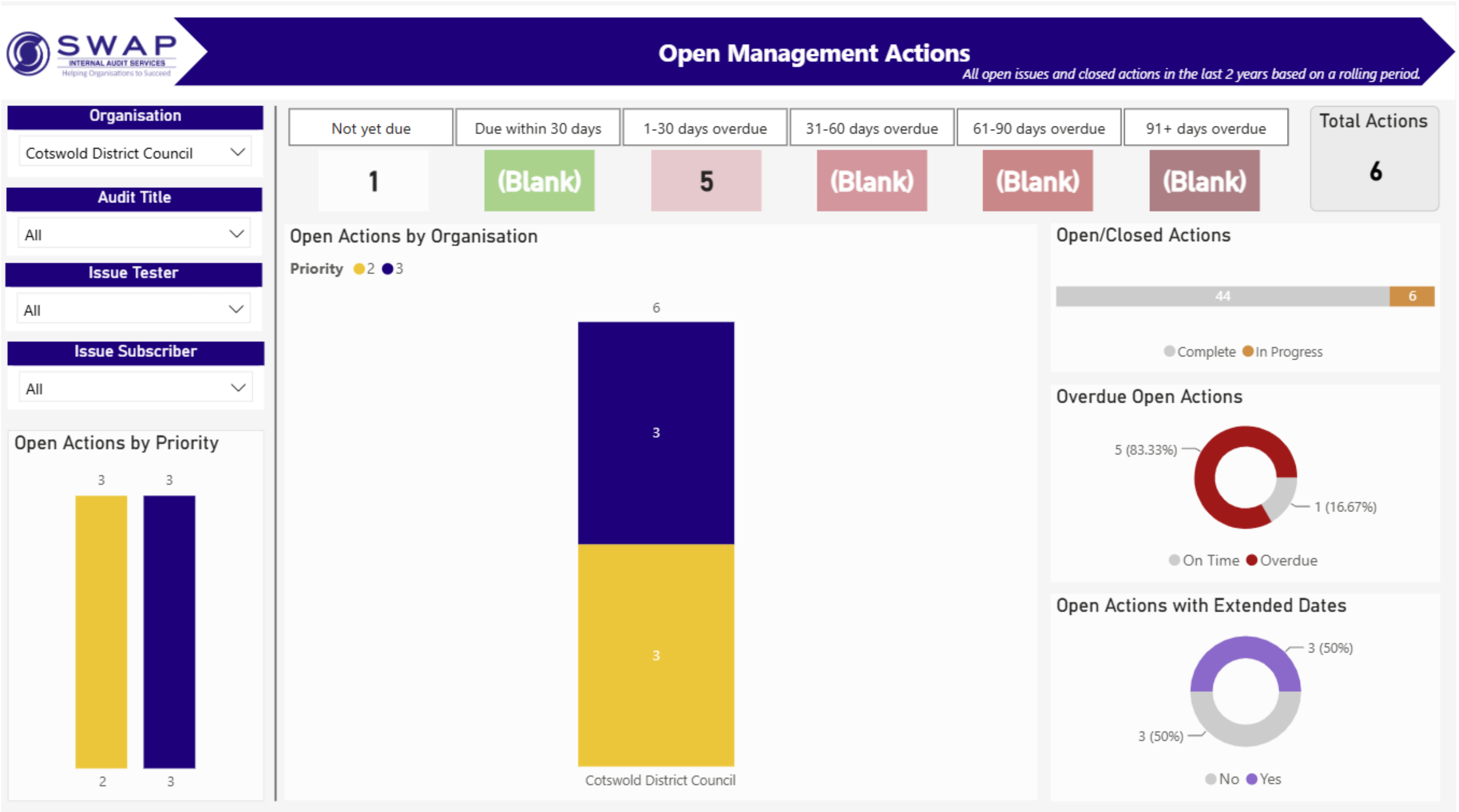
Open Agreed Actions – July 2026

SWAP Action Tracker - Cotswold and Cheltenham Team Analytics DB Access



OPEN AGREED ACTIONS - JULY 2026

ID (Issu	ID (Act	Audit Title	Title	Issue Status	Period	Priority Score	Original Timescale	Timescale	Follow-Up Assessment
5438	5800	CDC - Taxi Licensing Safeguarding Follow Up	CDC Taxi Licensing Income Reconciliation.	Pending Remediation	2024/25	2	30/06/2025	30/06/2026	Deadline has been extended, and this action will be reviewed as part of our licensing income audit.
5567	5933	CDC - CT/NNDR 2024/25	CDC Historical Revenues and Benefits Suspense Account Entries.	Pending Remediation	2024/25	2	31/03/2025	30/06/2026	In progress - we've been advised that the team are working with ICT to minimise the amount going into Suspense.
7554	8062	PUB - Revenues and Benefits 2025/26	NDR Long Term Empty Property Monitoring	Pending Remediation	2025/26	3	30/06/2026	30/06/2026	In progress - a Review Officer is now in post and is currently being trained and establishing a schedule.
7652	8165	PUB - Revenues and Benefits 2025/26	Council Tax Long Term Empty Property Monitoring.	Pending Remediation	2025/26	2	30/06/2026	30/06/2026	Advised this is complete - awaiting evidence.
7669	8182	PUB - Revenues and Benefits 2025/26	Publica Benefits Business Continuity Plan.	Pending Remediation	2025/26	3	30/06/2026	30/06/2026	
7904	8431	PUB - Bank Reconciliation - 2025/26	WODC and CDC Suspense Accounts.	Pending Remediation	2025/26	3	31/05/2026	30/09/2026	Deadline extended - in progress, but historic values still held in suspense.

COTSWOLD
District Council

Council name	**COTSWOLD DISTRICT COUNCIL**
Name and date of Committee	**AUDIT AND GOVERNANCE COMMITTEE – 27 JULY 2026**
Subject	**STATEMENT OF ACCOUNTS 2025/26**
Wards affected	None
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 author	Michelle Burge, Chief Accountant and Deputy S151 Officer Email: Michelle.Burge@Cotswold.gov.uk
Summary/Purpose	The Statement of Accounts for 2025/26 shows the financial position of the Council as of 31 March 2026 as well as the performance during the year. Under the Council's Constitution, the Audit and Governance Committee is charged with the responsibility of the approval of the accounts. This report presents to the Committee for consideration the draft Statement of Accounts for the year ended 31 March 2026.
Annexes	**Annex A** – Unaudited 2025/26 Statement of Accounts
Recommendation(s)	That the Audit and Governance resolves to note: 1. The draft unaudited Statement of Accounts 2025/26 (as attached at **Annex A**) 2. Key highlights from the Statement of Accounts 2025/26 as set out within this report.
Corporate priorities	• Delivering Good Services
Key Decision	No

COTSWOLD
District Council

Exempt	No
Consultees/ Consultation	None

COTSWOLD
District Council

1. EXECUTIVE SUMMARY

1.1 The Draft Statement of Accounts for 2025/26 shows the financial position of the Council as at 31 March 2026 as well as the performance during the year. The Statement of was published on the Council website on 1 July 2026

1.2 Under the Council's Constitution, the Audit and Governance Committee is charged with the responsibility of the approval of the accounts.

1.3 This report summarises the key aspects of the 2025/26 Statement of Accounts which can be found at **Annex A**.

1.4 Member of the Committee will be offered the opportunity to attend Statement of Accounts training in September 2026, providing an overview of the Accounts, an explanation of their role as Councillor, an explanation of the key statements and of some of the key balances and entries. The PowerPoint slide deck and any associated papers will be circulated for any members of the Committee who are unable to attend.

1.5 A final audited version of the Statement of Accounts, together with the Council's external audit's opinion on those accounts is expected to be presented to the December Committee meeting following completion of the external audit. Bishop Fleming have agreed that their fieldwork will commence from September 2026.

1.6 The draft Statement of Accounts has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 ('the Code'). The Council is statutorily obliged under the Accounts and Audit Regulations 2015 to prepare its Statement of Accounts in accordance with the Code.

1.7 The Statement of Accounts have a specified format which includes a narrative report, four primary statements, accounting policies and notes to the accounts. The purpose of the primary statements is set out below together with any key highlights from those statements for the year ended 31 March 2026.

2. COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES)

2.1 This statement includes the net cost of services in accordance with generally accepted accounting practices which for 2025/26 was a surplus of £4.529m. This differs from the revenue outturn report which reported a surplus of £0.889m (£0.251m improvement to the budgeted £0.638m surplus) as the CI&ES is prepared under International Financial Reporting Standards (IFRS) while the management accounts are prepared based upon Local Authority accounting rules. The "Expenditure and Funding Analysis" within the published Statement of Accounts reconciles the difference between the IFRS net surplus and management accounts outturn.

2.2 A reconciliation of the CI&ES with the budget monitoring report is shown below.

	2025/26 £m
Surplus for the year per CIES	**(4.529)**
Technical Accounting Adjustments	1.188
(Use of) / transfer to Earmarked Reserves	2.452
Net Surplus per Management Reporting	**(0.889)**

2.3 The technical accounting adjustments include movements for:

- Neutralisation of depreciation.
- Revaluation gains/losses for the Council's property portfolio.
- Transfer of capital grant/contribution to the capital grant reserve.
- Revenue expenditure funded from capital under statute
- Adjustments to the pension reserve which neutralises the current service cost and ensures that the actuarial estimates are not charge to Council Taxpayers.

3. MOVEMENT IN RESERVES STATEMENT (MiRS)

3.1 The MiRS details the movement in the year between reserves, from the deficit on provision of services in the Comprehensive Income and Expenditure Statement, to the position on the Balance Sheet as at 31 March 2026. The reserves are split into usable reserves (which are available to spend) and unusable reserves held for accounting purposes (and are not available for use).

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4. BALANCE SHEET

4.1 The Balance Sheet depicts the assets and liabilities of the Council as at 31 March 2026 splitting these between current (less than 12 months) and non-current (long term assets and liabilities). Subtracting liabilities from assets leads to a net position which represents the Council's 'net worth'.

4.2 As of 31 March 2026, the Council's net worth is £106.051m compared to £96.362m the previous year, an increase of £9.689m.

4.3 The Council's Property, Plant and Equipment values have increased by £2.062m, largely because of £2.770m increases in land and property valuations. This movement is also reflected within the Unusable Reserves, Revaluation Reserve balance.

4.4 Non-Current debtors decreased by £1.064m, predominantly due to reductions in the principal outstanding on vehicle finance leases for vehicles with Ubico, as repayments continued in accordance with the lease agreements.

4.5 Current assets have increased by £5.159m, due in part to a £4.911m increase in short term Investment deposit.

4.6 Current Liabilities have reduced by £0.364m, due to a £0.461m reduction in the provision for NNDR appeals, a £0.270m increase in s106 balances & £0.178m decrease in creditors and receipts in advance.

4.7 The Council's pension surplus has increased by £3.492m to £21.753m. Under the International Accounting Standard (IAS 19) the Council must disclose the lower of the actuarial valuation or Asset Ceiling calculation due to an ongoing requirement to pay agreed past service contributions. The inclusion of the Asset Ceiling calculation resulted in a lower valuation producing a net liability of £10.735m being included within the balance sheet for 2025/26.

4.8 The total balance of capital resources (excluding Community Infrastructure Levy receipts) as of 31 March 2026 is £6.355m including capital grants. Expenditure on capital projects was £2.605m in 2025/26 including waste and recycling containers £0.128m, electronic vehicle charging points £0.118m, public conveniences card readers £0.083, IT infrastructure £0.082m and private sector housing renewal grants (DFG) awarded totalling £1.605m.

4.9 £0.428m of Capital receipts were applied during the year to finance capital expenditure. In addition, £2.049m of capital receipts were generated from asset disposals and loan and lease repayments. These included £0.271m from the sale of Old Memorial Cottages, £0.238m from the sale of Bourton on the Water Visitor Information Centre and £0.076m from the sale of the Old Station, £0.325m of Right to Buy receipts from Bromford Housing, £0.901m of lease repayments from Ubico and £0.235m of loan repayments from Friends of the Cotswold.

4.10 The Useable Reserve, Capital Grants Unapplied, has increased by £1.039m predominantly due to capital contributions received from developers under the Community Infrastructure Levy scheme (CIL) which have not yet been applied to finance capital schemes.

5. CASHFLOW STATEMENT

5.1 The Cash Flow Statement included within the draft Statement of Accounts presents the year-on-year movement in cash and cash equivalents, rather than solely the movement in the Council's bank balance. Cash and cash equivalents include cash held in the Council's current account together with on-demand deposits, such as Money Market Funds and Call Accounts.

5.2 At 31 March 2026, cash and cash equivalents had increased by £0.904m compared with the previous year. This increase was primarily due to a £0.929m rise in balances held in Money Market Funds and Call Accounts, partially offset by a £0.025m reduction in cash held in the Council's current account.

5.3 The increase in cash balances was largely driven by the timing of cash receipts and payments at the year end, resulting in higher funds being available for short-term investment. Surplus cash was therefore transferred from the Council's current account into Money Market Funds and Call Accounts to maximise investment returns whilst maintaining liquidity.

6. NOTES TO THE ACCOUNTS

6.1 The notes to the accounts provide the detailed breakdown of the numbers contained within the primary statements together with relevant supporting information to assist the readers of the accounts and to comply with accounting standards disclosure

COTSWOLD District Council

requirements.

7. ACCOUNTING POLICIES

7.1 The Council's Financial Rules state that the Chief Finance Officer is responsible for setting the Council's Accounting Policies. The Statement of Accounts is prepared based upon these policies. Whilst it is the Chief Finance officer's responsibility to set the policies, the Audit and Governance Committee is responsible for approving them.

7.2 The Accounting Policies were approved by the Audit and Governance Committee at the meeting on the 9 April 2026. No further changes have been made to the policies presented and approved at that meeting.

8. APPROVAL AND PUBLICATION OF THE ACCOUNTS

8.1 The Audit and Governance Committee is responsible for formally approving the audited Statement of Accounts on behalf of the Council. The statutory deadline for completing the 2025/26 audit is the 31 January 2027.

8.2 Officers have agreed with Bishop Fleming that the audit will commence in September 2026 and is expected to complete by 9 November 2026.

8.3 On completion of the audit, the Committee will be asked to approve the signing of the Statement of Accounts and Letter of Representation. At this point, the accounts can be formally approved by the Committee and the external auditor (Bishop Fleming LLP). The S.151 Officer will then sign the accounts, and they will be published on the Council website alongside the notice of the completion of the Audit.

9. POST BALANCE SHEET EVENTS

9.1 The S.151 Officer will continue to monitor matters which occur after the balance sheet date, (31 March 2026) which could have an impact on the amounts included within the accounts up to the date the external auditor signs the Statement of Accounts. If the matter meets the definition of an 'adjusting' event and would have a material impact on an amount or amounts included within the statements, further adjustments to the statement may be required. Any such events would be discussed with the external auditor and reported to the Committee.

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District Council

10. ALTERNATIVE OPTIONS

10.1 There are no alternative options as the Council has a legal obligation to prepare the statutory statement of accounts and for those to be subject to external audit.

11. CONCLUSIONS

11.1 The Statement of accounts at Annex A are draft and was published on the Council website on 1 July 2026. Committee members will be offered the opportunity to attend a Statement of Accounts training session in September 2026.

11.2 It is anticipated that an audited version of the accounts will be presented to the December Committee for final sign off following finalisation of the audit by Bishop Fleming

12. FINANCIAL IMPLICATIONS

12.1 Revenue and capital balances as detailed within the report and the annex. There are no other direct financial implications arising from this report.

13. LEGAL IMPLICATIONS.

13.1 No specific implications

14. RISK ASSESSMENT

14.1 The main risks arise from a lack of financial control and poor accounts preparation process. The Council has appropriate controls in place to mitigate these. In addition, any recommendation made by the External Auditor which have been accepted will be implemented within the agreed deadline.

15. EQUALITIES IMPACT

15.1 This report presents to the Committee a statutory report which the Council has a legal obligation to prepare and as such, there are no equalities impacts.

16. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

16.1 None

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District Council

17. BACKGROUND PAPERS

17.1 9 April 2026 Audit and Governance Committee approved the Draft Accounting Policies

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COTSWOLD
District Council

STATEMENT OF ACCOUNTS 2025/26 (UNAUDITED)

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Narrative Report

Cotswold District Council

Cotswold District Council sits at the heart of the Cotswolds National Landscape - one of the most beautiful parts of the country, as proven by its popularity as a visitor destination. The district is an attractive area to live, with many second or holiday homes. The area has high property prices and affordability of housing has been an issue for some years.

The population is approximately 91,600, which given its size of 450 square miles and its largely rural character means that there is a low density of population which in turn affects the costs of providing services. The district also has an ageing population and has the highest proportion of people aged 65 and over in the County. People living in Cotswold District are more likely to experience a good quality of life than elsewhere in Britain. Many parts of the district are in the least deprived 20% in England, with no parts in the most deprived 20%.

Our Aims and Priorities

Local councillors are elected by the community to decide how the Council should carry out its various activities. They represent public interest as well as individuals living within the ward in which they have been elected to serve for their term of office. The Council has 34 elected members representing 32 wards within the Cotswold District. There are also 87 Parish and Town Councils in the district and 28 parishes which do not have a Council, but a Parish meeting. Elections are held every four years, with an election taking place in May 2023 where the Liberal Democrats retained political control. The political make-up of the Council from May 2023 included twenty-two Liberal Democrats, ten Conservatives, one Green Party and one Independent Councillor. The term of office for elected members will run for an additional 11 months up to 31 March 2028 due to Local Government Reorganisation in Gloucestershire which will see the District Councils and County Council replaced a new unitary council(s) in April 2028.

The administration set out its aims, priorities and underlying principles that set the direction for the Corporate Plan for the Council and was updated in September 2025 and covers the period 2025 to 2028. The Plan sets out how the Council will achieve its aims and deliver on its priorities.

The Council's overall aim set out within the Corporate Plan is to build a lasting legacy for the Cotswolds recognising the challenges facing the district, and sets out the vision through to 2028, when the council is expected to be replaced - along with other Gloucestershire councils - by a new unitary council structure, under national plans for Local Government Reorganisation.. The Council's vision, as set out in the Plan, is to leave a lasting legacy of:

- Genuinely affordable, sustainable housing
- Resilient, connected communities
- A thriving local economy
- A protected and enhanced natural environment
- Good, transparent public services

The vision is built on principles of trust, confidence and transparency underpinned by a set of core values:

- put our communities first: their priorities are our priorities
- are one team: working for our residents and businesses
- are business focussed: ensuring efficiency, effectiveness and good value for money
- are set up for success: to deliver against our corporate priorities

The strategic priorities up to 2028 are:

- Preparing for the future
- Delivering good services
- Responding to the climate crisis
- Delivering housing
- Supporting communities
- Supporting the economy

The financial impact of these priorities was reflected in an update to the Medium-Term Financial Strategy during 2025/26

Each quarter, the Council monitors its progress towards achieving its aim and priorities, service delivery and financial performance.

Items of note in relation to 2025/26 include:

<u>Preparing for the future</u>
The Council held a Town and Parish Council Summit to ensure local councillors understand changes that are coming. This included working closely with partner councils on a programme of public engagement, the results of which will form part of a singular evidence-base that will support the development of unitary authority proposals.

Councillors and officers have collaborated with counterparts at Gloucestershire councils to share information and design services, drawing on best practice within existing councils to ensure future unitary council delivery meets local needs.

<u>Delivering good services</u>
Delivered a programme to bring Council services back in house, maximising responsiveness and democratic accountability. Phase 1 completed in November 2024 and Phase 2 in July 2025.

Contract management of our waste service, leisure centres and Corinium Museum, along with our property and assets team, were brought back in-house in July 2025.

The Council is working through a full update to the Local Plan, at pace, which will address challenges brought about by the government doubling the district's housing target.

Responding to the climate crisis

The council's carbon emissions have reduced 41% against the 1990 baseline year, from 4.7million kg CO2e in 1990 to 2.76million kg CO2e in the year 2022 to 2023.

The council installed a further 26 electric vehicle charging points in its car parks in Tetbury, Cirencester, Stow-on-the-Wold and Moreton in Marsh. Of the 150 publicly accessible EV chargers across the district, the council has installed 49.

The council had almost doubled its climate score according to Climate Emergency UK, placing it in the top 15% of district councils nationwide and second in Gloucestershire for climate improvement.

The council is helping residents to install solar panels through the Cotswold Home Solar scheme.

Delivering housing

The Strategic Housing Manager is developing strategies and options for a more interventionist approach to housing delivery. This includes fostering collaborations with landowners, developers, and Registered Providers to enhance housing availability and effectiveness. Additionally, a pipeline of potential Rural Exception Sites is being developed.

Work is ongoing to support all refugees, whether through a resettlement scheme or dispersed asylum. In addition to ensuring that families and individuals are properly housed and continuous wraparound support is being provided to aid with resettlement and foster community cohesion.

Planning consent for the zero-carbon affordable housing development in Down Ampney was granted on 12th March 2025, but Bromford needs to address issue with the surface water drainage design and coordinate with Thames Water on infrastructure upgrades. These factors may delay the start of work to 2027

Supporting communities

Cotswold District Council is continuing to build its role as a leading voice for health and wellbeing, encouraging active lifestyles and inclusive community action. The Leisure Strategy, developed around local needs, directs investment in facilities and non-facility programmes, with oversight from the Active Cotswolds Programme Board across three themes: Healthier District, Connected Community, and Active Environment. The leisure contract continues to outperform key targets, including gym membership, participation rates, and Learn to Swim enrolments, with support from partners

Managed and delivered UK Shared Prosperity Fund programmes, supporting community-focused projects, local businesses and improvements that build pride in place and strengthen local communities.

The Cotswold Food Network is continuing to drive food sustainability through resources such as the Food Procurement Guide, Allotments Mini Guide, and Cookery Classes Guide. Outreach tools, including the Low-Income Family Tracker and the updated Worrying About Money leaflet, are helping to reach and support low-income households. Work is also progressing to explore a Venison Supply Project for local food charities.

Supporting the economy

Officers continue to work with businesses from key sectors, including agritech, cyber/digital, and sustainable aviation, to promote employment opportunities. Discussions with key stakeholders about promoting apprenticeship opportunities are ongoing, and a campaign is planned once the new government's intended changes to apprenticeships have been announced.

The final version of the refreshed Green Economic Growth Strategy was adopted by Cabinet in March 2025, helping to align economic growth with environmental sustainability and supporting the transition to a low-carbon economy.

14 projects have been allocated funding by the Rural England Prosperity Fund (REPF) grant scheme for village halls.

Publica Group (Support) Limited

Publica Group (Support) Limited ['Publica'] is wholly owned by Cotswold District Council along with West Oxfordshire and Forest of Dean District Councils and Cheltenham Borough Council. It is a not-for-profit company limited by guarantee with no share capital and operates with Mutual Trading Status to deliver services on behalf of the Member councils under contract.

Publica is a Teckal company fulfilling the conditions set out in Regulation 12(4) of the Public Contracts Regulations 2015. The Company is subject to management supervision by the Members. As such, the Company is a body governed by public law as defined in the Public Contracts Regulations 2015.

While Publica works closely with the Council, the company has its own board of Directors, its own Management team, and operates independently from the Council.

A review of Publica Group (Support) Limited was commissioned by the four partner Councils to review the effectiveness of Publica and whether certain services would be better placed back with the Councils. A decision was made by each Council to bring back services into the Council, and this programme began in early 2024. This included services that were delivered delivered directly for individual councils such as Democratic Services, Election Services, Planning, Building Control and some support services such as financial management.

A second phase was agreed by all Councils, and this concluded with the transfer of staff back to the Council on 1st July 2025. The second phase was smaller and included services such as Property and Estates, Leisure and Cultre contract management, Waste contract management, Project management and HR Business Partners.

This represents a fundamentally different future for the councils and for Publica with the aims of the transition in relation to services and service delivery to:

- Deliver more defined local priorities.
- Better reflect Member priorities and the Corporate Plan.
- Be more agile.
- Be more sustainable.
- Ensure better control over service.
- Define services more to locality, with residents at the heart.

Medium Term Financial Strategy (MTFS)

The Council operates a rolling 4-year MTFS, the latest being approved by Council on 23rd February 2026. Despite uncertainties around Local Government Funding Reforms, the continued pressure on households from the cost-of-living crisis, and the general economic position, the Council has prepared a sound budget whilst maintaining services to residents.

The budget and MTFS has been prepared in accordance with the approved budget strategy. This includes the principle of maintaining the Council's general fund revenue risk-based balance at £1.760m and maintaining other usable reserves to mitigate risk and support improvement.

The Council will need to continue to take steps to manage and address the budget gap identified over the MTFS period

The capital programme includes planned expenditure of £10.489m in 2026/27 with the Council needing to consider the outcome of due diligence work on other potential schemes before any further capital expenditure is committed.

Cabinet with support from the Cabinet Transform Working Group will need to further develop the approach to the Council's Savings Programme to address the budget gap identified over the MTFS period. This will need to include consideration of a service design framework to ensure service costs are contained within the financial envelope set out in the MTFS.

The Council is required to balance the budget one year from the next and must deliver an ongoing savings programme – a robust, balanced, and proportionate plan of cost management and income generation opportunities to ensure the Council is able to achieve financial sustainability.

Reserves continue to be held to support the implementation of key projects and to mitigate against the substantial increased risk the Council is facing. Reserves held to promote financial sustainability are forecast to be depleted during the MTFS period. All reserves will be monitored and reported to Cabinet throughout 2025/26 and will be reprioritised where appropriate.

A summary of the MTFS for the next four years is shown below:

MTFS Summary	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
Net Service Expenditure Budgets	17,202	17,202	17,202	17,202
Corporate Items/Non-service income	(886)	(652)	(253)	(253)
Transfer to/(from) earmarked reserves	894	111	158	158
Provision for Inflation	-	733	1,454	2,191
Service and Corporate Items	**17,210**	**17,394**	**18,561**	**19,298**
Budget Pressures	-	961	961	961
Savings and Transformation Items	-	(342)	(561)	(780)
Net Reveuve Budget	**17,210**	**18,013**	**18,961**	**19,479**
Total Funding	(17,210)	(16,524)	(16,481)	(12,360)
Budget Gap / (Surplus)	**(0)**	**1,489**	**2,480**	**7,119**

An important part of the strategy for financial sustainability will be to continue to deliver efficiencies and savings over the coming years. The Corporate Strategy and services must be delivered within the overall resource envelope available to the Council thereby reducing reliance on earmarked reserves to support the budget.

Retained Business Rates

Forecasting business rates income is complex with the impact of additional reliefs and the implementation of a shorter 3-year revaluation periods contributing to the level of uncertainty around forecasts for the medium-term.

Business rates are collected by the Council, and the proceeds are shared between Cotswold District Council, Gloucestershire County Council and the Government. There is an element of risk and reward involved in the Business Rates scheme, which is designed to incentivise Councils to promote business growth within their areas.

The Council expects its share of retained business rates to be £1.433m in 2026/27. The business rates retention scheme is volatile and estimating the outturn is complex due to factors such as appeals, demolitions, new builds, occupation, and reliefs. The draft forecast for business rates included in the MTFS, is significantly lower than previous years. With the reset of the business rates retention system, for 2026/27 a safety net payment is triggered should the council's retained business rates income fall below the baseline funding level of £1.255m.

Each year the Council forecasts whether its collection of Business Rates will be higher than anticipated, resulting in a "surplus" on the Collection Fund, or lower than anticipated, resulting in a "deficit" on the Collection Fund. Where this Council forecasts a surplus on the Collection Fund, the surplus is paid out in the following financial year to the County Council (10%), Government (50%) and the District Council (40%). Similarly, where the Council forecasts a deficit, the deficit is recovered in the same proportions in the following financial year. The draft position on the Collection Fund is a deficit of £2.03m of which £0.809m is Cotswold's share. In order to mitigate the impact this would have on the 2025/26 revenue budget (the deficit would reduce the level of funding), an equal amount will be transferred from the Business Rates risk reserve.

During 2025/26, the Council transferred £1.501m to earmarked reserves, comprising £0.730m of Section 31 grant and Business Rates surplus and £0.771m of Business Rates Pool surplus. These balances have been set aside to mitigate future Collection Fund deficits and strengthen the Council's financial resilience

The table below sets out the forecast for 2026/27.

Business Rates Forecast	2024/25
	£000s
Non-Domestic rating income (NNDR 1 estimate)	1,255
Add Renewable Energy Scheme	178
Estimated Retained Business Rates	1433
Business Rate Deficit	(911)
TOTAL Funding from Business Rates	522
Assumed BRR Included in MTFS	5,117

Gloucestershire Business Rates Pool

The Gloucestershire Business Rates Pool was set up in 2013/14 to maximise the business rate income retained within the County and to support economic growth. Change in the Pool Levy rate from 15% to 21% because of the 2023/24 revaluation resulting in a lower proportion of business rates growth being retained in the County. Will mean less funding remains in the County.

The MTFS assumes that any windfall gain associated with the Business Rates Pool will be allocated to the Financial Resilience reserve and/or Business Rate Risk Reserve for 2025/26.

Gloucestershire Section 151 Officers considered the prospects for pooling in November 2025 ahead of the budget. External support from LG Futures was provided to model the impact from pooling in 2026/27. This concluded pooling was not financially viable given the safety net protection offered to councils outside of pooling was more generous than within a pool. Therefore, as there is too much risk and negligible reward all councils in Gloucestershire decided to withdraw from pooling

Council Tax

MHCLG proposed a maximum Council Tax increase of 2.99% or £5 for 2026/27. The MTFS assumes increases of £5 per annum on a Band D property to 2029/30.

Financial Assumptions

The assumptions used in the MTFS reflect current economic circumstances including:

- Provision has been included for future employee pay awards and workforce cost pressures across the MTFS period. Pay inflation of 3% (Publica) and 3% (Ubico plus a further 1% held by CDC as a contingency).
- Price inflation on major contracts (Publica and Ubico), utilities, and IT costs. Additional inflationary provision has been made in the budget and across the MTFS period recognising energy price rises.
- Fees and charges have been reviewed and increased where appropriate to reflect inflationary pressures and support the Council's income generation objectives. Savings from fees and charges are incorporated within the MTFS.

- Business rates funding assumptions reflect the revised Local Government Finance Settlement, Business Rates Baseline Funding Levels, transitional protection arrangements and local tax base forecasts. The Council continues to recognise the volatility associated with retained business rates income and valuation appeals.
- Government funding assumptions reflect the three-year Local Government Finance Settlement and the anticipated reduction in reliance on transitional funding over the medium term.
- Council Tax income assumes a £5 increase in Band D Council Tax for 2026/27, together with continued growth in the Council Tax base.
- Financial resilience assumptions include maintaining adequate reserves to manage inflation, business rates volatility, local government reorganisation and other financial risks, including the establishment of a £2 million Local Government Reorganisation Transition Reserve.

Savings

The level of savings set out in the MTFS does not meet the budget gap identified. The Financial Resilience Reserve is being used to balance the budget in the short-term.

Local Government Reorganisation (LGR) in the English Devolution white paper, and the proposals for Local Government Finance reform will exert significant pressure over the prospects for the Council finances over the MTFS period.

To ensure the Council is able to set a balanced budget for the 2026/27 financial year, savings have been included where proposals are robust and can be delivered. The table below provides a summary of the savings included in the MTFS.

Savings	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
Corporate Savings	-	(18)	(18)	(18)
Service Expenditure savings	-	(140)	(149)	(158)
Fees and Charges	-	(184)	(394)	(604)
Total Savings	-	(342)	(561)	(780)

During 2025/26, officers have identified several Transformation projects that could be delivered to support the wider Savings and Transformation programme

Capital Investment and Borrowing

The capital programme is focussed on delivering against the Council's key priorities with further schemes focused on enhancing the delivery of core services through improvement and enhancement of assets. The programme also includes support for the provision of affordable local housing and the Council's statutory duties in respect of Disabled Facilities Grants.

Capital Programe	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
Leisure & Communities	1,551	-	-	550
Housing / Planning & Strategic Housing	1,839	2,231	1,775	1,819
Environment	6,349	1,676	205	224
ICT, Change & Customer Services	350	150	150	150
Land, Legal & Property	400	-	-	-
Total	**10,489**	**4,057**	**2,130**	**2,743**

The capital programme includes supporting the delivery of Housing in the District, responding to the Climate emergency and investment in new waste and recycling collection vehicles to support the service.

The Council has developed an Asset Management Strategy supported by Carter Jonas during 2024/25. This was presented to Cabinet in May 2024 and is being further developed to include detailed asset management plans and Minimum Efficiency Standards (MES) consideration for the Land Building assets it holds. The emerging strategy provides a longer-term view of the income and expenditure and profiles, tenant events, hold and disposal options. The strategy will help to ensure that the Council's capital assets are maintained, developed and continue to contribute effectively to the delivery of the Council services to support the local economy or provide income in line with expectations. Where there are opportunities to use assets more effectively to deliver Council Priorities, business cases will be presented to Council or Cabinet for approval.

The capital programme is planned to be fully financed from a combination of existing resources, external grants and contributions, capital receipts, and contributions from revenue (RCCO), no borrowing is anticipated avoiding associated interest and minimum revenue provision charges. The Capital Strategy prioritises the use of external grants and funding where possible to support Council Plan priorities.

Where included, capital receipts assumptions are based on a prudent level of expected capital receipts from asset sales, loan repayments and other sources

Capital Financing	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
Government Grants & Contributions	2.6	1.7	1.8	1.8
Capital Receipts	3.8	1.0	0.4	0.9
Revenue Contribution to Capital Outlay	2.2	0.5	-	-
Earmarked Reserves	1.8	0.8	-	-
Total Resources	**10.4**	**4.0**	**2.2**	**2.7**

The full update to the Medium-Term Financial Strategy can be found on the Council's website.

Financial Performance

At the 31 March 2026, the Council reported an underspend of £0.251m against budgeted surplus of £0.638m. This has resulted an additional £0.251m being transferred to the 'Capacity Reserve. This position is consistent with Council's strategy to utilise improved in-year financial performance to mitigate future financial pressures.

Overspends were reported in respect of the Ubico contract, postage and printing, street services and members allowances, whilst underspends were achieved in Trinity Road utilities, waste electrical electronic equipment, ICT & Housing Benefit
Income was underachieved within Cemeteries and Environmental Protection. Income was overachieved within development management, Licensing, Building Control, Bulky Waste, recycling, car park fees, penalty charges & permits and EVCP.

Further details of the outturn position and variances against budget for the 2025/26 financial year is reported in the Financial Performance Report reviewed by Cabinet on the 1st July 2025.

Further details of the outturn position and variances against budget for the 2025/26 financial year is reported in the Financial Performance Report reviewed by Cabinet on the 1st July 2026.

Pensions Liability

The net pension liability as of 31 March 2026 was £10.735m (£13.121m as of 31 March 2025). Whilst a significant sum, this is the net value of what is estimated the Council owes across all future years offset against assets invested in the Local Government Pension Scheme.

Under the International Accounting Standard (IAS 19) the Council must disclose the lower of the actuarial valuation or Asset Ceiling calculation. The Asset Ceiling calculation resulted in a lower valuation with a net liability of £10.735m being included within the balance sheet at 31 March 2026

Prior to the Asset Ceiling adjustment the Council's share of pension fund assets had increased by £9.646m and the liability increased by £6.154m, resulting in the overall net liability reducing by £3.492m.

The Council's pension liability reduced during the year due to strong pension fund investment performance and favourable actuarial assumption changes, particularly an increase in the discount rate used to value future liabilities, which reduced the present value of pension obligations.

The most recent valuation was at 31 March 2025 and the next valuation will complete in 2028/29.

Publica and the Council continue to contribute to cover liabilities accruing for current members of the scheme (primary contributions) and secondary contributions (annual lump sum) are paid directly by the Council to fund the deficit.

Capital Programme (Asset Management)

In 2025/26 the Council spent £2.604m against a revised budget of £3.379m on:

Capital Programme	£'000
Investment in Leisure Centre	28
Crowdfund Cotswold	10
CIL - Cycle path provision	180
Private Sector Housing Renewal Grant (DFG)	1,608
Waste & Recycling receptacles	128
Provision for financing of Ubico Vehicles	19
In cab technology (Street Cleaning)	24
On Street Residential Charge-point Scheme (ORCS)	118
Public Toilets - Card Payment	83
ICT Capital	144
UK Shared Prosperity Fund Projects	52
Rural England Prosperity Fund	195
S106 - REFCUS (NHS)	15

	2,604

Significant expenditure included private sector housing renewal grants (DFG) awarded totalling £1.811m.

Not all schemes planned for the year were undertaken including:

- Spa Pool, Bourton Leisure Centre – budget of £0.034m. £0.006m slippage to 2026/27 due to leakage issues
- Disabled Facility Housing Adaption budget of £1.775m, slippage to 2026/27 of £0.167m
- Bromford Joint Venture Partnership budget of £0.070m – slippage of wider Bromford programme. Budget carried forward to 2026/27
- Ubico vehicle replacement allocation of £0.292m was not spent during 2025/26 – vehicles are contracted and will arrive in quarter therefore budget has been carried forward to 2026/27
- In cab technology (Street Cleaning) budget £0.060m, project being rolled out to street cleaning services, £0.015m carried forward to 2026/27
- On Street Residential Charge-point Scheme (ORCS) budget of £0.183m. A safety issue is affecting installation therefore £0.065m is carried forward to 2026/27

There is total committed expenditure in relation to the projects listed of £0.565m and Capital Programme budgets have been carried forward into 2025/26 to fund ongoing projects.

Capital Receipts

The Council continued to generate resources to support its capital programme through the receipt of capital receipts during 2025/26. These included £0.901m from Ubico relating to waste and recycling vehicle lease arrangements, £0.325m from Right to Buy receipts, £0.235m from the repayment of a capital loan, and £0.584m from the disposal of surplus assets, including the Old Station, Memorial Cottages and the Bourton-on-the-Water Visitor Information Centre. All receipts were transferred to the Capital Receipts Reserve to support future capital investment.

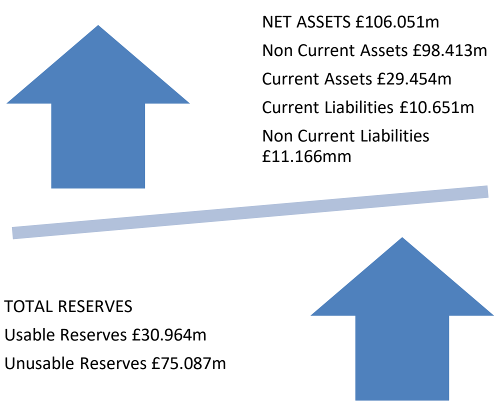
Reserves and Balances

At the year-end usable reserves stood at £30.964 million, an increase of £5.976 million during the year.

Of the usable reserves at the year-end, non-earmarked General Reserves or 'Balances' remained at £1.760m. Earmarked Reserves increased by £3.341 Movements in 2025/26 include £0.736m arising from underspends linked to recruitment, vacancies and Publica review costs—into the Capacity Building Reserve. In addition, a further £0.251m will be transferred as a result of the overall underspend. These transfers will support capacity-building initiatives in preparation for Local Government Reorganisation (LGR). Surplus parking income of £0.165m to the Capital Financing Reserve' to fund replacement pay and display machines in 2026/27 and £0.710m of surplus planning income to the 'Planning Appeals Risk Reserve' to provide funding to mitigate future appeals expenditure.

The Business Rate Risk Reserve includes S31 grant provided by the government to compensate for lost business rate income due to discounts and reliefs awarded to businesses during the year, £0.809m was transferred from the Business Rate Risk reserve to fund the forecast deficit in year. £0.730m of unused grant and surplus NNDR income has been transferred to the Business Rate Risk Reserve to fund future Collection Fund deficits.

In addition, £2.0 million has been transferred from existing earmarked reserves to establish a Local Government Reorganisation (LGR) Transition Reserve. This reserve has been created to fund the Council's contribution towards the programme and implementation costs associated with local government reorganisation.



- £2.062m increase in Property Plant and Equipment
- £1.064m decrease in non-current debtors
- £4.9m increase in current investments
- £2.386m decrease in pension liability
- £3.341m increase in earmarked reserves
- £1.597m increase in capital receipts reserve
- £1.038m increase in capital grants/contributions unapplied.

Operational Performance and Efficiency

The Council's Overview and Scrutiny Committee and the Cabinet monitor the Council's progress towards achieving its aims and priorities.

There have been a number of areas where indicators have improved or are noteworthy

- 0.24% of Housing Benefit overpayment were due to LA error/admin delay (0.35% target).
- 99% Customer satisfaction for telephone (90% target)
- 100% of major planning applications were determined within agreed timescales (including extension of time agreements), (70% target)
- Planning income was above target
- 96% Building Control satisfaction (90% target)
- 100% of high-risk food premises notifications were risk assessed within target timescales (95% target)
- Gym memberships are above target at 4,712 (4,000 target).
- 91.7% of Freedom of Information requests responded to within 20 days (90% target)

Thirteen indicators fell short of their annual targets; five within Revenues and Benefits; three Planning indicators, one Development Management, two Waste and Environment indicators, one Sports and Recreation and one Customer Experience .

Revenues, Benefits and Housing
- 97.24% Non-domestic rates collected (99% target)
- 98.16% Council Tax collected (99% target)
- Took on average 20.9 days to process Council Tax Support new claims (20 days target).
- Took on average 7 days to process Council Tax Support change events (4 days target).
- Took on average 5 days to process Housing Benefit change events (4 days target).

Planning
- 40.2% Planning appeals allowed (30% target)
- Official land charge searches completed within 10 days 69.58% (90% target)
- 89.13% of minor and 93.57% of other planning applications determined within agreed timescales (both 90% targets)

Development Management
- 69 Affordable homes delivered (100 target).

Waste and Environment
- 54.3% of household waste recycled (60% target).
- 104.75kg of residual household waste per household
(96g target).

Recreation and Sport
- 161,805 visits to Leisure Centres) (162,193 target)

Customer Experience
- 86.9% of Freedom of Information requests responded to within 20 days (90% target)

For more details on the year’s performance please refer to the Council website.

Risk Management

The Council has established a robust risk management framework to support the delivery of its Corporate Plan priorities and safeguard public resources. Risk management is embedded within the Council's governance, performance and financial management arrangements, enabling emerging risks and opportunities to be identified, assessed and managed effectively.

During 2025/26, the Council adopted an updated Risk and Opportunities Management Strategy and enhanced its Corporate Risk Register. Strategic risks are reviewed regularly by the Corporate Leadership Team and reported quarterly to Cabinet and the Audit and Governance Committee. Service and project risks are monitored through local risk registers, with significant risks escalated through the Council's management and governance arrangements as appropriate.

At 31 March 2026, the Council's principal strategic risks included the delivery of the Local Plan, health and safety compliance, business continuity and civil contingency preparedness, and cyber security. The Council continues to monitor and manage these risks to support the effective delivery of services and maintain organisational resilience.

Facing the Challenges Ahead

The Council has approved an ambitious Corporate Strategy for delivery to 2029 and has developed a Medium-Term Financial Strategy that sets out the financial envelope for the delivery of that plan.

Local Government Reorganisation (LGR) and Devolution Following the publishing of the English Devolution White Paper on the 16 December 2024, the Council has been working closely with all Gloucestershire Councils to achieve the best outcome for residents. In March 2025, the Council approved a basis for this work which included what the Council would like to see from these changes. A business case and options for LGR and devolution was submitted to the Government in November 2025. Cotswold District Council unanimously supported the single unitary proposal put forward. The outcome of this will determine the direction of the Council and is expected in the mid-2026. It is expected that Cotswold District Council will cease to exist and will form a larger unitary council with other Councils across Gloucestershire in April 2028. The Council continues to work with all other Gloucestershire Councils on LGR on workstreams to ensure that the Council is in the best position both before the Government decision is made and after the decision is made and it is known what Unitary Councils will be formed.

Risks remain around the continued impact on the Council from pressures within the wider economy including cost-of-living crisis and the general economic position. This will have an impact on income and expenditure budgets during 2026/27 and will require timely and accurate financial reporting to Cabinet. Risks include:

- Income from Council Tax and Business Rates will continue to be under pressure in 2026/27 with an expectation that the taxbase for Council Tax and Business Rates may take time to recover.
- Increased demand for certain services (e.g. Homelessness) may put additional pressures on the Council.
- Cost of services where the Council is exposed to risk sharing in contract costs.
- Energy cost pressure.

Furthermore, the resetting of the Business Rates Retention System, cessation of New Homes Bonus, and the interaction with the Devolution white paper would suggest that Shire District Councils such as Cotswold are likely to see significant reductions in their funding and has formed the basis of funding assumptions in the MTFS for several years. The proposed changes will be implemented over three years from 2026/27 to 2028/29.

The requirement to reduce costs and balance the budget in later years of the MTFS are substantial.

Reserves held to support the Council's financial sustainability are forecast to decrease from 2026/27 onwards due to their planned use within the Medium-Term Financial Strategy. The adequacy of reserves will continue to be monitored regularly and reported to Cabinet throughout 2026/27 to ensure the Council maintains an appropriate level of financial resilience

The CTWG will need to further develop the approach to the Council’s Savings AND Transformation Programme to address the budget gap identified over the MTFS period. This will need to include consideration of a service design framework to ensure service costs are contained within the financial envelope set out in the MTFS

The Medium-Term Financial Strategy, Capital Strategy, Investment Strategy and Treasury Management Strategy are all inter-related and provide the Council with a view of the affordability and proportionality of its spending plans.

Further information

For further information on the accounts please contact: David Stanley, Deputy Chief Executive and S151 Officer, Cotswold District Council, Trinity Road, Cirencester, Gloucestershire, GL7 1PX; or via email at David.Stanley@cotswold.gov.uk.

David Stanley, CPFA
Chief Finance Officer and Deputy Chief Executive

Explanation of the Accounting Statements

The Statement of Accounts sets out the Council's income and expenditure for the year, and its financial position at 31 March 2026. It comprises core and supplementary statements, together with supporting notes. The format and content of the financial statements is prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, which in turn is underpinned by International Financial Reporting Standards. A glossary of key terms and abbreviations can be found at the end of this publication.

The Core Statements are:

The **Comprehensive Income and Expenditure Statement** – this records all of the Council's income and expenditure for the year. The top half of the statement provides an analysis by service area / directorate. The bottom half of the statement deals with corporate transactions and funding.

The **Movement in Reserves Statement** is a summary of the changes that have taken place in the bottom-half of the Balance Sheet over the financial year.

Reserves are divided into "usable", which can be invested in service improvements or capital investment or reduce local taxation, and "unusable" which must be set aside for specific purposes. This includes those that hold unrealised gains and losses (for example the revaluation reserve), where amounts become available to provide services if the assets are sold, and those that hold timing differences which are shown in the Movement in Reserves Statement Line 'Adjustments between accounting basis and funding basis under the regulations'.

The statement shows how the movements in year of the council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return the amounts chargeable to council tax for the year. The net increase or decrease line shows the statutory general fund balance movements in the year following those adjustments.

The **Balance Sheet** is a 'snapshot' of the Council's assets, liabilities, cash balances and reserves as at the year-end, 31 March 2026.

The **Cash Flow Statement** shows the reason for changes in the Council's cash balances during the year, and whether that change is due to operating activities, new investment or financing activities (such as borrowing or other long term liabilities).

The Supplementary Statements are:

The **Collection Fund** summarises the transactions relating to council tax and business rates collection, and the redistribution of that money.

Business Rates is distributed to Central Government, Gloucestershire County Council and Cotswold District Council. Council Tax is distributed between Gloucestershire County Council, the Police & Crime Commissioner for Gloucestershire, Cotswold District Council and the Town & Parish Councils within the Cotswold district.

The **Annual Governance Statement** which sets out the governance structures of the Council and its key internal controls.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

Statement of Responsibilities

The Authority's responsibilities

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Chief Finance Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

The Chief Finance Officer's responsibility

The Chief Finance Officer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this statement of accounts, the Chief Finance Officer has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Local Authority Code.

The Chief Finance Officer has also:

- Kept proper accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

CERTIFICATE

I certify that the Statement of Accounts presented here gives a true and fair view of the financial position of the Authority at the accounting date and of its income and expenditure for the year ended 31st March 2026.

____ Date: ________________

David Stanley
Chief Finance Officer

In accordance with regulation 10(3) Accounts and Audit Regulations 2016, the statement of accounts is approved by the Chair of the Audit and Governance Committee, on behalf of Cotswold District Council.

____ Date: ________________

Cllr. Helene Mansilla
Chair of the Audit and Governance Committee

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Comprehensive Income and Expenditure Statement

2024/25 Gross Expenditure £	2024/25 Gross Income £	2024/25 Net Expenditure £		Note	2025/26 Gross Expenditure £	2025/26 Gross Income £	2025/26 Net Expenditure £
			Shared Services				
1,229,002	(563,247)	665,755	Environmental and Regulatory Services		1,247,286	(708,010)	539,276
1,876,844	(554,421)	1,322,423	Business Support Services		1,798,129	(473,309)	1,324,820
2,536,908	(181,577)	2,355,331	ICT, Change and Customer Services		2,492,578	(139,615)	2,352,963
1,284,834	(569,955)	714,879	Assets Property and Regeneration		1,344,685	(666,148)	678,537
138,238	0	138,238	Publia Executive and Modernisation		99,078	0	99,078
16,328,739	(15,618,071)	710,668	Revenues and Housing Support Services		14,822,420	(14,158,461)	663,959
			Strategic Directors				
2,103,134	(829,753)	1,273,381	Democratic Services		1,594,661	(305,921)	1,288,740
11,530,664	(6,849,127)	4,681,537	Environmental Services		12,130,735	(9,347,573)	2,783,162
4,375,134	(2,146,031)	2,229,103	Leisure and Communities Services		3,196,533	(1,051,341)	2,145,192
4,333,334	(3,252,550)	1,080,784	Planning and Strategic Housing Services		4,846,109	(3,699,921)	1,146,188
2,499,173	(1,411,034)	1,088,139	Retained and Corporate Council Services		3,811,518	(1,386,810)	2,424,708
48,236,004	**(31,975,766)**	**16,260,238**	**Cost of Services**		**47,383,732**	**(31,937,110)**	**15,446,622**
4,625,628	0	4,625,628	Other Operating Income and Expenditure	*B3*	5,227,428	(325,054)	4,902,374
1,603,877	(2,477,601)	(873,724)	Financing and Investment Income and Expenditure	*B4*	902,760	(2,866,973)	(1,964,213)
0	(23,165,169)	(23,165,169)	Taxation and Non-Specific Grant Income	*B5*		(22,914,131)	(22,914,131)
54,465,509	**(57,618,536)**	**(3,153,027)**	**(Surplus) / Deficit on Provision of Services**	*B1/B2*	**53,513,920**	**(58,043,268)**	**(4,529,348)**
		(1,911,661)	(Surplus) / deficit on revaluation of non current assets				(3,614,529)
		262,900	(Gains)/ losses on financial instruments designated at Fair Value through Other Comprehensive Income				50,000
		1,975,000	Remeasurement of the net defined benefit liability				(1,532,000)
		(53,142)	Other movements				(63,224)
		273,097	**Other Comprehensive Income and Expenditure**				**(5,159,753)**
		(2,879,930)	**Total Comprehensive Income and Expenditure**				**(9,689,101)**

Movement in Reserves Statement

	Note	Usable Reserves						
		General Fund - Unallocated £	General Fund - Earmarked £	Capital Receipts Reserve £	Capital Grants Unapplied £	Total Usable Reserves £	Unusable Reserves £	TOTAL RESERVES £
Balance at 31 March 2024		**(1,760,000)**	**(8,228,337)**	**(7,097,991)**	**(5,062,506)**	**(22,148,834)**	**(71,332,803)**	**(93,481,636)**
Movements in reserves 2024/25		2,146,084	(2,146,084)	0	0	0	0	**0**
Transfer from General Fund		778,064	(778,064)	0	0	0	0	**0**
Total Comprehensive income and expenditure		(3,153,027)	0	0	0	(3,153,027)	273,097	**(2,879,930)**
Adjustments between accounting basis & funding basis under regulations	*C1*	228,468	0	2,388,414	(2,302,155)	314,727	(314,727)	**0**
(Increase) / Decrease in Reserves 2024/25		**(411)**	**(2,924,148)**	**2,388,414**	**(2,302,155)**	**(2,838,301)**	**(41,630)**	**(2,879,930)**
Balance at 31 March 2025		**(1,760,411)**	**(11,152,485)**	**(4,709,576)**	**(7,364,662)**	**(24,987,134)**	**(71,374,432)**	**(96,361,567)**
Movements in reserves 2025/26		2,301,971	(2,301,971)	0	0	(0)	0	**(0)**
Transfer from General Fund		1,039,106	(1,039,106)	0	0	(0)	0	**(0)**
Total Comprehensive income and expenditure		(4,529,348)	0	0	0	(4,529,348)	(5,159,753)	**(9,689,101)**
Adjustments between accounting basis & funding basis under regulations	*C1*	1,188,271	0	(1,596,761)	(1,038,972)	(1,447,463)	1,447,463	**0**
(Increase) / Decrease in Reserves 2025/26		**(0)**	**(3,341,078)**	**(1,596,761)**	**(1,038,972)**	**(5,976,812)**	**(3,712,290)**	**(9,689,101)**
Balance at 31 March 2026		**(1,760,411)**	**(14,493,563)**	**(6,306,338)**	**(8,403,634)**	**(30,963,946)**	**(75,086,722)**	**(106,050,668)**
			C2					

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BALANCE SHEET

Balance Sheet

31 March 2025 £		Note	31 March 2026 £
76,220,288	Property, Plant & Equipment	*D1*	78,281,992
17,000	Heritage Assets		17,000
4,205,000	Investment Property	*D2*	4,677,000
9,320	Intangible Assets	*D3*	46,601
10,264,350	Non-Current Investments	*E2*	10,500,191
5,954,607	Non-Current Debtors	*D4*	4,890,846
96,670,564	**Non-Current Assets**		**98,413,630**
3,881,878	Investments	*E2*	8,793,116
584,650	Assets Held for Sale	*D9*	0
19,175	Inventories		19,237
10,890,881	Debtors	*D5*	10,818,447
8,918,700	Cash and Cash Equivalents	*E2*	9,823,069
24,295,284	**Current Assets**		**29,453,869**
(102,006)	Borrowing	*E2*	(106,544)
(7,373,824)	Creditors	*D6*	(7,265,313)
(2,265,386)	Creditors - s.106 balances	*D6*	(2,535,321)
(190,562)	Capital Grants Receipts in Advance	*B8*	(121,765)
(1,082,351)	Provisions	*D7*	(621,635)
(11,014,129)	**Current Liabilities**		**(10,650,578)**
(13,121,000)	Pension Liability	*E1*	(10,735,000)
(216,590)	Non-Current Creditors		(281,192)
(94,976)	Capital Grants Receipts in Advance	*B8*	(95,023)
(157,587)	Borrowing	*E2*	(55,037)
(13,590,153)	**Non-Current Liabilities**		**(11,166,253)**
96,361,566	**Net Assets**		**106,050,668**
(24,987,134)	Usable Reserves	*C2*	(30,963,946)
(71,374,432)	Unusable Reserves	*C3*	(75,086,722)
(96,361,566)	**Total Reserves**		**(106,050,668)**

The unaudited accounts were issued on the 30 June 2026.

David Stanley
Chief Finance Officer

Cash Flow Statement

	Note	2024/25 £	2025/26 £
Net surplus or (deficit) on provision of services		3,153,027	4,529,348
Adjustments to net surplus or (deficit) on the provision of services to exclude non-cash movements	*F1*	(849,812)	1,080,224
Adjustments for items included in the net (surplus) or deficit on the provision of services that are investing or financing activities	*F2*	(6,857,694)	(3,515,487)
Net cash flows from Operating Activities		**(4,554,479)**	**2,094,085**
Investing Activities	*F3*	887,860	(1,082,349)
Financing Activities	*F4*	(97,662)	(107,017)
Net increase or (decrease) in cash and cash equivalents		**(3,764,281)**	**904,719**
Cash and cash equivalents at 1 April		12,682,980	8,918,700
Cash and cash equivalents at 31 March		**8,918,699**	**9,823,419**
Comprising:			
Cash and bank current accounts		672,147	647,459
Money Market Funds		8,192,605	9,028,786
Short Term Deposits (Call Accounts)		53,948	147,174
		8,918,700	**9,823,419**

Notes to the Comprehensive Income and Expenditure Statement

B1. Expenditure and Funding Analysis

	2025/26					
	Net Expenditure in CI&ES £	Adjs. between accounting and funding basis £	Transfers to /(from) GF Earmarked Reserves £	Net Exp. Chargeable to the General Fund £	Management Reporting Adjs. £	Outturn Reported to Management £
Shared Services						
Environmental and Regulatory Services	539,276	33,485	0	572,761	9,397	582,158
Business Support Services	1,324,820	62,192	0	1,387,012	14,720	1,401,732
ICT, Change and Customer Services	2,352,963	54,067	0	2,407,030	6,665	2,413,695
Assets Property and Regeneration	678,537	(92,515)	0	586,022	130,343	716,365
Publica Executive and Modernisation	99,078	4,254	0	103,332	1,545	104,877
Revenues and Housing Support Services	663,959	16,008	0	679,967	40,333	720,300
Strategic Directors						
Democratic Services	1,288,740	34,370	0	1,323,110	1,342	1,324,452
Environmental Services	2,783,162	(703,340)	0	2,079,822	2,636,638	4,716,460
Leisure and Communities Services	2,145,192	(906,130)	0	1,239,062	28,326	1,267,388
Planning and Strategic Housing Services	1,146,188	(84,325)	0	1,061,863	1,756	1,063,619
Retained and Corporate Council Services	2,424,708	996,994	0	3,421,702	391,844	3,813,546
Cost of Services	**15,446,622**	**(584,940)**	**0**	**14,861,682**	**3,262,909**	**18,124,591**
Other Income and Expenditure	(19,975,970)	1,773,211	2,451,975	(15,750,784)	(3,262,909)	(19,013,693)
(Surplus) / Deficit on Provision of Services	**(4,529,348)**	**1,188,271**	**2,451,975**	**(889,102)**	**0**	**(889,102)**
Surplus reported to Management						**(889,102)**
Opening General Fund Balance (Unallocated) at 1 April				(1,760,411)		
(Surplus) / Deficit for the year				(889,102)		
Transfer of budgeted surplus to Financial Resilience Reserve				638,000		
Transfer of unbudgeted surplus to Capacity Reserve				**251,097**		
Closing **General Fund Balance (Unallocated) at 31 March**				(1,760,416)		

	2024/25					
	Net Expenditure in CI&ES £	Adjs. between accounting and funding basis £	Transfers to /(from) GF Earmarked Reserves £	Net Exp. Chargeable to the General Fund £	Management Reporting Adjs. £	Outturn Reported to Management £
Shared Service						
Environmental and Regulatory Services	665,755	(25,394)	0	640,361	12,639	653,000
Business Support Services	1,322,423	(30,115)	0	1,292,308	7,692	1,300,000
ICT, Change and Customer Services	2,355,331	(47,037)	0	2,308,294	19,706	2,328,000
Assets Property and Regeneration	714,879	(136,906)	0	577,973	128,027	706,000
Publica Executive and Modernisation	138,238	(2,650)	0	135,588	(13,588)	122,000
Revenues and Housing Support Services	710,668	(70,223)	0	640,445	5,556	646,001
Strategic Directors						
Democratic Services	1,273,381	(55,239)	0	1,218,142	26,858	1,245,000
Environmental Services	4,681,537	(640,011)	0	4,041,526	634,474	4,676,000
Leisure and Communities Services	2,229,103	(894,184)	0	1,334,919	884,081	2,219,000
Planning and Strategic Housing Services	1,080,784	(48,814)	0	1,031,970	21,030	1,053,000
Retained and Corporate Council Services	1,088,139	1,387,471	0	2,475,610	579,390	3,055,000
Cost of Services	**16,260,238**	**(563,103)**	**0**	**15,697,135**	**2,305,865**	**18,003,000**
Other Income and Expenditure	(19,413,265)	791,571	2,146,084	(16,475,610)	(2,305,390)	(18,781,000)
(Surplus) / Deficit on Provision of Services	**(3,153,027)**	**228,468**	**2,146,084**	**(778,475)**	**475**	**(778,000)**
Surplus reported to Management						**(778,000)**
Opening General Fund Balance (Unallocated) at 1 April				(1,760,000)		
(Surplus) / Deficit for the year				(778,475)		
Transfer to Financial Resilience Reserve				778,064		
Closing General Fund Balance (Unallocated) at 31 March				**(1,760,411)**		

Adjustments in the Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded compared with the resources consumed or earned by the Council in accordance with generally accepted accounting practices as shown in the Comprehensive Income and Expenditure Account. It also shows how these amounts are allocated for decision making purposes across the Council's Directorates and Services. The adjustments between these amounts are detailed below:

	2025/26						
	Adjustments between funding and accounting basis (see MiRS Note C1)				Adjustments between amounts chargeable to the General Fund and Management Reporting		
	Capital Adjs	Pension Adjs	Other Adjs	Total adjs between funding and accounting	Depreciation & Amortisation	Other Segment Adjs.	Total Management Reporting Adjustments
	£	£	£	£	£	£	£
Shared Service							
Environmental and Regulatory Services	16,731	(50,469)	253	(33,485)	9,397		9,397
Business Support Services	9,246	(72,201)	763	(62,192)	12,350	2,370	14,720
ICT, Change and Customer Services	24,701	(78,768)	0	(54,067)	6,665		6,665
Assets, Property and Regeneration	124,637	(35,760)	3,638	92,515	130,343		130,343
Publica Executive and Modernisation	868	(5,122)	0	(4,254)	1,545		1,545
Revenues and Housing Support Services	41,066	(57,074)	0	(16,008)	77,321	(36,988)	40,333
Strategic Directors							
Democratic Services	4,010	(39,047)	667	(34,370)	1,342		1,342
Environmental Services	739,663	(38,137)	1,814	703,340	954,024	1,682,614	2,636,638
Leisure and Communities Services	963,956	(58,434)	608	906,130	28,326		28,326
Planning and Strategic Housing Services	208,463	(125,799)	1,661	84,325	1,756		1,756
Retained and Corporate Council Services	4,591	(1,008,773)	7,188	(996,994)	725,162	(333,318)	391,844
Cost of Services	**2,137,932**	**(1,569,584)**	**16,592**	**584,940**	**1,948,231**	**1,314,678**	**3,262,909**
Other Income and Expenditure	(1,982,495)	715,000	(505,716)	(1,773,211)	(1,948,231)	(1,314,678)	(3,262,909)
(Surplus) / Deficit on Provision of Services	155,437	(854,584)	(489,124)	(1,188,271)	0	0	0

	2024/25						
	Adjustments between funding and accounting basis (see MiRS Note C1)				Adjustments between amounts chargeable to the General Fund and Management Reporting		
	Capital Adjs	Pension Adjs	Other Adjs	Total adjs between funding and accounting	Depreciation & Amortisation	Other Segment Adjs.	Total Management Reporting Adjustments
	£	£	£	£	£	£	£
Joint Committee							
Environmental and Regulatory Services	10,861	11,553	2,980	25,394	10,861	1,778	12,639
Business Support Services	5,890	19,750	4,475	30,115	5,890	1,802	7,692
ICT, Change and Customer Services	19,793	27,244	0	47,037	19,793	(87)	19,706
Land, Legal and Property Services	127,940	8,966	0	136,906	127,940	87	128,027
Chief Executive and Modernisation Costs	553	2,097	0	2,650	553	(14,141)	(13,588)
Revenues and Housing Support Services	51,499	18,724	0	70,223	44,959	(39,403)	5,556
Strategic Directors							
Democratic Services	26,529	22,800	5,909	55,239	26,529	329	26,858
Environmental Services	636,617	2,463	931	640,011	636,617	(2,143)	634,474
Leisure and Communities Services	893,810	(10,039)	10,413	894,184	883,810	271	884,081
Planning and Strategic Housing Services	20,928	7,033	20,852	48,814	20,928	102	21,030
Retained and Corporate Council Services	126,889	(1,531,174)	16,814	(1,387,471)	2,925	576,465	579,390
Retained and Corporate Council Services - Covid	0	0	0	0	0	0	0
Cost of Services	**1,921,310**	**(1,420,582)**	**62,375**	**563,103**	**1,780,805**	**525,060**	**2,305,865**
Other Income and Expenditure	(1,893,676)	544,000	558,105	(791,571)	(1,780,805)	(524,585)	(2,305,390)
(Surplus) / Deficit on Provision of Services	**27,634**	**(876,582)**	**620,480**	**(228,468)**	**0**	**475**	**475**

Capital Adjustments
This column adjusts for depreciation and impairment, revaluations gains and losses in service lines and for transfers of income / net value of assets written off on disposals in Other Operating Income and Expenditure. Taxation and Non Specific Grant Income is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Pension Adjustments
This column removes the impact of IAS19 Employee Benefits. For services, this is the removal of current or past service costs and replaces them with the actual employer pension contributions payable. In Financing and Investment Income and Expenditure, the net interest on the net defined benefit liability is removed.

Other Adjustments
This adjustment represents the difference between the amounts chargeable under statutory regulations for Council Tax and Non Domestic Rates and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

B2. Expenditure and Income Analysed by Nature

	2024/25 £	2025/26 £
Expenditure		
Employee benefits expenses	4,286,599	7,089,750
Publica Contract Charge	9,184,054	6,751,980
Housing Benefit & other transfer payments	12,520,154	11,294,746
Other service expenses	16,707,739	18,437,464
Depreciation, amortisation and impairment	1,803,640	1,948,231
Interest payments and similar expense	417,843	771,072
Precepts and Levies	4,625,628	5,158,845
Other expenditure	4,919,758	2,061,830
Total Expenditure	**54,465,415**	**53,513,918**
Income		
Fees, charges & other service income	(12,392,614)	(12,893,529)
Housing Benefit Subsidy	(12,122,735)	(11,187,366)
Other Government Grants	(14,065,003)	(12,344,333)
Income from Council Tax	(11,318,060)	(12,336,345)
Income from Non Domestic Rates	1,158,775	(239,832)
Non Government Grants & Contributions	(6,118,901)	(5,809,147)
Investment interest and similar income	(1,704,465)	(2,425,648)
Other income	(1,055,439)	(807,068)
Total Income	**(57,618,442)**	**(58,043,267)**
(Surplus) / Deficit on Provision of Services	**(3,153,027)**	**(4,529,349)**

B3. Other Operating Income & Expenditure

	2024/25 £	2025/26 £
Loss on disposal of non current assets	0	68,538
Unattached capital receipts	0	(325,054)
Town and Parish Council precepts	4,625,628	5,158,845
	4,625,628	**4,902,329**

B4. Financing and Investment Income and Expenditure

	2024/25 £	2025/26 £
Interest payable and similar charges	8,100	8,708
Interest receivable and similar income	(1,686,188)	(1,604,389)
Changes in fair value of financial assets	(187,649)	(336,290)
Movement in impairment allowance for doubtful debts	67,167	(25,836)
Movement in the fair value of investment property	670,000	(472,000)
Net investment property (income) / expenditure	(259,187)	(162,105)
Net income from other properties (income)/expenditure	(29,967)	(87,301)
Net interest on the net defined benefit pension liability	544,000	715,000
	(873,724)	**(1,964,213)**

B5. Taxation and Non-Specific Grant Income

	2024/25 £	2025/26 £
National Non Domestic Rates		
- Redistribution	(163,034)	(1,310,017)
-Renewable Energy	(267,468)	(165,475)
-Business Rate Levy	1,494,500	1,721,936
Surplus from the Pool	(479,614)	(864,946)
- (Surplus) / Deficit	519,066	378,643
	1,103,450	**(239,859)**
Council Tax income	(11,318,060)	(12,336,345)
Non-ringfenced government grants	(12,950,559)	(10,345,060)
	(23,165,169)	**(22,921,264)**

B6. Members' Allowances

	2024/25 £	2025/26 £
Allowances	329,615	374,703
Expenses	3,964	5,475
	333,579	**380,178**

The disclosure above includes all allowances paid to Members, Independents and Independent Panel/Committee members. £6,327 in Allowances was paid to non elected members and independent persons (£6,644 in 2024/25)

B7. External Audit Costs

The Council's appointed auditor is Bishop Fleming LLP, the Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections.

Additional audit fees in respect of the 2023/24, 2024/25 and 2025/26 certification of the housing benefit subsidy return payable to KPMG LLP are also disclosed below.

	2024/25 £	2025/26 £
Fees payable to external auditor with regard to external audit services carried out by the appointed auditor for the year:		
Scale Fee	151,327	155,563
Increases to Scale Fee 2024/25		12,458
Increases to Scale Fee 2023/24	14,495	0
Fees payable to external auditor for the certification of grants claims and returns for the year	34,000	33,578
Additional fees payable relation to 2023/34 and 24/25 certification of grants		11,056
	199,822	**212,655**

Most disclosures within the Statement of Accounts give additional details about the amounts receivable and payable included in the core statements. The amounts for External Audit Costs are disclosed in accordance with annually agreed audit fee schedules.

B8. Grant Income

The following significant grants and contributions were credited to the Comprehensive Income and Expenditure Statement during the year.

	2024/25 £	2025/26 £
Revenue grants credited to Cost of Services		
Housing Benefit Subsidy	(11,674,954)	(10,676,681)
Extended Producer Responsibility	0	(1,682,614)
Housing Benefit and Council Tax Administration Subsidy	(156,052)	(155,544)
Discretionary Housing Benefit	(71,242)	(71,475)
Other Housing Benefit	(37,871)	(31,213)
Homeless Prevention	(308,606)	(416,325)
Rough Sleeping	(4,385)	0
NNDR Cost of Collection Allowance	(196,273)	(195,808)
Local Plans Fund	(227,963)	(44,568)
Local Plans Fund		(36,585)
UK shared Prosperity Fund	(437,017)	(287,058)
Biodiversity Net Gain	(26,807)	(27,142)
Elections - re applicatoin postal votes		(18,262)
General Election	(541,298)	(42,398)
PCC Elections	(216,408)	(4,197)
Domestic Abuse New Burdens	(36,328)	(36,818)
Business Rates New Burdens	(10,207)	0
Planning Skills Delivery	(99,600)	0
Strengthening Local Communities	(67,528)	(131,521)
Homes England (Moreton Feasibility)	0	(50,000)
Strategic Economic Development Fund	0	(41,350)
Redmond Audit Grant	(19,206)	(19,109)
Electoral Integrity New Burdens	(18,970)	0
Flytipping Grant	(38,329)	0
Renters' Rights New Burden	0	(26,624)
Digital Planning Improvement Grant	(50,000)	(23,500)
Local Land Charges Programme - Transition Grant	0	(14,913)
Neighbourhood Planning Grant	(20,000)	0
Local Net Zero Fund	(5,875)	(20,735)
Active Gloucestershire	0	(12,500)
Storm Henk	(2,500)	(60)
LG Cyber- Get Cyber Assessment Framework Ready	(15,000)	0
Other	0	(7,480)
	(14,282,418)	**(14,067,000)**

Grants credited to Taxation and Non Specific Grant Income		
Revenue Support Grant	(143,568)	(163,830)
New Homes Bonus	(287,485)	(819,987)
Section 31 NNDR Compensation	(6,873,925)	(5,747,481)
Rural Services Delivery Grant	(818,120)	0
Services Grant	(13,114)	0
Funding Guarantee/Funding Floor Grant	(2,230,732)	(2,230,486)
Employer's NI Contribution Scheme	0	(132,880)
Other revenue grants	(8,103)	0
CIL income (Capital infrastructure)	(2,306,541)	(1,225,729)
Swimming Pool Fund (Capital)	(160,970)	0
UK Shared Prosperity Fund (Capital)	(83,606)	0
ORCS EVCP Grant (Capital)	0	(24,667)
Other capital grants	(24,395)	0
	(12,950,559)	**(10,345,060)**

Capital grants credited to Cost of Services in the Comprehensive Income and Expenditure Statement	2024/25 £	2025/26 £
Better Care Fund (Disabled Facilities Grants)	(1,811,091)	(1,608,216)
S.106 Receipts	(290,250)	(15,288)
Changing Places	(52,500)	0
UK Shared Prosperity Fund	(226,393)	(52,445)
Rural England Prosperity Fund	(752,307)	(195,580)
Other	0	(6,456)
	(3,132,541)	**(1,877,985)**

B8.a Non Current - Capital Grants Receipts in Advance

The Authority has received a number of grants and contributions and donations that have yet to be recognised as income, as they have conditions attached to them that will require the grant to be returned, should the conditions not be fulfilled. The balances at 31st March are as follows:

	2024/25 £	2025/26 £
Better Care Fund (Disabled Facilities Grants)	(94,976)	(95,023)
	(94,976)	**(95,023)**

B8.b Current - Capital Grants Receipts in Advance

	2024/25 £	2025/26 £
Rural England Prosperity Grant	0	(33,660)
UK SPF Capital grant	0	(7,862)
EVCP ORCS Grant	(143,700)	(65,333)
Public Sector Decarbonisation Scheme	(14,457)	(14,458)
Better Care Fund (Disabled Facilities Grants)	(31,951)	0
Other	(452)	(452)
	(190,560)	**(121,765)**

B9. Officer Remuneration

Senior Officer Remuneration

The Council’s senior employees are the Corporate Leadership Team:

			2025/26		
Post	Salary, allowances & other benefits £	Pension Contributions £	Compensation for Loss of Employment	Pension Strain	Total Remuneration £
Chief Executive to 30 June 2025[1]	61,775	7,557	28,776	0	98,108
Chief Executive from 1 July 2025[2]	103,340	21,203	0	0	124,543
Deputy Chief Executive and Chief Finance Officer [3]	105,230	20,838	0	0	126,068
Director of Governance and Development (Monitoring Officer)[4]	96,918	20,062	0	0	116,980
Director of Communities and Place[5]	102,434	21,204	0	0	123,638
	469,697	**90,864**	**28,776**	**0**	**465,699**

			2024/25		
Post	Salary, allowances & other benefits £	Pension Contributions £	Compensation for Loss of Employment	Pension Strain	Total Remuneration £
Chief Executive[1]	112,979	25,013	0	0	137,993
Deputy Chief Executive and Chief Finance Officer [2]	93,913	19,440	0	0	113,353
Deputy Chief Executive and Chief Finance Officer [3]					
Director of Governance and Development (Monitoring Officer)[4]	93,913	19,440	0	0	113,353
	300,805	**63,893**	**0**	**0**	**364,698**

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

The total cost of Publica's Directors is disclosed in the Publica financial statements, which includes disclosures in respect of the highest paid Director.

[1] Remuneration excludes Returning Officer payment of £8,584.3 and £1,600.76 of pension contributions (£7,867.65 and £1,186.49 pension contributions, 2024/25).
[2] Remuneration excludes Returning Officer and Electoral Services Officer payments of £390.75 and £72.04 of pension contributions (£391.07, 2024/25)
[3] Remuneration excludes election duties payment of £523.72 (£518.3, 2024/25)
[4] No election duties payments in 2025/26 (£523.72, 2024/25)
[5] Remuneration excludes election duties payment of £60.09.

Other Officer Remuneration

The table below shows the number of Council employees whose remuneration exceeded £50,000 during the year. This figure excludes employer contributions to National Insurance and Superannuation. It includes all officers, including Senior Officers. Officers appointed part -way through the year are excluded if their total pay did not exceed the £50,000 threshold

	2024/25	2025/26
	No. of Officers including Severance or Other Related Payments'	
£50,000 to £54,999	3	7
£55,000 to £59,999	1	3
£60,000 to £64,999	0	4
£65,000 to £69,999	1	3
£70,000 to £74,999	0	2
£75,000 to £79,999	0	2
£80,000 to £84,999	0	0
£85,000 to £89,999	0	0
£90,000 to £94,999	2	0
£95,000 to £99,999	0	1
£100,000 to £104,999	0	2
£105,000 to £109,999	0	1
£110,000 to £114,999	1	0
Total	**8**	**25**

B10. Termination Benefits

Exit Package Cost band (including special payments)	No. of compulsory redundancies		No. of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band £	
	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26
£0 - £20,000	0	1	0	0	0	1	0	1,345
£20,001 - £40,000	0	0	0	1	0	1	0	28,776
£40,001 - £60,000	0	0	0	0	0	0	0	0
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	0	0	0	0	0
£150,001 - £200,000	0	0	0	0	0	0	0	0
£201,001 - £250,000	0	0	0	0	0	0	0	0
Total	**0**	**1**	**0**	**1**	**0**	**2**	**0**	**30,121**

The table above outlines termination benefits paid directly by Cotswold District Council. As an equal shareholder of Publica Group (Support) Limited, the Council contributed £166,201 towards redundancy, payment in lieu of notice (PILON) and pension strain costs (1/3 of the total costs). These costs related to seven termination packages awarded by Publica during the same period, as part of 'Phase Two' of the Publica Review. The amounts were charged and accrued in the Comprehensive Income and Expenditure Statement.

Exit Packages

The costs outlined above of £30,121 and £166,201 (£196,322 in total) reflects the value of the exit packages which have been agreed, accrued and provided for and charged to the Council's Comprehensive Income and Expenditure Statement for the current year.

Notes to the Movement in Reserves Statement

C1. Adjustments Between Accounting Basis and Funding Basis Under Regulations

	2025/26			
	General Fund - Unallocated £	General Fund - Earmarked £	Capital Receipts Reserve £	Capital Grants Unapplied £
Capital Adjustments				
Reversal of entries included in the CI&ES relating to Capital Expenditure				
Charges for depreciation, amortisation and impairment	(1,948,231)			
Revaluation losses on Property, Plant and Equipment	0			
Movements in the fair value of Investment Properties	472,000			
Capital Grants and Contributions applied	1,896,196			
Revenue Expenditure funded from Capital Under Statute	(2,061,830)			
Non current assets written off on disposal or sale	(694,899)			
Adjustments between Capital & Revenue Resources				
Transfer of cash sale proceeds from disposal of non current assets	639,958		(597,275)	
Transfer of capital grants and contributions to capital grants unapplied	1,225,729			(1,225,729)
Administrative costs of non-current asset disposals	(13,642)		13,642	
Unattached Capital Receipts	325,054		(325,054)	
Statutory Provision for the repayment of Debt	3,628			
Adjustments to Capital Resources				
Use of capital receipts reserve to finance new capital expenditure			453484	
Transfer from Deferred Capital Receipts on receipt of cash			(1,141,558)	
Write down of long term debtor on receipt of loan principal				
Transfer from Capital Grants Unapplied				186,757
Financial Instrument Adjustments				
Reversal of changes in fair value on Pooled Investment Funds	336,290			
Pension Adjustments				
Pension costs transferred to / (from) the Pensions Reserve	854000			
Other Adjustments				
Accumulated Absences	(16,592)			
Council Tax and NDR transfers to / (from) the Collection Fund Adjustment Account	170,609			
	1,188,271	**0**	**(1,596,761)**	**(1,038,972)**

	2024/25			
	General Fund - Unallocated	General Fund - Earmarked	Capital Receipts Reserve	Capital Grants Unapplied
	£	£	£	£
Capital Adjustments				
Reversal of entries included in the CI&ES relating to Capital Expenditure				
Charges for depreciation, amortisation and impairment	(1,797,100)			
Revaluation losses on Property, Plant and Equipment	(130,504)			
Movements in the fair value of Investment Properties	(670,000)			
Capital Grants and Contributions applied	3,401,512			
Revenue Expenditure funded from Capital Under Statute	(3,142,541)			
Non current assets written off on disposal or sale	(1,149,641)			
Adjustments between Capital & Revenue Resources				
Transfer of cash sale proceeds from disposal of non current assets	1,149,641			
Capital Grants and Contributions credited to CIES				
Transfer of capital grants and contributions to capital grants unapplied	2,306,541			(2,306,541)
Unattached Capital Receipts				
Statutory Provision for the repayment of Debt	4,461			
Adjustments to Capital Resources				
Use of capital receipts reserve to finance new capital expenditure			3,421,083	
Transfer from Deferred Capital Receipts on receipt of cash			(775,168)	
Write down of long term debtor on receipt of loan principal			(257,501)	
Transfer from Capital Grants Unapplied				4,386
Financial Instrument Adjustments				
Reversal of changes in fair value on Pooled Investment Funds	187,649			
Pension Adjustments				
Pension costs transferred to / (from) the Pensions Reserve	877,000			
Other Adjustments				
Accumulated Absences	(62,375)			
Council Tax and NDR transfers to / (from) the Collection Fund Adjustment Account	(746,176)			
	228,468	**0**	**2,388,414**	**(2,302,155)**

C2. Usable Reserves

Earmarked Reserves
The Council's General Fund comprises an unallocated element, used to meet day-to-day spending and 'Earmarked Reserves' – amounts set aside to provide financing for future specific expenditure or projects.

Movements in 'Earmarked Reserves' during the year are shown below:

	1 April 2025 £	Transfers between £	Transfers Out £	Transfers in £	31 March 2026 £
Financial Resilience Reserve	(2,942,568)	1,846,477	167,724	(1,409,040)	**(2,337,407)**
Council Priority: Transformation and Change	(579,869)	247,897	32,512	0	**(299,460)**
Council Priority: Publica Review	(108,300)	0	108,300	0	**0**
Council Priority: Climate Emergency	(232,500)	120,213	12,287	0	**(100,000)**
Climate Priority: Housing Delivery	(500,000)	351	0	0	**(499,649)**
Council Priority: Local Plan	(1,004,826)	(130,479)	142,775	0	**(992,530)**
Council Priority: Regeneration and Infrastructure	(200,000)	130,479	69,521	0	**(0)**
Council Priority: Capacity Building	0	(340,040)	89,507	(871,829)	**(1,122,362)**
Council Priority: LGR Transformation	0	(2,000,000)	0	0	**(2,000,000)**
Council Priority: Capital Financing				(165,000)	**(165,000)**
Other Commitments from Council Priorities Fund	(82,393)	79,893	2,500	0	**(0)**
Business Rate Risk	(2,078,916)	0	313,211	(730,044)	**(2,495,749)**
Business Rates S31 Grant	(495,789)	0	495,789	0	**0**
Election Fund	(45,940)		15,493	(75,000)	**(105,447)**
New Burdens Grant	(560)	560	0	0	**0**
Treasury Management Risk	(375,000)	0	0	(300,000)	**(675,000)**
Asset Management and Property	(382,000)	0	0	0	**(382,000)**
Homeless	(189,733)	0	0	(72,000)	**(261,733)**
Planning	(528,858)	0	271,212	(710,000)	**(967,646)**
Proptech Consultation Software	(67,946)	0	0	0	**(67,946)**
CIL Admin	(257,507)	0	0	(60,722)	**(318,229)**
Sc111 - Habitat Regulation Assessment	(166,946)	0	14,868	(45,382)	**(197,460)**
Covid/COMF	(182,368)	0	0	0	**(182,368)**
Extended Producer Responsibility	0	0	0	(481,014)	**(481,014)**
Second Homes Premium		(351)	130,000	(129,649)	**0**
Other earmarked reserves	(730,468)	45,000	140,006	(297,101)	**(842,563)**
	(11,152,487)	**0**	**2,005,705**	**(5,346,781)**	**(14,493,563)**

C3. Unusable Reserves

Summary of Unusable Reserves

	31 March 2025 £	31 March 2026 £
Revaluation Reserve	(49,423,486)	(51,772,819)
Capital Adjustment Account	(33,191,454)	(32,763,751)
Pension Reserve	13,121,000	10,735,000
Deferred Capital Receipts Reserve	(3,900,866)	(2,865,526)
Collection Fund Adjustment Account	880,754	710,145
Pooled Investment Fund Adjustment Account	767,246	430,955
Financial Instruments Revaluation Reserve	310,000	360,000
Accumulated Absences Reserve	62,375	78,967
	(71,374,431)	**(75,087,029)**

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority from increases in the value of its Property, Plant and Equipment not yet realised through sales.

The balance is reduced when assets with accumulated gains are:

- re-valued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The reserve contains only revaluation gains accumulated since 1st April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2024/25 **£**	**2025/26** **£**
Opening Balance - 1 April	(48,339,619)	(49,423,486)
Upward revaluation of assets	(5,713,264)	(3,614,529)
Downward revaluation of assets and impairment losses not charged to the (Surplus)/Deficit on the Provision of Services	3,801,602	0
(Surplus) / Deficit on revaluation of non current assets not posted to the (Surplus)/Deficit on the Provision of Services	(1,911,661)	(3,614,529)
Difference between fair value and historic cost depreciation	827,794	789,647
Accumulated gains on assets sold	0	475,549
Amount written off to the Capital Adjustment Account	*827,794*	*1,265,196*
Closing Balance - 31 March	**(49,423,486)**	**(51,772,819)**

Capital Adjustment Account

The Capital Adjustment Account is a store of capital resources set aside to meet past expenditure

The Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement. The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1st April 2007 [the date at which the Revaluation Reserve was created to hold such gains].

	2024/25 £	2025/26 £
Opening Balance - 1 April	(32,663,229)	(33,191,454)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement		
Charges for depreciation of non current assets	1,797,100	1,948,231
Revaluation losses on Property, Plant and Equipment	130,504	0
Revenue expenditure funded from capital under statute	3,142,541	2,061,830
Amounts of non-current assets written off on disposal or sale	1,149,641	219,350
	6,219,786	4,229,411
Adjusting amounts written out of the Revaluation Reserve		
Historical cost depreciation adjustment	(827,794)	(789,647)
	(827,794)	(789,647)
Adjustments between Capital & Revenue Resources		
Receipt of loan principal	241,225	0
Net written out amount of the cost of non current assets consumed in year	**5,633,217**	**3,439,764**
Capital financing applied in year		
Use of the Capital Receipts Reserve to finance new capital expenditure	(3,421,083)	(453,484)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(3,401,512)	(1,896,196)
Capital grants and contributions applied to capital financing from Capital Grants and Contributions Unapplied Account	(4,386)	(186,757)
Use of General Fund Earmarked Reserves applied to capital financing	0	0
Capital expenditure charged against the General Fund Balance	0	0
	0	
Minimum Revenue Provision	(4,461)	(3,628)
	(6,831,442)	(2,540,065)
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	670,000	(472,000)
Closing Balance - 31 March	**(33,191,454)**	**(32,763,755)**

Pension Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

Statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or pays any pensions for which it is directly responsible. The negative balance on the Pensions Reserve represents a shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2024/25 £	2025/26 £
Opening Balance - 1 April	12,023,000	13,121,000
Return on plan assets	451,000	(4,309,000)
Remeasurement of the net defined benefit liability	(15,545,000)	3,490,000
Asset Ceiling adjustment	17,069,000	(713,000)
Reversal of items debited or credited to the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement	1,742,000	2,169,000
Employers' pension contributions	(2,619,000)	(3,023,000)
Closing Balance - 31 March	**13,121,000**	**10,735,000**

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Authority does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

	31 March 2025 £	31 March 2026 £
Mortgages on sales of Council Houses	(31,500)	(31,500)
Loans Issued - CHYP	(62,188)	(58,624)
Principal amounts on finance leases	(3,478,931)	(2,621,564)
Other deferred receipts	(328,248)	(153,838)
	(3,900,867)	**(2,865,526)**

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and business rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	1 April 2025 £	Transfers In £	Transfers Out £	31 March 2026 £
Amounts by which income credited to the Comprehensive Income and Expenditure Statement is different from income calculated for the year in accordance with statutory requirements:				
Council Tax	(163,535)		7,393	**-156,142**
NNDR	1,194,333	(430,493)		**763,840**
NNDR - Renewal Energy Scheme	(150,044)		252,491	**102,447**
	880,754	**(430,493)**	**259,884**	**710,145**

Pooled Investment Fund Adjustment Account

	2024/25 £	2025/26 £
Opening Balance - 1 April	954,895	767,246
Changes in fair value of Pooled Investment Funds	(187,649)	(336,290)
Closing Balance - 31 March	**767,246**	**430,955**

The pooled investment fund adjustment account was created on 1st April 2018 on transition to IFRS9. It is used solely for the purpose of recognising fair value gains and losses on the Council's pooled investment funds under statutory provisions.

Financial Instruments Revaluation Reserve

The financial instruments revaluation reserve contains the gains and losses arising from changes in the fair value of its investments that are measured at fair value through other comprehensive income.

	2024/25 £	2025/26 £
Opening Balance - 1 April	47,100	310,000
Changes in fair value of financial assets elected to FV through Other Comprehensive Income	262,900	50,000
Closing Balance - 31 March	**310,000**	**360,000**

Accumulated Absences Reserve

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund balance, from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the account.

	2024/25 £	2025/26 £
Opening Balance - 1 April	0	62,375
Movement in year	62,375	16,592
Closing Balance - 31 March	**62,375**	**78,967**

Notes to the Balance Sheet

D1. Property, Plant and Equipment

Movements in 2025/26	**Land & Buildings £**	**Vehicles, Plant & Equipment £**	**Community Assets £**	**Surplus Assets £**	**Assets Under Con-struction £**	**TOTAL P,P&E £**
Asset Cost or Valuation						
Asset values at 1 April 2025	72,063,096	3,373,758	201	2,053,808	0	**77,490,863**
Additions	0	500,393	0	0	0	500,393
Revaluation increases / (decreases)	2,770,307	0	0	144,099	0	2,914,406
Derecognition - disposals	(78,062)	(166,565)	0	0	0	(244,627)
Transfers and reclassifications		0	0	0	0	0
Asset values at 31 March 2026	**74,755,341**	**3,707,586**	**201**	**2,197,907**	**0**	**80,661,035**
Depreciation						
Accumulated depreciation at 1 April 2025	(231,317)	(1,039,255)	0	0	0	**(1,270,572)**
Depreciation charge for the year	(1,477,246)	(465,724)		0	0	(1,942,970)
Depreciation written out on revaluation	700,123	0	0	0	0	700,123
Derecognition - disposals	10,497	123,882	0	0	0	134,379
Accumulated depreciation at 31 March 2026	**(997,943)**	**(1,381,097)**	**0**	**0**	**0**	**(2,379,040)**
Net Book Value of Assets						
1 April 2025	71,831,779	2,334,503	201	2,053,808	0	76,220,291
31 March 2026	**73,757,398**	**2,326,489**	**201**	**2,197,907**	**0**	**78,281,995**

Movements in 2024/25	Land & Buildings £	Vehicles, Plant & Equipment £	Community Assets £	Surplus Assets £	Assets Under Con-struction £	TOTAL P,P&E £
-						
Asset Cost or Valuation						
-						
Asset values at 1 April 2024	69,379,332	3,315,385	201	3,189,958	0	**75,884,876**
Additions	1,608,854	1,831,968	0	123,047	0	3,563,869
Revaluation increases / (decreases)	1,274,910		0	(874,547)	0	400,363
Derecognition - disposals	0	(1,773,595)	0	0	0	(1,773,595)
Transfers and reclassifications	(200,000)	0	0	(384,650)	0	(584,650)
Asset values at 31 March 2025	**72,063,096**	**3,373,758**	**201**	**2,053,808**	**0**	**77,490,863**
-						
Depreciation						
-						
Accumulated depreciation at 1 April 2024	(109,461)	(1,374,019)	0	0	0	**(1,483,480)**
Depreciation charge for the year	(1,487,464)	(289,190)	0	(15,185)	0	(1,791,839)
Depreciation written out on revaluation	1,365,608	0	0	15,185	0	1,380,793
Derecognition - disposals	0	623,954	0	0	0	623,954
Accumulated depreciation at 31 March 2025	**(231,317)**	**(1,039,255)**	**0**	**0**	**0**	**(1,270,572)**
-						
Net Book Value of Assets						
1 April 2024	69,269,871	1,941,366	201	3,189,958	0	74,401,396
31 March 2025	**71,831,779**	**2,334,503**	**201**	**2,053,808**	**0**	**76,220,291**

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Asset valuation, amortisation and depreciation

Service areas are charged depreciation to represent the real cost of holding and using non-current assets. The value of an asset (less any residual value) will be written-down on a straight-line basis over the useful economic life of the asset. The following useful lives have been used in the calculation of depreciation and amortisation:

- Operational buildings: 40 years; less any residual land value
  *except Car Parks depreciable value - depreciated over 20-years.
- Freehold land is not depreciated.
- Surplus assets will have lives based upon the type of asset – e.g. Buildings 30 to 40 years less any residual land value, land indefinite lifespans. Useful economic lives will be agreed with the valuer.
- Vehicles, plant, furniture and equipment: 4 – 20 years
- Intangible ICT licences/software: 4 years

* The 40-year life applied to operational buildings excludes the car park asset class. Land values for car parks are not depreciated. The remaining value of equipment and parking surface is depreciated over a 20-year period, rather than the 40-year period for other operational assets. This better represents the expected life of a car park.

The gross costs of an asset is treated as the asset purchase price (or cost of construction) until the asset is formally revalued.

Effects of changes in estimates

The Council has not made any material changes in its accounting estimates in either the life or depreciation methods of assets during the year.

Revaluations

The 2025/26 revaluations and impairment review were undertaken by the Council's internal Valuer, Harry Penman (MRICS). Valuations were undertaken in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors and the Code of Practice on Local Authority Accounting in the United Kingdom.

In accordance with the Council's Property, Plant and Equipment accounting policy, assets carried at current value are revalued on a rolling programme, with annual indexation applied in intervening years to ensure that carrying values are not materially misstated. The use of indices represents an accepted estimation technique under the CIPFA Code, enabling the Council to reflect general market movements in asset values in a proportionate and cost-effective manner between full valuations. In line with the Code, indexation is based on appropriate, observable and independently produced market data. For non-residential operational assets, indices are derived from CBRE monthly UK property indices for the office, retail and industrial sectors.

These professionally recognised indices, based on a large sample of regularly valued commercial properties, provide evidence of general market movements. A composite commercial index has been applied to non-specialised assets where no asset-specific index is available. For assets valued using depreciated replacement cost, including leisure facilities and car parks, the BCIS General Building Cost Index has been applied as the most appropriate measure of cost movement.

As part of their work the valuers were given full access to the Council's assets, property records and previous valuation data.

In estimating asset values it has been assumed that:

- The capacity of utility services [electricity, gas, water, mains drainage] are adequate for the future use of the properties
- All assets have planning consent for their existing uses
- Tenancies are not subject to any unusual or onerous restrictions
- No contamination exists in relation to property assets [land and buildings] sufficient enough to affect value

The Council's surplus assets have been reviewed and measured at fair value based upon 'highest and best use'. The surplus assets that the Council owns represent primarily land or building assets. Within the fair-value hierarchy, the Council's Surplus Assets are deemed as 'level 2' category. The Surplus Asset valuations were undertaken by the Council's Internal Valuers , in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

Consistent with the Council's wider approach to materiality and estimation (as set out in the policies for prior period adjustments and asset valuation), indexation movements are only recognised where the impact Is deemed to be material. This ensures compliance with materiality principles under IAS 8, avoiding unnecessary adjustments for insignificant valuation fluctuations. It supports a proportionate and efficient valuation approach, consistent with the policy allowance to use indexation and estimation techniques where full revaluation each year would involve undue cost or effort. Accordingly, the combined use of indices and a materiality threshold ensures that the carrying value of property assets remains materially accurate and compliant with the Code, while avoiding disproportionate cost and complexity.

The Code requires that assets are formally revalued at least every 5-years. The Council does this on a rolling programme to ensure all assets remain materially correct. The table below summarises the valuations undertaken, by year:

	Other Land & Buildings £	Vehicles, Plant & Equipment £	Community Assets £	Surplus Assets £	TOTAL £
Carried at [depreciated] Historical Cost	0	2,326,489	201	0	**2,326,690**
Valued at Current Value as at 31st March:					
2023/24	3,234,485	0	0	0	**3,234,485**
2024/25	28,910,586	0	0	0	**28,910,586**
2025/26	41,612,319	0	0	2,197,906	**43,810,225**
	73,757,390	**2,326,489**	**201**	**2,197,906**	**78,281,986**

D2. Investment Properties

The following amounts have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

	2024/25 £	2025/26 £
Rental income	(406,980)	(285,148)
Direct operating expenses	147,793	123,043
Net losses/(gains) from fair value adjustments	670,000	(472,000)
	410,813	**(634,105)**

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal. There are contractual obligations on the Council to repair and maintain certain investment properties and these have been included in the relevant property valuations.

Investment properties are those that are held solely to earn rentals and/or capital appreciation. Investment properties are measured annually at cost and subsequently at fair value. Properties are not depreciated, with gains and losses on revaluation being posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

The 2025/26 valuations were undertaken by the Council's internal Valuer. The valuations were undertaken in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors, as outlined in Note D1 above.

Under the CIPFA Code the Council's investment, properties are classified as 'level 2' within the fair-value hierarchy. The assets have been suitably valued, based upon current market conditions, sale prices for similar assets, or contractual income for the properties. These observable inputs have been used to classify the assets accordingly. There have been no movements between categories within the hierarchy during the year.

The following table summarises the movement in the fair value of investment properties over the year.

	2024/25 £	2025/26 £
Opening Balance - 1 April	4,875,000	4,205,000
Additions	0	0
Transfers and reclassifications	0	0
Net (losses)/gains from fair value adjustments	(670,000)	472,000
Closing Balance - 31 March	**4,205,000**	**4,677,000**

D3. Intangible Assets

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include purchased software only, as the Authority has no internally generated software.

All software is given a finite life, based on assessments of the period that the software is expected to be of use to the Authority. The useful lives assigned to all software assets used by the Authority are 4 years.

Movements in Intangible Assets

	2024/25 £	2025/26 £
-		
Asset Cost or Valuation		
Asset values at 1 April	64,020	64,020
Additions	0	42,543
Derecognition	0	(9,534)
Asset values at 31 March	**64,020**	**97,029**
-		
Amortisation		
Accumulated Amortisation at 1 April	(49,439)	(54,701)
Amortisation charge for the year	(5,262)	(5,262)
Derecognition	0	9,534

Accumulated Amortisation at 31 March	**(54,701)**	**(50,429)**
-		
-		
Net carrying amount at 31 March	**9,319**	**46,600**

Intangible assets represent the Authority's purchase of software and software licences. The Income and Expenditure Account is charged with the purchase cost of this software on a straight-line basis, over the life of the asset (4 years).

When software is fully amortised and deemed to be no longer providing benefit to the Authority the software cost and accumulated amortisation balances are derecognised and removed from the balance sheet.

D4. Non-Current Debtors

	31 March 2025 £	31 March 2026 £
Cottsway Housing Association Loan	1,929,625	1,992,847
Finance Leases - principal outstanding	2,578,865	1,738,011
Community Infrastructure Levy (CIL)	1,078,345	1,005,928
Charities	62,188	58,624
Housing Improvement Loans	43,936	43,936
Council Mortgages & Housing Act Advances	31,500	31,500
Starter Home Initiative/Decent Homes Standard Loans	20,000	20,000
Loan to 'Friends of the Cotswolds'	210,148	0
	5,954,607	**4,890,846**

D5. Debtors

	31 March 2025 £	31 March 2026 £
Government Departments	2,242,071	2,596,983
Other Local Authorities (Statutory)	1,124,910	848,036
Other Local Authorities (Trading)	571,443	930,592
Collection Fund Debtors (CDC Share)	1,790,347	2,133,682
Housing Benefit Recovery	854,258	827,953
Finance Leases - Principal Outstanding	902,898	883,540
Community Infrastructure Levy	2,122,930	1,966,232
Sundry Debtors	963,275	1,027,243
Other Debtors	786,481	617,171
Prepayments	1,102,850	436,226
	12,461,463	12,267,658
Less impairment allowance for doubtful debts:		
Council Tax / NNDR payers (CDC share)	(477,032)	(597,665)
Housing Benefit Recovery	(762,303)	(727,685)
Sundry Debtors	(331,247)	(123,861)
	10,890,881	**10,818,447**

D6. Creditors

	31 March 2025 £	31 March 2026 £
Government Departments	(577,543)	(1,290,774)
Other Local Authorities (Statutory)	(1,558,916)	(857,843)
Other Local Authorities (Trading)	(255,895)	(215,091)
Collection Fund Creditors (CDC Share)	(55,580)	0
Sundry Creditors	(1,974,424)	(1,871,805)
Other Creditors	(678,235)	(695,703)
Receipts in advance:		
- Council Tax / NNDR payers	(597,723)	(804,439)
- Government Departments	(47,382)	(21,036)
- Sundry Creditors	(1,628,126)	(1,508,622)
	(7,373,824)	(7,265,313)
Section 106 Balances	(2,265,386)	(2,535,321)
	(9,639,210)	**(9,800,634)**

D7. Provisions

	Opening Provision 1 April £	New provisions in-year £	Use of provisions £	Provisions returned to revenue £	Closing Provision 31 March £
- Business Rates (NDR) Appeals	(1,082,351)	0	460,715	0	**(621,636)**
	(1,082,351)	**0**	**460,715**	**0**	**(621,636)**

<u>Business Rates (NNDR) appeals</u>

This provision relates to outstanding appeals against rateable values submitted to the Valuation Office Agency (VOA). While the level of risk associated with appeals against the 2017 rating list has reduced as cases have been substantially progressed, some residual risk remains due to the ongoing resolution of outstanding checks and challenges under the “Check, Challenge, and Appeal” (CCA) process. There is also continued uncertainty associated with potential appeals against the 2023 rating list, the financial impact and timing of which remain uncertain.

D8. Capital Expenditure and Financing

The total amount of capital expenditure incurred in the year is shown in the table below, including the value of assets acquired under finance leases, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically that has yet to be financed.

The net movement in the Capital Financing Requirement illustrates the change in the underlying need for the Council to finance spend (or borrow during the year) to fund capital investment which has not been funded immediately from resources such as grants, capital receipts and direct funding from revenue.

	2024/25 £	2025/26 £
Opening Capital Financing Requirement	**70,969**	**359,937**
Capital investment in the year		
Property, Plant & Equipment	3,563,869	500,393
Investment Properties	0	0
Intangible Assets	0	42,453
Revenue Expenditure Funded from Capital under Statute	3,142,541	2,061,830
Loan	414,000	0
	7,120,410	**2,604,676**
Sources of finance		
Capital Receipts	3,421,083	428,817
Better Care Funding/Disabled Facilities Grants	1,811,091	1,608,216
S106 Contributions	290,250	15,288
Community Infrastructure Levy (CIL)	0	180,301
Other grants & external funding	1,304,557	279,144
Earmarked Reserves	0	0
Direct Revenue Contributions	0	0
Minimum Revenue Provision (MRP)	4,461	3,628
	6,831,442	**2,515,394**
Net increase / (decrease) in Capital Financing Requirement	**288,968**	**89,282**
Closing Capital Financing Requirement	**359,937**	**449,219**

The increase in Capital Financing Requirement in 2025/26 represents capital expenditure in respect of solar roof panels at Trinity Road and EVCP assets financed through the Community Municipal Investment.

D9. Assets Held for Sale

Current Assets	2024/25 £	2025/26 £
Opening Balance - 1 April	0	584,650
Assets classified as/(transferred from) held for sale during the year:		
- Property, Plant & Equipment	584,650	0
Assets sold	0	(584,650)
Closing Balance - 31 March	584,650	0

Additional Disclosures – Technical Notes

E1. Defined Benefit Pension Scheme

Participation in pension schemes

As part of the terms and conditions of employment of its officers and other employees, the Authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

Cotswold District Council is a member of the Gloucestershire County Council Pension Fund, for which Gloucestershire County Council is the administering Authority. The scheme is a defined benefit statutory scheme that is administered in accordance with the Local Government Pension Scheme Regulations 1997 (as amended). It is contracted out of the State Second Pension.

Publica Group (Support) Limited

On 1st November 2017 the Council transferred the majority of its staff under TUPE legislation to Publica Group (Support) Limited, a wholly owned local authority company, limited by guarantee, operating with Mutual Trading Status to deliver services on behalf of the Council. Staff transferred back to the Council in November 2024 and July 2025 but a significant number are still employed by Publica and members of the LGPS. The pension fund disclosure notes on the following pages include the staff transferred to Publica. All staff are pooled (counted as one scheme by the pension fund) as the Council continues to underwrite the pension liabilities on the whole scheme.

Transactions relating to retirement benefits

The Council recognises the cost of retirement benefits in the Cost of Services when they are earned by employees, rather than when the benefits are actually paid as pensions. However, the charge the Council makes to council tax is based upon the actual cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement (MiRS).

Contributions payable include amounts payable by Publica Group (Support) Limited as the underlying pension liability for these staff remains with the Council.

The following transactions have been charged to the Comprehensive Income & Expenditure account and General Fund Balance during the year:

	2024/25 £	2025/26 £
Comprehensive Income & Expenditure Statement		
Cost of Services:		
Current Service Cost	1,198,000	1,033,000
Past Service Cost	0	421,000
Financing and Investment Income & Expenditure:		
Net Interest Expense	544,000	715,000
Net Charge to Surplus or Deficit on Provision of Services	**1,742,000**	**2,169,000**
Other post employment benefit charged to Comprehensive Income & Expenditure Statement		
Remeasurement of the net defined benefit liability comprising:		
Return on Plan Assets	451,000	(4,309,000)
Actuarial (gains) arising on changes in financial assumptions	(14,397,000)	(2,483,000)
Actuarial (gains) arising on changes in demographic assumptions	(168,000)	(1,260,000)
Asset ceiling adjustment	17,069,000	(713,000)
Experience losses	(980,000)	7,233,000
	1,975,000	**(1,532,000)**
Total post employment benefits charged to the Comprehensive Income & Expenditure Statement	**3,717,000**	**637,000**
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit on Provision of Services for post employment benefits in accordance with the Code	**(1,742,000)**	**(2,169,000)**
Actual amount charged against the General Fund Balance for pensions in the year		
Employers' contributions payable to the scheme	**2,619,000**	**3,023,000**

Pension Assets and Liabilities recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plans is as follows:

	31 March 2025 £	31 March 2026 £
Present value of the defined benefit obligation - funded	(81,894,000)	(88,148,000)
Present value of unfunded obligations	(1,996,000)	(1,896,000)
Fair Value of Plan Assets	102,151,000	111,797,000
Asset Ceiling Adjustment	(31,382,000)	(32,488,000)
Net liability arising from defined benefit obligation	**(13,121,000)**	**(10,735,000)**

Reconciliation of Movements in the Fair Value of Scheme (Plan) Assets

	2024/25 £	2025/26 £
Opening Fair Value of Scheme Assets	99,166,000	102,151,000
Interest Income	4,726,000	5,902,000
Remeasurement Gains / (Losses)	(451,000)	4,522,000
Employers' Contributions	2,450,000	2,852,000
Employee Contributions	371,000	448,000
Contributions in respect of unfunded benefits	169,000	171,000
Benefits Paid	(4,111,000)	(4,078,000)
Unfunded Benefits Paid	(169,000)	(171,000)
Closing Balance 31 March	**102,151,000**	**111,797,000**

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation

	2024/25 £	2025/26 £
Opening Balance 1 April	(97,532,000)	(83,890,000)
Current Service Cost	(1,198,000)	(1,033,000)
Interest Cost	(4,614,000)	(4,798,000)
Contributions from Scheme Participants	(371,000)	(448,000)
Past Service Cost	0	(421,000)
Remeasurement(Gains)/Losses	15,545,000	(3,703,000)
Benefits Paid	4,111,000	4,078,000
Unfunded Benefits Paid	169,000	171,000
Closing Balance 31 March	**(83,890,000)**	**(90,044,000)**
Funded	**(81,894,000)**	**(88,148,000)**
Unfunded	**(1,996,000)**	**(1,896,000)**

Composition of Scheme Assets

	2024/25				2025/26			
	Quoted £000	Unquoted £000	Total £000	%	Quoted £000	Unquoted £000	Total £000	%
Debt Securities								
Corporate Bonds (investment grade)			-	0%			-	0%
Corporate Bonds (non investment grade)			-	0%			-	0%
UK Government			-	0%			-	0%
Other			-	0%			-	0%
Private Equity								
All	-	2,925	2,925	2%		3,198	3,198	3%
Real Estate								
UK Property	3,397	2,787	6,184	6%	1,516	5,537	7,053	6%
Overseas Property		1,902	1,902	2%		1,805	1,805	2%
Investment Funds and Unit Trusts								
Equities		62,145	62,145	60%		67,939	67,939	61%
Bonds	7,353	10,322	17,676	18%	7,828	10,998	18,827	17%
Infrastructure		5,548	5,548	4%		4,413	4,413	4%
Other		4,353	4,353	4%		5,617	5,617	5%
Derivatives								
Foreign Exchange	75		75	1%	489		489	0%
Other	-		0	0%				0%
Cash and Cash Equivalents								
All	1,344		1,344	3%	2,456		2,456	2%
	12,169	**89,982**	**102,151**	**100%**	**12,289**	**99,508**	**111,797**	**100%**

Basis for estimating assets and liabilities

An estimate of the pensions that will be payable in future years is dependent on a number of assumptions about mortality rates, salary levels, etc. The scheme's actuary [Hymans Robertson LLP] has used the following principal assumptions:

Mortality Assumptions (average future life expectancy at age 65 - years)	**Males**	**Females**
Current Pensioners	22.8	25.1
Future Pensioners*	23.6	26.6
*Assume members aged 45 as at last formal valuation date - 31 March 2025		
Financial Assumptions	**31 March 2025**	**31 March 2026**
Rate of increase in pensions	2.8%	3.0%
Rate of increase in salaries	3.3%	3.5%
Discount Rate	5.8%	6.2%

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2025 model, with core parameterisation, initial adjustment of 0.25% and a long-term rate of improvement of 1.5% p.a. for both males and females. Based on these assumptions, the average future life expectancies at age 65 for the Employer are summarised above.

Included in the assumptions is an allowance for future retirements to elect to take 65% of the maximum additional tax-free cash up to HMRC limits.

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. In accounting for the Pension Fund, the actuary applies a number of assumptions in measuring the scheme liabilities. Sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

	Approx. increase in liability	
	%	**£**
0.1% decrease in Real Discount Rate	1%	1,238
0.1% increase in salary increase rate	4%	3,602
0.1% increase in pension increase rate	0%	43
1 year increase in life expectancy	1%	1,195

The principal demographic assumption is the longevity assumption (i.e. member life expectancy). For sensitivity purposes, the actuary has estimated that a one-year increase in life expectancy would approximately increase the Employer's Defined Benefit Obligation by around 3-5%. In practice, the actual cost of a one-year increase in life expectancy will depend on the structure of the revised assumption (i.e., if improvements to survival rates predominantly apply at younger or older ages).

The estimated employer's contributions for the year to 31st March 2027 will be approximately £1,901,000.

E2. Financial Instruments

Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet.

31 March 2025 Non-Current £	31 March 2025 Current £		31 March 2026 Non-Current £	31 March 2026 Current £
		- **Financial Assets at Amortised Cost**		
0	2,587,272	Investments	0	7,374,636
1	0	Ubico Shareholding	1	0
0	726,095	Cash and cash equivalents	0	794,283
3,375,742	1,895,831	Debtors	3,152,835	2,476,668
2,578,865	902,898	Finance Leases	1,738,011	883,540
5,954,608	6,112,096		4,890,847	11,529,127
		Fair Value through Profit or Loss		
9,574,349	1,287,106	Investments	9,860,191	1,403,480
0	8,192,604	Cash and cash equivalents	0	9,028,786
9,574,349	9,479,710		9,860,191	10,432,266
		Fair Value through Other Comprehensive Income		
690,000	7,500	Designated Equity Instruments	640,000	15,000
16,218,957	**15,599,306**	**Total Financial Assets**	**15,391,038**	**21,976,393**
		Financial Liabilities at Amortised Cost		
(157,587)	(102,006)	Borrowing	(55,037)	(106,544)
	(2,412,729)	Creditors		(2,357,625)
(157,587)	**(2,514,735)**	**Total Financial Liabilities**	**(55,037)**	**(2,464,169)**

The following table reconciles the totals shown on the Balance Sheet and the values above:

	Non Current Debtors £	Current Debtors £	Current Creditors £
- Total on Balance Sheet	4,890,846	10,818,447	(7,265,313)
Finance Leases (shown separately)	(1,738,011)	(883,540)	
Items not classified as Financial Instruments:			
Statutory & Government Debtors / Creditors		(7,022,013)	2,573,591
Payments / Receipts in Advance		(436,226)	2,334,097
Total Debtors / Creditors (as above)	**3,152,835**	**2,476,668**	**(2,357,625)**

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Income, Expense, Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments consists of the following items:

2024/25					2025/26			
Financial Assets			Financial Liabilities		Financial Assets			Financial Liabilities
Amortised Cost	Fair Value through P&L	Fair Value through OCI	Amortised Cost		Amortised Cost	Fair Value through P&L	Fair Value through OCI	Amortised Cost
£	£	£	£		£	£	£	£
				- **Financing & Investment Income and Expenditure**				
			6,772	Interest Expense				5,010
(821,697)	(840,247)	(30,375)		Interest / Dividend income	(745,501)	(847,456)	(30,000)	
				Changes in impairment loss allowance				
	(187,649)			Changes in fair value		(336,290)		
				Other Comprehensive Income				
		262,900		Changes in fair value			50,000	
(821,697)	**(1,027,896)**	**232,525**	**6,772**	**Net (Gains) / Losses for the Year**	**(745,501)**	**(1,183,747)**	**20,000**	**5,010**

Fair Values of Financial Assets and Financial Liabilities

Fair Value is defined as *"the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date"*.

The Code sets out the fair value valuation hierarchy that local authorities are required to follow to increase consistency and comparability in fair value measurements and disclosures. Level 1 assets are valued based upon 'quoted prices in active markets for identical assets' where such assets exist. Level 2 is based upon inputs other than quoted prices within level 1 that are observable. Level 3 represents all other unobservable inputs which can be used to estimate the fair value of the assets.

The following table shows the Council's financial assets measured at fair value through profit and loss:

	Input level	As at 31 March 2026 £
-	-	
Fair Value through Profit or Loss	-	
Money Market Funds	Level 1	9,028,786
Pooled Investment Funds	Level 1	11,263,671
		20,292,457

Fair values for those financial assets deemed to be categorised as Level 1 have been derived from unadjusted quoted prices in active markets.

Except for the financial assets carried at fair value (as shown above), and equity instruments elected to fair value through other comprehensive income, all other financial liabilities and financial assets are carried in the Balance Sheet at amortised cost. The carrying value and fair values are shown below for comparison purposes. Fair values are not required for current debtors and creditors (trade payables and receivables) since the carrying amount is deemed a reasonable approximation of fair value.

	31 March 2025		31 March 2026	
	Carrying Amount £	Fair Value £	Carrying Amount £	Fair Value £
-				
Financial Assets at Amortised Cost				
Investments	2,587,272	2,587,272	7,374,636	7,374,636
Ubico Shareholding	1	1	1	1
Cash and cash equivalents	726,095	726,095	794,283	794,283
Non-Current Debtors	3,375,742	3,375,742	3,152,835	3,152,835
Non-Current Finance Leases	2,578,865	2,578,865	1,738,011	1,738,011
	9,267,975	**9,267,975**	**13,059,766**	**13,059,766**
Financial Liabilities at Amortised Cost				
Borrowing	(259,593)	(259,593)	(161,581)	(161,581)
	(259,593)	**(259,593)**	**(161,581)**	**(161,581)**

Equity Instruments Elected to Fair Value through Other Comprehensive Income

The Council has elected to account for the following investment as an equity instrument at fair value through other comprehensive income because it is a long-term strategic investment held by the Council primarily to receive regular dividend income rather than for capital growth or to sell.

Presenting changes in its fair value in the surplus or deficit on provision of services is therefore less likely to present a true and fair view of the Council's financial performance than presenting it in other comprehensive income.

	Fair Value		Dividends	
	31 March 2025 £	31 March 2026 £	31 March 2025 £	31 March 2026 £
Fundamentum Social Housing REIT plc	690,000	640,000	30,375	30,000
	690,000	**640,000**	**30,375**	**30,000**

Cotswold Climate Loan

During 2022/23, the Council secured £0.5m of funding through a loan instrument repayable over a five-year period. The funding is being used to support an energy efficiency and carbon reduction project as well as the installation of electric vehicle charging points. These projects contribute to the objectives set out in the Council's Climate Emergency Strategy 2020-30 which establishes a plan to deliver a Net-Zero district by 2045. The loan balance outstanding as at 31 March 2026 is £161,582 and is carried in the balance sheet at amortised cost.

Cottsway 2 Limited – Loan Facility

On 26 July 2022, the Council entered into an agreement to provide a loan facility of £3,753,000 to Cottsway 2 Ltd (a subsidiary of Cottsway Housing Association). The purpose of the loan facility is to enable the provision of new dwellings incorporating low carbon technology at Davies Road, Moreton-in-Marsh. £1,855,500 of the facility is a short-term arrangement which will be repaid in full on receipt of grant funding by Cottsway 2 Ltd from Homes England. The remainder of £1,897,500 is a long-term secured loan facility to be repaid within 50 years of the first drawdown date (rate of 4%).

As of 31 March 2026, the balance on the loan facility was £1,992,847.

E3. Nature and Extent of Risks Arising from Financial Instruments

The Council's activities expose it to a variety of financial risks. The Council's key risks are in relation to its financial assets. These are as follows:

- Credit risk – the possibility that other parties may fail to pay amounts due to the Council
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments
- Re-financing risk – the possibility that the Council might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market risk – the possibility that financial loss might arise for the Council as a rest of changes in such metrics such as interest rates.

Overall procedures for managing risk

The Council's overall risk management procedures focus upon the unpredictability of financial markets and implementing procedures to minimise these risks. The duty to manage such risk is set out in the Local

Government Act 2003 and associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and investment guidance issued through the Act. These procedures require the Council to manage risk in the following ways:

- By formally adopting the requirements of the CIPFA code of Practice for Treasury Management Services
- By approving annually in advance prudential indicators for the following three years covering:
    - Limits on the Council's overall debt [external borrowing]
    - The maturity structure of any borrowing
    - The Council's upper limit for exposure to fixed and variable rates
    - The maximum exposure to investments maturing beyond a year
- By annually approving a Treasury Management Investment Strategy for the forthcoming year, setting out criteria for investments and specifying the minimum creditworthiness requirements for all counterparties

Prudential indicators and the treasury management annual investment strategy are reported to, and approved by, full Council prior to the start of the financial year. Actual performance is reported at half and full-year intervals to full Council.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

This risk is minimised through the Treasury Management Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet minimum credit rating criteria. The strategy also imposes upper limits on the amounts that can be invested with each financial institution. Full details of the minimum creditworthiness criteria (including rating provided by agencies such as Standard & Poor's, Moddy's and Fitch). The strategy also imposes upper limits on the amounts that can be invested with each financial institution. Full details of the minimum credit ratings can be found in the appendix to the Treasury Management annual investment strategy, which can be viewed via the Council's web-site.

The ratings of the financial institutions holding Council investments (and investments classified as cash equivalents) at the Balance Sheet, date are as follows:

	Investment Balance
-	
Fixed duration deals	
Central Government	£6,373,990
Banks	£1,000,646
Call accounts and other 'cash equivalent' investments	
Money Market Funds	£9,028,786
Call Accounts	£147,174
UK Equities	
Real Estate Investment Trust (REIT)	£655,000
Pooled funds	
Non-rating agency rated pooled fund	£11,263,671
separately approved by the Council's Treasury Management advisors	
	28,469,267

At the Balance Sheet date, the Council's investments and investments classified as cash equivalents for financial reporting purposes were distributed as follows:

	Investment values - maturing within:			
	0-3 mths	**3-6 mths**	**6-12 mths**	**1 year +**
-	-	-	-	
Internally managed funds				
Central Government	£6,373,990			
Banks	£1,000,646			
Money Market Funds	£9,028,786			
Call Accounts	£147,174			
UK Equities	£15,000			£640,001
Externally managed funds				
Pooled Funds	£140,259			£11,123,412
	£16,705,855			£11,763,413

The maturity analysis of the Council's financial liabilities is as follow:

	Liabilities - Maturity analysis 31/3/26			
	0-3 mths	**3-6 mths**	**6-12 mths**	**1 year +**
-	**£**	**£**	**£**	**£**
Borrowing				
Cotswold Climate Loan	0	(52,693)	(53,852)	(55,037)
	0	(52,693)	(53,852)	(55,037)
	Liabilities - Maturity analysis 31/3/25			
	0-3 mths	**3-6 mths**	**6-12 mths**	**1 year +**
-	**£**	**£**	**£**	**£**
Borrowing				
Cotswold Climate Loan	0	(50,448)	(51,558)	(157,587)
	0	(50,448)	(51,558)	(157,587)

The Council have calculated the expected credit loss and can conclude that risks remain low and the calculated credit loss is trivial.

Liquidity Risk

The Council manages its cash flow to ensure cash is available when it is needed. In the event of an unexpected cash requirement, the Council can borrow from the money markets to cover any short-term requirement.

The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its financial commitments under financial instruments.

Market risk – interest rate risk

The Council is exposed to interest rate movements on its investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing periods. For example, a rise in variable and fixed interest rates would have the following effects:

- Investments at variable rates – the interest income credited to the Income and Expenditure account will rise
- Investments at fixed rates – the fair value of the assets will fall

The Council has a number of strategies for managing interest rate risk. Prior to the start of each financial year, a maximum limit is determined for exposure to fixed and variable interest rates. The Council's treasury management team monitors market conditions and forecasts for forecast interest rates; adjusting exposures accordingly. For instance, during periods of falling interest rates, and where economic conditions are favourable, fixed rate investments may be taken for longer periods to secure relatively higher long-term returns.

Changes in interest payable and interest receivable on investments will be posted to the Comprehensive Income and Expenditure account and will affect the General Fund Balance.

If interest rates had been 1% higher during the year (and all other factors remain unchanged), and this rate increase had applied to all variable-rate investment income, the effect upon the Comprehensive Income & Expenditure Account would have been an increase in interest receivable from investments of £362,000 (£323,864, 2023/24).

<u>Price Risk</u>
The Council holds some financial instruments whereby the capital value may fluctuate because of market conditions. However, these instruments are all purchased on a hold to maturity or long term basis and therefore any temporary fluctuations in the market value of such products would have no impact on the Council's finances.

The Council's investment in a property fund and multi asset funds (including property) is subject to the risk of falling commercial property prices. A 5% fall in commercial property prices at 31st March 2026 would result in an immaterial charge to the surplus or deficit on the provision of service which is then transferred to the Pooled Investment Fund Adjustment Account.

The Council's investment in multi asset funds (which includes equities) are subject to the risk of falling share prices. A 5% fall in shares prices at 31st March 2026 would result in an immaterial charge to the Surplus or deficit on the provision of services which is then transferred to the Pooled Investment Funds Adjustment Account.

The Council's investment in a REIT is subject to the risk of falling residential property prices. This risk is limited by the Council's maximum exposure to REITs of £1m. A 5% fall in residential property prices at 31 March 2026 would result in a £32,750 charge to Other Comprehensive Income and Expenditure (£34,875 on 31 March 2025) which would be reflected in the Financial Instrument Revaluation Reserve.

<u>Foreign Exchange Risk</u>

The Council's policy is to deal in pounds sterling wherever possible thus mitigating the need to deal in foreign exchange.

E4. Leases

The Council as Lessee [obtaining assets under a leasing arrangement]

The authority's lease portfolio consists of leases of operational land and buildings and plant and equipment. During the year, lease payments charged to Cost of Services totalled £35,529 (2024/25: £35,529), all of which relate to the lease of printers and a coffee machine, classified as low-value leases under the authority's accounting policies.

The Council has not identified any new arrangements during the year that meet the definition of a right-of-use (ROU) asset under IFRS 16. No new finance leases have been recognised on the balance sheet, other than low-value assets below £20,000, which are excluded in line with the Council's accounting policy.

Assets previously recognised as Property, Plant and Equipment (PPE) which meet the definition of right-of-use assets under IFRS 16 and therefore remain on the Council's balance sheet as such, total £2.480 million.

Authority as Lessor [leasing assets out]

Finance Leases

The Authority has three properties, which it accounts for as finance leases and a number of Waste Collection and Recycling vehicles. The three properties are commercial properties [shops/offices] located in the centre of Cirencester and have been leased out for periods of 99, 125 and 125 years respectively. Although the properties will return to the Council at the end of the lease, the balance of "risks and rewards" of ownership, the length of the lease, and the sum of rentals receivable require the properties to be accounted for as Finance Leases.

In addition to the property assets, the Council leases a number of Waste Collection and recycling vehicles to Ubico Limited.

The minimum lease payments comprise settlement of the long-term debtor for the interest in the asset and finance income that will be earned by the Authority for the period while the debt remains outstanding.

	31 March 2025 £	31 March 2026 £
Present value of principal payments outstanding on non current assets	3,481,763	2,621,555
Unearned finance income	2,836,705	5,393,293
	6,318,468	**8,014,848**

The gross investment in the lease and the minimum lease payments will be received over the following periods:

	Gross Investment in the Lease		Minimum Lease Payments (excl. int)	
	31 March 2025	31 March 2026	31 March 2025	31 March 2026
	£	£	£	£
-				
Not later than one year	1,039,971	996,222	902,898	883,537
Later than one year & not later than five years	2,143,040	1,429,854	1,795,214	1,136,325
Later than five years	3,135,456	2,967,216	783,651	601,694
	6,318,468	**5,393,293**	**3,481,763**	**2,621,555**

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2025/26 the Council received £113,000 in contingent rents (2024/25 £101,280).

The Council has not set-aside an allowance for uncollectable debts in relation to its finance leases. Any outstanding debts would be accounted for within the Sundry Debtors impairment allowance.

Operating Leases

The Authority leases out property under operating leases to generate revenue on its investment properties and surplus assets that are suitable for rental.

The future minimum lease payments receivable under non-cancellable leases in future years are:

	31 March 2025	31 March 2026
	£	£
Not later than one year	653,209	635,852
Later than one year & not later than five years	797,351	644,352
Later than five years	171,735	513,159
	1,622,295	**1,793,363**

The minimum lease payments receivable does not include rents that are contingent on events taking place after the balance sheet date.

E5. Accounting Policies

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 – England

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 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 Authority.

An accrual 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 is not provided for in the accounts. This is because the Council TUPE-transferred the majority of its staff to Publica Group (Support) Limited in 2017/18. Due to the vastly reduced number of staff employed by the Council, a balance is no longer maintained for the cost of untaken annual leave, as the amount involved is not material to the accounts.

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

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 authority'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 authority 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 and (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.

<u>Initial measurement</u>

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.

<u>Subsequent measurement</u>

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 £20,000 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 valuers 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 valuers.

Where decreases in value are identified, they are accounted for by:

- 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.

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.

<u>Contingent Liabilities</u>
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.

<u>Contingent Assets</u>
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 authority's accounting policy for fair value measurement of financial assets is set out in the 'Financial Instruments' section (above). The authority 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 authority 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 authority 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 authority 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 authority'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 authority 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.

E6. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note E5 above, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- The Council has a one-eighth share in Ubico Limited. The company provides a range of integrated environmental services including, commercial refuse collection and grounds maintenance services on behalf of the Council. The separate operating practices, management structure and the application of majority-voting on the Ubico Limited board do not constitute the Council having joint control or significant influence over the company. The Council's interest has therefore been classified as an investment in Ubico Limited and group accounts have not been prepared.
- The Council jointly owns (with West Oxfordshire District Council, the Forest of Dean District Council and Cheltenham Borough Council) Publica Group (Support) Limited, a wholly owned company, limited by guarantee, operating with Mutual Trading Status to deliver services on behalf of the Council and services to other members Councils under contract. Publica can be considered to be merely an employment vehicle (in accounting terms only a 'holding account'), employing and paying staff and then recharging these costs to the Councils, via a contract sum. It does not trade and does not make a 'profit' as substantially all surpluses

are redistributed back to the councils. While the Council has an interest in the Company, the Council's share of any surplus for the year and net assets at the balance sheet date have not been consolidated into the Council's single entity accounts. It is the view of management that the figures involved are not material and the production of group accounts will not enhance disclosure or provide any additional benefit to the reader of the accounts, and on that basis Group Accounts have not been prepared.

- No allowance has been made in the Councils' accounts for the transfer out of any Local Government Pension Scheme (LGPS) pension liability to Publica Group (Support) Limited. The service contract and tripartite agreement between the Council, Gloucestershire Pension Fund and Publica Group (Support) Limited mean that the pension liability and risk relating to the pension fund remains with the Council, following the TUPE transfer of the majority of the Council's staff to Publica on 1st November 2017. Therefore, the Council is reporting the pension liability for both staff transferred to Publica, and the Councils retained staff, in the accounts. Although Publica, as the employer of many of the current staff may be initially responsible for paying any exit contributions (for example), for any of its staff that are members of the LGPS, such cost will be reimbursed by the relevant Council. The accounts have been prepared on the basis that the full pension fund liability for the LGPS sits in the Council's accounts. There are no separate disclosures for Publica as they are not responsible for any LGPS liability.
- Under International Financial Reporting Standards (IFRS), assessments have been made as to the correct accounting treatment for a number of lease agreements which the Council has entered into. Categorising leases as either operating or finance leases results in different accounting treatment depending upon the categorisation of the lease. In each case, a lease is classified based upon criteria contained within the Code and an assessment of the nature of the leasing arrangement in place.
- The Council has such an arrangement whereby it provides environmental services vehicles to Ubico Limited. Ubico Limited pay a market-rate for the use of the vehicles and are responsible for insuring and maintaining the vehicles and determining their deployment (including use across other Ubico Limited contracts where necessary). Ubico Limited pay for the vehicles over a period of 7-years for new vehicles, which is deemed to be the useful economic life of the assets. The transaction has been accounted for on the basis that the agreement is a finance lease, because: i) the sum of the lease payments equal the cost of purchasing the asset; ii) the length of the term represents 'substantially all' of the useful life of the asset; and iii) the rights and responsibilities of ownership (maintenance, insurance, deployment) in relation to the vehicle assets sit primarily with Ubico Limited. This arrangement has been formalised in a lease agreement between Ubico Limited and the Council.
- The Council has also determined that their interest in Chipping Campden Leisure Centre and the use of the sports centre (operated by the Council's leisure operator SLM until July 2023 and Freedom Leisure from August 2023) which is legally owned by Chipping Campden school through a dual use agreement dated August 1995 for a period of 99 years is correctly recognised on the Council's balance sheet as a right of use asset due to the unrestricted and ongoing relationship between the school and Council which has historically been agreed and will continue into perpetuity.

E7. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made considering historical experience, current trends and other relevant factors. The assumptions and other sources of estimation uncertainty disclosed below relate to the estimates that require the Council's most difficult, subjective or complex judgements. As the number of variables and assumptions affecting the possible future resolution of the uncertainties increases, those judgements become more subjective and complex. As a result, balances cannot be determined with certainty, and actual results could be materially different from the assumptions and estimates.

Item	Uncertainties	Effect if actual result differs from assumptions
Property, Plant & Equipment – Operational Property	The Council's property assets are measured at current value in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom. Valuations are undertaken by appropriately qualified internal and external valuers in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards (the Red Book). A range of valuation methodologies are applied depending on the nature of the asset. These include Depreciated Replacement Cost (DRC) for specialised operational assets, and fair value using investment, income, comparative and residual approaches where appropriate, consistent with the accounting policies set out in Note E5 and the disclosures within Notes D1 and D2. Where assets are not subject to a full revaluation in the financial year, the Council applies indexation to ensure that carrying values do not materially differ from current value at the reporting date. This includes the use of externally sourced indices such as CBRE commercial property indices for office, retail and industrial assets, BCIS construction indices for assets valued on a DRC basis, and relevant market indices for development land. The remainder of the portfolio unvalued in 2025/26 has been assessed and it has been confirmed that there have been no further material changes to the portfolio that is considered sufficient to affect the unvalued position. The Council's valuers provided valuations as at 31 March 2026 for the Council's investment property portfolio and approximately 56% of its operational portfolio. With regards to Depreciated Replacement Cost (DRC) method valuations of operational properties and the residual valuations of the surplus properties, the valuers consider that of all the valuation elements in a DRC the build	A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and/or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement. If the value of the Council's operational properties were to reduce by 10%, this would be unlikely to result in a significant charge to the Comprehensive Income and Expenditure Statement due to the level of revaluation reserve balance held of approximately £51m. An increase in estimated valuations would result in increases to the Revaluation Reserve and/or reversals of previous negative revaluations to the Comprehensive Income and Expenditure Statement and/or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement. If the useful economic life of an asset is reduced, depreciation increases and the carrying value of an asset will fall. Depreciation charges for operational buildings will change in direct relation to changes in estimated current value. The net book value of non-current assets subject to potential revaluation is over £73.8m. It is estimated that the annual depreciation charge for buildings would increase by approximately £66,000 for every year that useful lives had to be reduced.

Item	Uncertainties	Effect if actual result differs from assumptions
	costings are the most volatile assumption and most susceptible to change through inflation and rising material/labour costings, among other things. Operational assets are depreciated over the best estimate of an asset's useful economic life. These asset lives are based upon assumed repairs and maintenance being carried out to maintain an asset. Asset lives are based upon information provided by the Council's valuer. Whilst valuations are prepared in accordance with recognised professional standards and based on the best available information at the reporting date, the valuation of property assets remains subject to estimation uncertainty.	
Fair Value measurement of Investment Property	The Council's valuers use valuation techniques to determine the fair value of investment property. This includes developing estimates and assumptions consistent with how market participants would price the property. The valuers base their assumption on observable data as far as possible, but this is not always available. In this case, the valuers use the best information available. The investment properties' main assumptions for change are yield and rent. When valuing the investment properties, the valuers have run a number of valuations adjusting yields typically by 25 basis points each time to encapsulate and understand how current and future risk within the yield affects values. Whether this is further potential for rental growth, unknown covenant strength or letting void.	Estimates for fair values may differ from the actual prices that could be achieved in an arm's length transaction at the reporting date. It is not possible to quantify the level of variance that may arise if assumptions used differ from actual asset values. The Council is confident, however, that the risk of any variance will not affect the Council's financial strategy. A fall of 5% in the overall valuation would result in a fall in value of £233,850.
Pension Liability	The estimation of the pension liability is based upon a number of factors and judgements applied by the scheme's actuary including discount rate used, rate of salary increases, changes in retirement ages, mortality rates and expected return on Pension Fund investments. Estimates are made upon judgements and conditions as seen by the actuary at a point in time. An asset ceiling calculation has been applied to the pension fund asset value included in the accounts. This is due to an ongoing requirement to pay agreed past service contributions. Relevant accounting standards only set out high level principles, which are open to a wide range of interpretation. The approach adopted was proposed by the Council's consulting	The effect of changing assumptions will result in changes in the valuation of the pension funds' assets and liabilities. For further details of the impact of variations in key assumptions, see note E1. Prior to the Asset Ceiling adjustment the Council's share of pension fund assets had increased by £9.646m and the liability increased by £6.154m, resulting in the overall net liability reducing

Item	Uncertainties	Effect if actual result differs from assumptions
	actuary following discussions with key LGPS audit practitioners. The Council has engaged Hymans Robertson as its consulting actuary to provide expert advice about the assumptions to be applied.	by £3.492m. Without the asset ceiling adjustment the pension asset would be £21.753m.

E8. Accounting Standards Not Yet Adopted

The Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. There is also the requirement for an Authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

The following standards and amendments are not expected to be introduced until on or after 1 April 2026:

- Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets) issued in March 2024
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) issued in May 2024
- Annual improvements to IFRS accounting standards – Volume 11 issued in July 2024
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) issued in December 2024.

It is not expected that these new standards will have a material impact on the accounts.

E9. Related Parties

The Authority is required to disclose material transactions with related parties – i.e. bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

Central Government

Central government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides a significant element of the Council's funding in the form of grants and prescribes the terms of many transactions that the Authority has with other parties (e.g. council tax bills and housing benefits). Details of any significant grants received in the year are listed under Note B8, *Grant Income.*

Members of the Council

Members of the council have direct control over the council's financial and operating policies. The total of Members' allowances paid in the year is disclosed in Note B6 to these accounts, *Members' Allowances*.

Upon their election to serve the Authority all Members of the Council are required to complete a declaration of Members' interests form. The form requires any conflicting or relevant outside interests to be declared. If at any point a Council decision is required which impacts upon an individual or an organisation which they have an interest in, the Member is require to leave the Council chamber for the duration of the debate and abstain from the decision making process [voting].

Individual Member declarations are available to view via the Council website.

- Ten Members have declared an interest as a Town or Parish Councillor where grants and contributions (£32,964) were awarded during 2025/26 (£53,775 in 2024/25).

- One Cabinet Member was nominated by the Council to sit on the board of Cotswold National Landscape, who received grants of £35,262 from the Council during 2025/26 (£21,286 in 2025/26).

In all instances, the grants were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion or decision relating to the award of grant and loan.

In addition to being District Council Members, as of 31 March 2026 six of the Council's Members were also Members of Gloucestershire County Council (5 as of 31 March 2025). Cotswold District Council made payments of £1,096,384.97 to the County Council and received grants, fees and contributions of £2,357,430 during 2025/26 (payments of £640,614 and grants fees and contributions of £1,230,214 in 2024/25)

Officers

By virtue of the Officer Code of Conduct, employees of the Council are required to declare any relationship with individuals, organisations or companies that might prejudice, or could be viewed as influencing, their professional judgement. On an annual basis, senior officers in positions of influence within the Council are required to complete a related party declaration to highlight any potential conflicts of interest.

Declarations are sought even where no conflicts of interest have been reported. There were no declarations that required further disclosure in this statement of accounts.

Publica Group (Support) Limited

Publica Group (Support) Limited (the Company), is a not-for-profit company limited by guarantee with no share capital.

Cotswold District Council, along with West Oxfordshire, and Forest of Dean District Councils and Cheltenham Borough Council have jointly set up Publica Group (Support) Limited, a wholly owned company, limited by guarantee, operating with Mutual Trading Status to deliver services on behalf of the Council and services to other members Councils under contract.

Publica Group (Support) Limited is a Teckal company fulfilling the conditions set out in Regulation 12(4) of the Public Contracts Regulations 2015. The Company is subject to management supervision by the Members. As such, the Company is a body governed by public law as defined in the Public Contracts Regulations 2015.

While Publica Group (Support) Limited works closely with the Council, the company has its own board of Directors, its own Management team, and operates independently from the Council.

During 2025/26 the Council made payments to Publica of £8,475,165 (2024/25 £8,713,100) for services and received income of £574,011 (2024/25 £643,584). On 31 March 2026 the Council owed Publica £99,579 (creditors and receipts in advance) (31 March 2025, £147,872) and was owed £156,179 (debtors and payments in advance) (31 March 2025, £385,170).

Ubico Limited

Ubico Limited. was established in 2011/12 by Cheltenham Borough Council and Cotswold District Council to deliver a range of integrated environmental services including household and commercial refuse collection, recycling, street cleansing and grounds maintenance. It commenced operations on 1 April 2012. The Council holds an equal 1/8th shareholding in the Company.

The company provides services to the shareholder councils on a not-for-profit basis and therefore qualifies for the teckal exemption (named after the EU case that established the principle). As a teckal company, Ubico Limited must ensure that the percentage of work undertaken outside of the shareholder contracts is less than 20% of its total activity.

While the Council has a 1/8th shareholding in Ubico Limited, and a place on the Board of Ubico Limited, the Council is not deemed to have significant influence over the company. The separate operating practices, management structure and majority-voting on the Ubico Limited. board do not constitute any means of joint-control over the company. The Council's interest is therefore classed as an investment in Ubico Limited.

During 2025/26 the Council made payments to Ubico of £9,878,742 for contract services (2024/25 £8,443,292) and received income of £1,382,783 (2024/25 £690,909). At 31 March 2025, Ubico Limited owed the Council £513,532 (debtors) (2024/25, £330,311) and the Council owed Ubico Limited £218,699 (creditors and receipts in advance) (2024/25, £108,373).

Other Public Bodies

As a council tax billing Authority, the Council collects precepts on behalf of Gloucestershire County Council, Gloucestershire Police and Crime Commissioner and the Town and Parish Council's within the district. Precepts for the County Council and Police Authority are shown within the Collection Fund – Town and Parish precepts are shown in the *Comprehensive Income & Expenditure Statement*.

The Council is also a member of the Gloucestershire Business Rates Pool. Payments to and from the Pool are administered by Stroud District Council as pool lead.

The Council provides retirement benefits to its employees. The Local Government Pension Scheme is administered by Gloucestershire County Council (see Note E1).

E10. Events After the Balance Sheet Date

The Chief Finance Officer authorised the Statement of Accounts on 30 June 2026.

Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2026, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Notes to the Cash Flow Statement

F1. Adjustments to the net surplus / (deficit) on the provision of services for non-cash movements

	2024/25 £	2025/26 £
Depreciation, amortisation and impairment	1,797,100	1,948,231
Increase / (decrease) in creditors	(545,661)	522,492
(Increase) / decrease in debtors	(3,038,010)	785,401
Increase / (decrease) in provision for bad debts	208,531	(121,371)
(Increase) / decrease in inventories	2,097	(62)
Pensions' liability	(877,000)	(854,000)
Gain/loss on disposal of PPE	1,149,641	68,538
Increase / (decrease) in provisions	(159,364)	(460,715)
Movement in the fair value of PPE charged to CIES	130,504	0
Movements in the fair value of investment properties	670,000	(472,000)
Movements in the fair value of financial instruments	(187,649)	(336,290)
	(849,812)	**1,080,224**

F2. Adjustments for items included in the net surplus / (deficit) on the provision of services that are investing or financing activities

	2024/25 £	2025/26 £
Capital grants applied to the financing of capital expenditure	(5,708,053)	(3,121,925)
Proceeds from the sale of non current assets	(1,149,641)	(68,538)
Unattached capital receipts	0	(325,024)
	(6,857,694)	**(3,515,487)**

F3. Investing Activities

	2024/25 £	2025/26 £
Purchase of property, plant & equipment and other capital investment	(3,219,810)	(747,962)
Purchase of short term and long term investments	(127,650,000)	(200,990,000)
Cottsway Loan issued	(413,821)	0
Proceeds from the sale of non current assets	791,444	2,073,576
Proceeds from disposal of short term and long term investments	126,220,000	196,230,000
Repayment of Cottsway Loan	241,225	0
Capital Grants applied	4,408,099	3,121,925
Capiatl grants received	0	
Other (receipts) / payments from investing activities	510,724	(769,887)
	887,860	**(1,082,349)**

F4. Financing Activities

	2024/25 £	2025/26 £
Repayments of short term borrowing	(97,662)	(107,017)
	(97,662)	**(107,017)**

Collection Fund

This “Agent’s” statement shows the transactions of the Council as a billing Authority in relation to the collection from taxpayers and distribution to local authorities and the Government of Council Tax and National Non-Domestic Rates (Business Rates).

2024/25 Business Rates £	2024/25 Council Tax £	2024/25 Total £		Note	2025/26 Business Rates £	2025/26 Council Tax £	2025/26 Total £
	(94,625,372)	(94,625,372)	Council Tax receivable	*G1*		(102,538,835)	(102,538,835)
(31,300,867)		(31,300,867)	Business Rates Receivable	*G2*	(35,286,632)		(35,286,632)
(1,567,288)		(1,567,288)	Transitional Protection Payments		(176,848)		(176,848)
1,112,650		1,112,650	Contribution to previous year's surplus(-)/deficit		(2,022,908)		(2,022,908)
(31,755,505)	**(94,625,372)**	**(126,380,877)**	**Total Income**		**(37,486,388)**	**(102,538,835)**	**(140,025,223)**
			Apportionment of previous year's Surplus/Deficit(-)				
	23,896	23,896	Cotswold District Council			119,475	119,475
	148,760	148,760	Gloucestershire County Council			729,909	729,909
	28,808	28,808	Gloucestershire Police & Crime Commissioner			140,560	140,560
0	201,464	201,464			0	989,944	989,944
			Precepts, Demands and Shares				
16,868,706		16,868,706	Central Government		18,442,647		18,442,647
13,494,964	11,222,349	24,717,313	Cotswold District Council		14,754,118	12,224,262	26,978,380
3,373,741	68,560,814	71,934,555	Gloucestershire County Council		3,688,529	74,670,789	78,359,318
	13,202,870	13,202,870	Gloucestershire Police & Crime Commissioner			14,318,440	14,318,440
33,737,411	92,986,033	126,723,444			36,885,294	101,213,491	138,098,785
			Charges on the Collection Fund				
146,197	104,742	250,939	Write-offs of uncollectable amounts		180,552	160,883	341,435
(181,528)	751,657	570,129	Increase / (decrease) in Bad Debt / Appeals Provisions	*G3*	(1,016,976)	237,014	(779,962)
196,273		196,273	Cost of Collection		195,808		195,808
267,468		267,468	Disregarded Amounts	*G4*	165,475		165,475
428,410	856,399	1,284,809			(475,141)	397,897	(77,244)
34,165,821	**94,043,896**	**128,209,717**	**Total Expenditure**		**36,410,153**	**102,601,332**	**139,011,485**

2,410,316	**(581,476)**	**1,828,840**	**(Surplus) / Deficit for the Year**		**(1,076,235)**	**62,497**	**(1,013,738)**
575,525	(773,274)	(197,749)	(Surplus) / Deficit brought forward		2,985,841	(1,354,750)	1,631,091
2,985,841	**(1,354,750)**	**1,631,091**	**(Surplus) / Deficit carried forward**	*G5*	**1,909,606**	**(1,292,253)**	**617,353**

Notes to the Collection Fund

G1. Council Tax System

Under the council tax system, Cotswold District Council must collect each year enough money from residents to cover the cost of the services we provide, which are not funded by other sources such as government grants and fees and charges.

Council Tax was introduced on 1 April 1993 and is a property-based tax. The District Valuer valued all domestic property in the area and placed them into one of nine bands. To set the Council Tax, the Council estimates the number of dwellings in each of the nine valuation bands and convert these estimates into an "equivalent number of Band D dwellings". The table below shows the calculation for 2025/26.

Valuation Bands		Estimated number of taxable dwellings*	Ratio	Equivalent number of Band D dwellings
A-	Band A - entitled to disabled relief reduction	1.84	5/9	1.02
A	up to £40,000	2,453.86	6/9	1,635.91
B	£40,001 - £52,000	3,829.16	7/9	2,978.24
C	£52,001 - £68,000	9,330.47	8/9	8,293.75
D	£68,001 - £88,000	6,839.81	1	6,839.81
E	£88,001 - £120,000	6,121.37	11/9	7,481.67
F	£120,001 - £160,000	4,967.45	13/9	7,175.21
G	£160,001 - £320,000	4,678.97	15/9	7,798.28
H	over £320,001	742.75	18/9	1,485.50
	Contributions in lieu (South Cerney Barracks)	138.67	-	138.67
				43,828.06
	Adjustments for collection rates and anticipated changes during the year			628.10
** adjusted for discounts and exemptions*				**44,456.16**

The total number of "equivalent Band D dwellings" is divided into the total cost of services to arrive at an "average Band D Tax" per dwelling. Dwellings in bands below "Band D" will pay proportionately less than this average and dwellings in bands above "Band D" will pay proportionately more than this average.

The above calculations resulted in an "average Band D Tax" of £2,160.66 per dwelling for 2025/26 (2024/25 - £2,061.83) This figure includes precept figures payable to Gloucestershire County Council, the Police and Crime Commissioner for Gloucestershire and Cotswold District Council but excludes the amount payable to Town & Parish Councils.

G2. National Non-Domestic Rates

Under the Business Rates Retention Scheme the Council acts as both principal and agent, in that it is able to retain 40% of the net standard business rates collected within the local area as income within its own budget, net of tariff payable to central government, as well as 100% of net rates from properties relating to renewable energy schemes (Disregarded Amounts). The Council distributes the remaining net balance of standard business rate income to Central Government, who are allocated 50%, with the final 10% to Gloucestershire County Council.

The Council is a member of the Gloucestershire Business Rates Pool, in which any levy payment or safety receipt is 'pooled' across several authorities. This enables each pool member to benefit from a lower levy rate payable should the growth in its business rates exceed its levy threshold, whilst receiving from the pool a safety net payment should its rates fall below its safety net threshold, contributed by the pool member.
In 2025/26 the Authority benefited from a Pool distribution of £864,946 (£478,908 in 2024/25).

	2024/25 £	2025/26 £
Total Non Domestic Rateable Value at 31 March	£102,968,491	£102,673,905
National Non-domestic Rate Multiplier - Higher	54.6	55.5
National Non-domestic Rate Multiplier - Lower [Small Business]	49.9	49.9

The Business Rates receivable amount on the face of the Collection Fund Account is lower than the total of Non-domestic Rateable Value multiplied by the Non-domestic Rate Multiplier due to the award of various reliefs including Small Business Rate Relief and other mandatory and discretionary rate reliefs.

G3. Taxpayers' Arrears & Provisions for Uncollectable Amounts

Provision has been made for uncollectable taxpayers' debts. At 31 March the provisions on the Collection Fund were as follows:

	2024/25 £	2025/26 £	% of arrears
Council Tax	(947,496)	(1,184,510)	19.9%
National Non Domestic Rates	(553,081)	(687,894)	27.4%
	(1,500,577)	**(1,872,404)**	

G4. Business Rates – Disregarded Amounts

From April 2013 the Council was allowed to retain 100% of the growth from the business rates associated with renewable energy sites. All such growth is transferred to the Council's General Fund.

G5. Collection Fund Balance Sheet Apportionment

The balances on the Collection Fund are shared between the Council and its major precepting authorities (Gloucestershire County Council and the Gloucestershire Police and Crime Commissioner), in proportion to their precepts. The Fund balance for non-domestic rates is shared between the Council, Gloucestershire County Council and central government, in the statutory proportions.

The respective authorities' share of the balance is as follows at 31 March 2026:

	Central Govt. £	Cotswold District Council £	Gloucs. County Council £	Gloucs. P&CC £
Council Tax				
Debtors	n/a	715,633	4,387,899	847,442
Bad Debt Provision	n/a	(142,443)	(873,388)	(168,679)
Prepayments and Overpayments	n/a	(315,011)	(1,931,492)	(373,032)
(Surplus) / Deficit at 31 March	n/a	(156,142)	(953,420)	(182,690)
Business Rates				
Debtors	1,254,955	1,003,964	250,991	n/a
Bad Debt Provision - Tax Payers	(343,947)	(275,157)	(68,790)	n/a
Appeals Provision	(777,045)	(621,636)	(155,408)	n/a
Prepayments and Overpayments	(611,786)	(489,428)	(122,357)	n/a
(Surplus) / Deficit at 31 March	(954,806)	(763,840)	(190,960)	n/a

The apportionment of the balances on the Collection Fund as at 31 March 2025 is as follows:

	Central Govt. £	Cotswold District Council £	Gloucs. County Council £	Gloucs. P&CC £
Council Tax				
Debtors	n/a	614,822	3,755,586	720,149
Bad Debt Provision	n/a	(114,436)	(699,020)	(134,040)
Prepayments and Overpayments	n/a	(259,462)	(1,584,898)	(303,911)
(Surplus) / Deficit at 31 March	n/a	(163,535)	(999,047)	(192,168)
Business Rates				
Debtors	972,608	778,087	194,522	n/a
Bad Debt Provision - Tax Payers	(276,541)	(221,232)	(55,308)	n/a
Bad Debt Provision - Appeals	(1,352,939)	(1,082,350)	(270,588)	n/a
Prepayments and Overpayments	(422,827)	(338,261)	(84,565)	n/a
(Surplus) / Deficit at 31 March	1,492,923	1,194,333	298,584	n/a

ANNUAL GOVERNANCE STATEMENT 2025/26

TO INCLUDE

Independent auditor's report to the members of Cotswold District Council

Glossary

Accounting Period
The period of time covered by the accounts, normally a period of 12 months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

Accounting Statements
The Council's Core Financial Statements and Supplementary Financial Statements.

Accruals
Sums included in the accounts to cover income or expenditure attributable to the accounting period but for which no payment has yet been made or received at the Balance Sheet date.

Actuarial Gains and Losses [Defined Benefit Pension Scheme]
Changes in the net pensions liability that arise because events have not matched assumptions at the last actuarial valuation or because actuarial assumptions have changed.

Amortisation
A term used to refer to the charging of the value of a transaction or asset (usually related to intangible assets or deferred charges) to the Income and Expenditure Account over a period of time, reflecting the value to the Authority; similar to the depreciation charge for non-current assets.

Appointed Auditors
The Local Audit and Accountability Act 2014 includes a statutory requirement that a local Authority's annual Statement of Accounts be subject to external review by a duly appointed external auditor. From 2023/24, the responsibility for the appointment of said external auditor has been devolved to Public Sector Audit Appointments (PSAA) for Local Government Authorities that have opted into its national scheme. Bishop Fleming LLP is the Council's appointed auditors for the period 2023/24 to 2027/28.

Billing Authority
A local Authority responsible for collecting Council Tax and National Non-Domestic Rates.

Business Rates (NNDR/NDR)
Rates payable on business (non-domestic) premises based on their Rateable Value.

Capital Expenditure
Expenditure for the acquisition, provision or improvement of non-current assets, which will be of long-term value to the Council, providing services beyond the current accounting period.

Capital Programme
The capital schemes the Council intends to carry out over a specified time period.

Capital Receipts
Money received from the disposal of non-current assets or the repayment of grants and loans, which is available for financing future capital expenditure.

Collection Fund
A statutory fund maintained by a billing Authority, which is used to record local taxes and Non-Domestic Rates collected by the Authority, along with payments to precepting authorities, the national pool of Non-Domestic Rates and the billing Authority's General Fund.

Community Assets
Assets, which the Authority intends to hold in perpetuity, that have no determinable finite useful life and that may have restrictions on their disposal, e.g. parks, historical buildings. See also Non-Current Assets.

Contingent Asset
A possible asset that arises from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control.

Contingent Liability
A contingent liability is either:

- a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control; or
- a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount cannot be measured with sufficient liability.

Council Tax
A local tax on domestic properties set by the billing and precepting authorities. The level is determined by the revenue expenditure requirements for each Authority divided by the tax base for the year.

Council Tax Base
The amount calculated by each billing Authority from which the entitlement of its share is derived.

Creditors
Amounts owed by the Authority for works completed, goods received or services rendered before the end of the accounting period but for which payments have not been made.

Current Service Cost [Defined Benefit Pension Scheme]
The increase in the present value of a defined benefit scheme's liabilities as a result of employee service earned in the current period.

Curtailment [Defined Benefit Pension Scheme]
An event that reduces the expected years of future service of present employees, or reduces for a number of employees the accrual of defined benefits for some or all of their future service.

Debtors
Amounts due to the Authority for works completed, goods received or services rendered before the end of the accounting period but for which payments have not been received.

Depreciation
The estimated benefit of an asset consumed during the accounting period, owing to age, wear and tear, deterioration or obsolescence.

Direct Revenue Financing (DRF)
Resources provided from an Authority's revenue budget to finance the cost of capital projects.

Events After the Balance Sheet Date
Those (non-adjusting) events, both favourable and unfavourable, of such materiality that their disclosure is required for the fair presentation of the Statement of Accounts, which occur between the Balance Sheet date and the date on which the Accounts are authorised for issue by the responsible financial officer.

Exceptional Items
Events or transactions that fall within the ordinary activities of the Authority and need to be disclosed separately due to their size to give fair presentation of the accounts.

Expected Return on Assets [Defined Benefit Pension Scheme]
For a defined benefit scheme, this is a measure of the return on the investment assets held by the plan for the year. It is not intended to reflect the actual realised return by the plan, but a longer term measure based on the value of assets at the start of the year taking into account movements in assets during the year and an expected return factor.

Finance Lease
A lease that transfers substantially all the risks and rewards of ownership of an asset to the lessee. Under a finance lease, the present value of the lease payments would equate to the fair value of the asset.

Financial Instruments
Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Liability
An obligation to transfer economic benefits controlled by the Authority that is represented by:

- a contractual obligation to deliver cash (or another financial asset) to another entity
- a contractual obligation to exchange financial assets/liabilities with another entity under conditions that are potentially unfavourable to the Authority.

General Fund (GF)
The main revenue fund used to meet day-to-day spending on providing Council services.

Government Grants
Grants made by the Government towards either revenue or capital expenditure to support the cost of providing the Authority's services. These grants may be specifically towards the cost of particular schemes ("Specific") or to support the revenue spend of the Authority ("Non-Specific").

Impairment
A reduction in the carrying value of a fixed asset below its carrying value due to obsolescence, damage or an adverse change in the statutory environment.

Infrastructure Assets
A class of asset whose life is of indefinite length and which are usually not capable of being sold, such as highways and footpaths.

Intangible Assets
Non-financial assets which do not have physical substance but are identified and controlled by the Authority through legal rights e.g. IT Software.

Inventories
Items of raw materials and stores an Authority has procured to use on a continuing basis and which it has not yet used.

Investment Property
Land and Buildings non-current assets held only for investment potential.

Liability
A liability is where the Authority owes payment to an individual or another organisation. See also Contingent Liability, Current Liabilities and Financial Liability

Local Council Tax Support Scheme
Assistance provided by billing authorities to adults on low incomes to help pay their Council Tax bill. The cost is borne by the Council.

Materiality
The concept that the Statement of Accounts should include all amounts which, if omitted, or misstated, could be expected to lead to a distortion of the financial statements to a reader.

Net Book Value (NBV)
The amount at which non-current assets are included in the balance sheet.

Net Interest on the Net Defined Benefit Liability [Defined Benefit Pension Scheme]
The net interest expense - the change during the period in the net benefit liability that arises from the passage of time.

Non-Current Assets
Property, plant and equipment and other assets that bring longer term benefit or service potential to the Authority.

Non-Current Liabilities
Amounts, which will become due or could be called upon beyond the next accounting period.

Non-Operational Assets
Assets held by the Authority but not directly occupied, used or consumed in the direct delivery of services, e.g. assets in the course of construction and surplus land.

Operating Leases
A lease other than a Finance Lease (see above). The future obligations relating to operating leases are disclosed to provide the reader with an estimate of the outstanding un-discharged obligations in relation to such leases.

Operational Assets
Non-current assets held and occupied, used or consumed by the Authority in the direct delivery of those services for which it has a statutory or discretionary responsibility.

Past Service Costs [Defined Benefit Pension Scheme]
The increase in the present value of the defined benefit scheme liabilities, related to employee service in prior periods, arising as a result of, or improvement to, retirement benefits.

Precept
A levy made by one statutory body (Precepting Authority) on another to meet the net cost of its services.

Precepting Authorities
Those authorities that are not Billing Authorities; i.e. do not collect the Council Tax and National Non-Domestic Rates. Police authorities are „major‟ precepting authorities and town and parish councils are 'local' precepting authorities.

Prior Period Adjustments
Material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. A fundamental error is one that is of such significance as to destroy the validity of the financial statements. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Provisions
Amounts set aside for the purposes of providing for any liability or loss, which is likely or certain to be incurred but is uncertain as to the amount or the date on which it will arise, e.g. bad debts.

Prudential Code
The CIPFA Prudential Code for Capital Finance in Local Authorities – the guidance applicable from April 2017 for the greater freedom for authorities to borrow to fund capital investment (under the Local Government Act 2003). This Code requires the Authority to set and monitor a suite of Prudential Indicators, including its Affordable Borrowing Limit, and produce a capital strategy to give weight to local circumstances and explain their approach to borrowing and investment.

Related Parties
Two or more parties are related parties when at any time during the financial period:

- One party has direct or indirect control of the other party; or
- The parties are subject to common control from the same source; or
- One party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests; or
- The parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interest.

Related Party Transactions
The transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made. The materiality of related party transactions is judged not only in terms of their significance to the Authority, but also in relation to its related party.

Reserves
Amounts set aside in the accounts for the purpose of meeting general, future expenditure. Reserves may also be used to smooth the cost of certain activities over a number of years. A distinction is drawn between reserves and provisions (see above), which are set up to meet known liabilities.

Revenue Expenditure
Day to day spending on the running of Council services including salaries, wages, contract payments, supplies and capital financing costs.

Revenue Expenditure Funded by Capital Under Statue (REFCUS)
Expenditure of a capital nature but for which there is no tangible asset, e.g. renovation grants.

Revenue Support Grant
A general grant paid by the Government to Council's contributing towards the costs of their services.

Specific Grants
The term used to describe all government grants, including supplementary and special grants, to local authorities other than Revenue Support Grant and capital grants.

Total Cost
The actual cost of services reflecting all of the direct, indirect and overhead costs that have been incurred in providing the service, even where the expenditure is not under the control of the service's chief officer.

Work In Progress
The cost of work carried out on an uncompleted project at the Balance Sheet date, which should be accounted for within the accounting period.

CIPFA (Chartered Institute of Public Finance and Accountancy)
CIPFA is the professional institute for accountants working in the public sector and the body that publishes the Code of Practice.

IFRS (International Financial Reporting Standards)
IFRS is a set of accounting standards developed by an independent, not-for-profit organisation called the International Accounting Standards Board.

IPSAS (International Public Sector Accounting Standards)
IPSAS are a set of accounting standards issued by the IPSAS Board for use by public sector entities around the world in the preparation of financial statements.

MHCLG (Ministry of Housing, Communities and Local Government)
The Ministry of Housing, Communities and Local Government (formerly the Department of Levelling Up, Housing and Communities) is the UK Government Department responsible for housing, communities and local government.

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Agenda Item 13

COTSWOLD
District Council

Council name	**COTSWOLD DISTRICT COUNCIL**
Name and date of Committee	**AUDIT AND GOVERNANCE COMMITTE– 27 JULY 2026**
Subject	**TREASURY MANAGEMENT OUTTURN REPORT 2025/26**
Wards affected	N/A
Accountable member	Cllr Patrick Coleman, Cabinet Member for Finance Email: patrick.coleman@cotswold.gov.uk
Accountable officer	David Stanley, Deputy Chief Executive and S151 Officer Email: david.stanley@cotswold.gov.uk
Report authors	Sian Hannam, Business Partner – Treasury Management Email: sian.hannam@publicagroup.uk Michelle Burge, Chief Accountant Email: michelle.burge@cotswold.gov.uk
Summary/Purpose	To receive and discuss details of the Council's Treasury management performance for the period 01 April to 31 March 2026.
Annexes	Annex A – Economic Background
Recommendation(s)	That Audit and Governance Committee resolves to: 1. Consider the Council's Treasury Management performance for the period 1 April 2025 to 31 March 2026. 2. Agree any comments to be passed to full Council when considering this item.
Corporate priorities	The Council's Treasury Management Strategy underpins all of the Council Priorities and is relevant to the Council principle of "Value for money – using the council's resources wisely and investing in the district's future."

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

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1. EXECUTIVE SUMMARY

1.1 This report covers the Treasury Management activity and performance of Cotswold District Council for the period 01 April to 31 March 2026.

1.2 During the year, the Council operated within the treasury limits and prudential indicators as set out in the Treasury Management Strategy approved by Council on the 24 February 2025. Investment income for 2025/26 generated a net surplus of £1.505 million, £0.367 million above the original budget of £1.138 million, largely due to sustained higher interest rates throughout the year and higher level of surplus cash balances available to invest than budgeted.

1.3 The Council's strategy has been to diversify investments into Pooled Funds in order to reduce risk and increase returns. Pooled Funds have maintained strong returns of dividends and returned over 4.94% (£0.516m) against the £12.5m invested in this area (further details provided in section 6). This compares to returns achieved of 3.77% for cash invested in money market funds and call accounts and 3.96% where cash is invested with the Government.

1.4 The capital values of the Pooled Funds, REIT and Cash Plus investment increased by £286,290 from £11.477m to £11.763 during 2025/26.

1.5 The Council holds a £0.500m loan administered by Abundance Investments Limited for the purpose of Community Municipal Investments. The Council's first Community Municipal Investment (CMI), named 'Cotswold Climate Investment' (CCI) which targeted a £0.500m fundraise closed on the 16 August 2022, fully funded by over 450 investors. The balance outstanding at 31s March 2026 is £0.161m.

1.6 In July 2022, Cotswold District Council entered into an agreement with Cottsway Housing Association, to provide an unsecured development loan of up to £3.753m in increments upon drawdown requests. The balance outstanding as at the 31st March 2026 is £1.930m. The loan has been converted to a secured loan over 50 years commencing 1st June 2026 at a rate of 4%.

1.7 Council continues to have no requirement to borrow or hold any further external debt as at 31 March 2026.

1.8 The treasury management position as at 31 March 2026 is set out in table 1 below together with the year-on-year movements.

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1.9 Table 1: Treasury Management Summary

	31/03/2025 Actual £m	2025/26 Movement £m	31/03/2026 Balance £m	31/03/2026 Rate %
Short-term borrowing	0.260	(0.099)	0.161	2.20
Short-term borrowing	**0.260**	**(0.099)**	**0.161**	**2.20**
Long-term investments	11.477	0.286	11.763	6.99
Short-term investments	2.669	4.861	7.530	3.77
Cash and cash equivalents	8.247	0.929	9.176	3.77
Total investments	**22.393**	**6.076**	**28.469**	**5.22**
Net Investments	**22.133**	**6.175**	**28.308**	

*Increase/decrease on Long Term Investments is capital gain/loss

2. BACKGROUND

2.1 The purpose of the treasury management operation is to ensure that cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in counterparties or instruments commensurate with the Council's low risk approach, pursuing optimum performance while ensuring that security of the investment is considered ahead of investment return. The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure.

2.2 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure the Council can meet its capital spending obligations. The management of longer-term cash may involve the arrangement of long and/or short-term loans (external borrowing) or may use longer term cash flow surpluses in lieu of external borrowing (internal borrowing).

2.3 The Council continued to engage the services of Arlingclose for independent treasury advice during the year 2025/26. Arlingclose provide specialist treasury support to 25% of UK local authorities. They provide a range of treasury management services including technical advice on investment management and long-term capital financing. They advise on investment trends, developments, and opportunities consistent with the Council's Treasury Management Strategy.

2.4 The Council's treasury management advisors have provided commentary on the economic background that prevailed during 2025/26. This commentary is provided within **Annex A**.

2.5 In February 2011, the Council adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code). The CIPFA Code requires the Council to approve reports on treasury management activities at the end of the first half of the financial year and at the end of the financial year.

2.6 The Council's Treasury Management Strategy for 2025/26 was approved at the Council meeting on the 24 February 2025. The Council has invested substantial sums of money and is therefore exposed to financial risks including changes in capital value of funds, the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are central to the Council's treasury management strategy.

3. BORROWING

3.1 Local authorities can borrow from the Public Works Loan Board (PWLB) provided they can confirm they are not to purchase 'investment assets primarily for yield' in the current or next two financial years, with confirmation of the purpose of capital expenditure from the S151 Officer. Authorities that are purchasing or intending to purchase investment assets primarily for yield will not be able to access the PWLB except to re-finance existing loans or externalise internal borrowing.

3.2 Acceptable use of PWLB borrowing includes service delivery, housing, regeneration, preventative action, re-financing debt and treasury management.

3.3 Competitive market alternatives are available for authorities with or without access to the PWLB. However, the financial strength of the individual Council and borrowing purpose will be scrutinised by commercial lenders.

3.4 The Council is not planning to purchase any investment assets primarily for yield and so is able to fully access the PWLB.

3.5 The Council's first Community Municipal Investment (CMI), named 'Cotswold Climate Investment' (CCI) which targeted a £0.500m fundraise closed on the 16 August 2022,

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fully funded by over 450 investors. As at the 31 March 2026 the Council therefore held a £0.161m loan administered through Abundance Investments Limited for the purpose of Community Municipal Investments at a rate of 2.2%.

3.6 The Council has no further borrowing considerations. There are no plans to borrow in the future to fund the Capital Programme. Any borrowing undertaken will be subject to approval by either Cabinet or Council as appropriate.

3.7 In order to determine whether the Council needs to borrow, the underlying need to borrow needs to be compared against the Council's internal borrowing capacity. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR) which is total capital expenditure to be funded by borrowing less any revenue provision made for the Minimum Revenue Provision.

3.8 Whilst there may be an underlying need to borrow, the Council may not actually undertake external borrowing and may instead use its internal cash balances to fund the borrowing requirement which is known as "internal borrowing."

3.9 For Cotswold District Council, there is a small underlying need to borrow of £0.472m, and significant internal borrowing capacity as set out in Table 2 below:

Table 2: Balance Sheet Summary

	31/03/2025 Actual £m	2025/26 Movement £m	31/03/2026 Actual £m
General Fund CFR	0.360	0.112	0.472
Less: External borrowing	(0.260)	0.099	(0.161)
Less: Usable reserves	(24.987)	(5.977)	(30.964)
Add Working capital	2.754	(0.570)	2.184
Available for investment or internal borrowing*	**22.133**	**6.336**	**28.469**

*A positive figure represents resources available for investment or internal borrowing. A negative figure would indicate a need to externally borrow

3.10 If interest rates were to rise by 1%, then investment income would average 5.32%, whilst borrowing costs (based on 20-year PWLB Loan) would be 6.08%. For every £1m borrowed there would be additional cost of £7,600 per annum. The impact on a 1% interest rate rise on investment income is shown at 7.3.

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4. INVESTMENT PERFORMANCE

4.1 The Council invested funds representing income received in advance of expenditure plus balances and reserves held. During 2025/26, the Council's investment balance ranged between £20.176m and £51.601m due to timing differences between income and expenditure. The investment position is shown in table 3 below:

Table 3: Treasury Investment Position

	31/03/2025 Actual £m	2025/26 Movement £m	31/03/2026 Balance £m	31/03/2026 Rate %
Bank of England DMADF	2.587	3.787	6.374	3.70
Banks	0	1.001	1.001	3.93
Money Market Funds/Call Accounts	8.247	0.929	9.176	3.77
Real Estate Investment Trust (REIT)	0.698	(0.043)	0.655	3.00
Cash Plus Fund	1.213	0.05	1.263	4.16
Pooled Funds (1)	9.648	0.352	10.00	6.99
Net Investments	**22.393**	**6.076**	**28.469**	**5.22**

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

(2) Amounts above include accrued interest.

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

4.3 High levels of cash were maintained throughout 2025/26, in part due to Capital Programme underspend, these balances were diversified over several counterparties and Money Market Funds to manage credit and liquidity risk.

4.4 The investment income budget for 2025/26 is £1.138m, as approved in February 2025, investment income of £1.505m was achieved. A sustained higher than expected Base Rate has fed through to higher short-term deposit and MMF interest rates. These slowly decreased, after three base rate cuts in May 25, August 25 and December 25 from 4.5% at the start of the year to 3.75% by December.

4.5 The year-end investment position analysed between investment types and the year-on-year change in show in table 4 below.

Table 4: Investment Position (Treasury Investments)

	31/03/2025 Actual £m	2025/26 Movement £m	31/03/2026 Balance £m	31/03/2026 Rate %
Banks & building societies (unsecured)	0.054	1.094	1.148	3.93
Government (incl. local authorities)	2.587	3.787	6.374	3.70
Money Market Funds	8.193	0.836	9.029	3.77
Other Pooled Funds				
- *Federated Cash plus fund*	1.213	0.05	1.263	4.16
- *CCLA Property Fund*	2.221	0.001	2.222	4.66
- *CCLA Better World Multi Asset Income Fund*	0.938	(0.053)	0.885	-2.67
- *Schroders Equity Income Fund*	0.872	0.132	1.004	16.39
- *M&G UK Strategic Bond Fund*	1.864	0.26	2.124	19.74
- *Investec Multi asset income fund*	1.814	0.021	1.835	6.00
- *Columbia Threadneedle Equity Income Fund*	1.939	(0.009)	1.93	4.13
Fundamentum - Real Estate Investment Trust	0.698	(0.043)	0.655	-2.90
Total investments	**22.393**	**6.076**	**28.469**	**5.22**

5. EXTERNALLY MANAGED POOLED FUNDS

5.1 A key aspect of the Council's current investment strategy is to invest into pooled funds in order to increase investment returns. These funds do introduce higher levels of risk as the capital value is not protected and the value of the funds can go up and down. The funds can be drawn down at relatively short notice, but consideration would need to be given as to whether drawing them down would crystalise a capital loss. The funds themselves are invested in different investment classes and therefore risk within the pooled fund is diversified.

5.2 Of the Council's investments, £10.5m are held in externally managed strategic pooled cash, bond, equity, multi-asset and property funds with a further £1m held in a Cash Plus fund and £1m held in a Housing Real Estate Investment Trust (REIT) where short-term security and liquidity are lesser considerations, and the objectives instead are regular revenue income and long-term price stability. These funds generated a total return of £0.516m (4.94%) during 25/26 and the capital values on these funds increased by £286K in the year to 31 March 2026 due to continued external economic factors as outlined in **Annex A** including sustained political instability, global economic uncertainty and market confidence capital values did not increase as much as expected. Members are reminded that Pooled Funds are held for the longer-term and the capital value will fluctuate over each financial year.

5.3 The increase in value is treated as an unrealised capital gain i.e., the gain is not recognised, as any gain or loss will only be recognised at the point funds are sold. The Council did not make any further contributions to these funds during 2025/26 with the amount invested remaining at £12.5m.

5.4 Following consultations in April 2023 and December 2024, MHCLG confirmed in February 2025 its intention to extend the statutory override relating to the accounting treatment of fair value gains and losses on pooled investment funds. The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2025 subsequently extended the override until 31 March 2029 for investments in pooled funds held before 1 April 2024. The override does not apply to investments acquired on or after 1 April 2024, for which fair value gains and losses are recognised in accordance with normal accounting requirements.

5.5 As a result of improved investment returns during the financial year, Cabinet approved the transfer of £0.300m of surplus investment income a earmarked reserves ("Treasury

Management Risk"). This reserve will provide financial resilience against future treasury risks, including higher borrowing costs if borrowing is required, lower investment returns resulting from falling interest rates, and any realised losses on pooled investment funds from March 2030 or on disposal.

The change in the Council's funds' capital values and income earned over the 12-month period is shown in Table 5.

Table 5: Pooled Funds, Cash Plus and REIT

Fund Manager	Investment	1st April Fund Value	31st March Fund Value	Dividends in 2025/26	2025/26 Gain/(Loss)	Gain/ (Loss) to Initial Principal	% Return Capital & Dividend 2025/26
	£	£	£		£	£	%
CCLA Property	2,500,000	2,195,084	2,194,911	102,475	(174)	(305,089)	4.66
Schroders	1,000,000	862,383	926,992	76,733	64,609	(73,008)	16.39
M&G UK Income	2,000,000	1,847,558	2,107,282	104,892	259,723	107,282	19.74
Investec (91) Income	2,000,000	1,807,700	1,828,400	87,730	20,700	(171,600)	6.00
Threadneedle Bond	2,000,000	1,928,956	1,923,069	85,535	(5,887)	(76,931)	4.13
CCLA Cautious MA	1,000,000	932,668	879,536	28,226	(53,132)	(120,464)	(2.67)
Federated Cash +	1,000,000	1,212,773	1,263,222	n/A	50,449	263,222	4.16
Fundamentum REIT	1,000,000	690,000	640,000	30,000	(50,000)	(360,000)	(2.90)
Total current funds	**12,500,000**	**11,477,121**	**11,763,412**	**515,591**	**286,290**	**(736,588)**	**6.99**

5.6 Pooled funds capital value made a small gain of 2.49% in the financial year. During the 2025/26 financial year, financial markets were characterised by generally positive risk asset performance for much of the period, but with significant volatility, particularly at the beginning and end of the year. The period was effectively bookended by market disruption associated with US trade and foreign policy, initially following the announcement of US 'Liberation Day' tariffs in April 2025 and then, towards the year end, by the escalation of the US and Israel conflict with Iran in March 2026. Between these two episodes, market sentiment improved as inflation generally eased and expectations for further interest rate cuts increased, supporting both bond and equity markets.

5.7 For much of the year, the backdrop for government bonds became more constructive than had been the case in recent years. In the UK in particular, falling inflation and growing expectations of further Bank of England rate cuts supported sentiment, although yields remained volatile as investors also had to contend with fiscal concerns and an uncertain economic outlook. As a result, income returns remained attractive, while capital values were more variable. By the final quarter, however, the rise in oil and other commodity prices caused by the conflict with Iran raised concerns that inflation could move higher again and that further monetary easing could be delayed or even reversed, leading to renewed pressure on bond markets.

5.8 UK commercial property experienced a more stable backdrop than in the most difficult period following the sharp rise in yields in 2022 and 2023. Lower interest rate expectations and a firmer tone in markets for much of the year helped support valuations, although capital values were broadly flat overall. Income remained the main driver of returns, with rental income providing a relatively resilient contribution. However, as with other asset classes, the environment became more uncertain towards the end of the period.

5.9 As highlighted above, the nature of these funds is that values can fluctuate from one year to another. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives are monitored and discussed with Arlingclose on a regular basis. Strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters and even years; but with the confidence that over a three to five-year period total returns will exceed cash interest rates.

6. INVESTMENT RETURNS

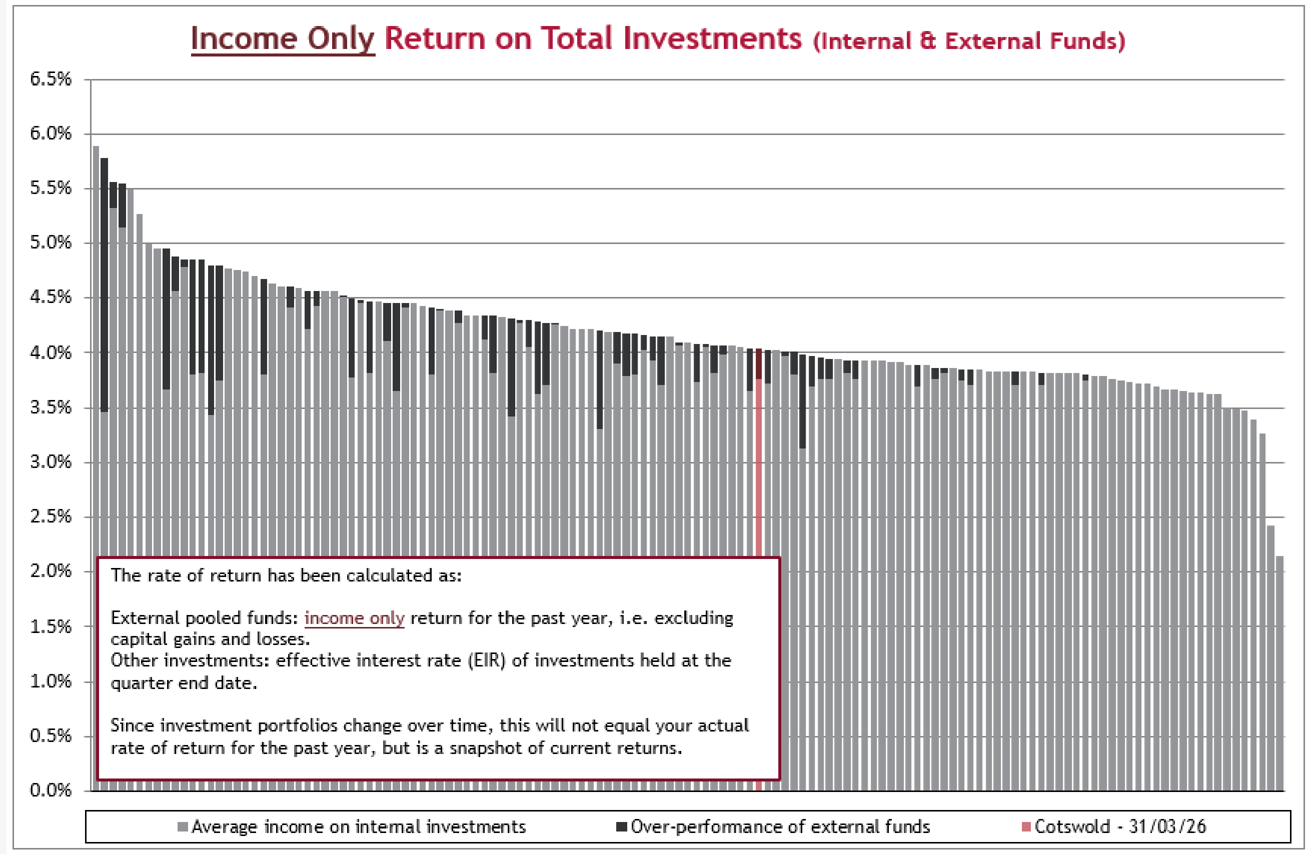
6.1 The outturn for investment income received in 2025/26 was £1.505m which equates to a 4.04% return (24/25, 4.67%) on an average investment portfolio of £35.060m against a budgeted £1.138m an average investment portfolio of £26.641m. Net loans and investments made a surplus of £0.295m, for the 2025/26 financial year. See table 6 for details. Interest receivable from the Council's loan to Cottsway Housing Association is now due during 2026/27 as the loan has been converted to a 50 year secured loan commencing 1st June 2026.

Table 6: Investment income and interest payable versus budget

Investment and Loan Income/Interest Payable	2025/26 Budget £m	2025/26 Actual £m	Variance Surplus/ (Deficit) £m
Community Municipal Borrowing (Interest payable)	0.000	(0.005)	(0.005)
Interest receivable (loans)	0.070	0.003	(0.067)
Net loan Interest	**0.070**	**(0.002)**	**(0.072)**
Pooled Funds	0.486	0.486	0.000
Housing REIT	0.030	0.030	0.000
Short term	0.223	0.607	0.384
Call/MMF's	0.399	0.382	(0.017)
Investment Interest	**1.138**	**1.505**	**0.367**
NET Income	**1.208**	**1.503**	**0.295**

6.2 Table 7 below shows that as at 31 March 2026, Cotswold District Council (red bar) achieved the 76th highest average rate on investments from the 135 local authorities that Arlingclose support.

Table 7 Cotswold' District Council total investment returns v Arlingclose clients (135) as at 31 March 2026.



7. COMPLIANCE REPORT

7.1 The Chief Finance Officer reports that all treasury management activities undertaken during 2025/26 complied fully with the CIPFA Code of Practice and the Council's approved Treasury Management Strategy, with the exception of Interest Rate Risk, see 7.3 below for more detail.

Security

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

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Table 9: Portfolio average credit rating

	31.3.25 Actual	2025/26 Target	Complied
Portfolio average credit	AA-	A-	✓

Interest Rate Exposure

7.3 This indicator is set to control the Council's exposure to interest rate risk. Bank Rate fell by 0.75% from 4.5% on 1st April 2025 to 3.75% by 31st March 2026.

Interest rate risk indicator	2025/26 Target	31.3.26 Actual	Complied?
Upper limit on one-year revenue impact of a 1% rise in interest rates	(£0.18m)	(-£0.362m)	N
Upper limit on one-year revenue impact of a 1% fall in interest rates	£0.18m	£0.362m	N

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

Principal Sums Invested for Periods Longer than 364 days:

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

Table 10: Limit on principal invested > 364 days.

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

8. FINANCIAL IMPLICATIONS

8.1 The Council maintained an average investment portfolio of £36.045m during 2025/26. The funds earned an average rate of return of 4.04%, this compares to 4.67% in 2024/25.

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8.2 The Council budgeted for £1.138m in treasury investment income for 2025/26. Actual performance was a surplus of £0.367m, with investment income received of £1.505m.

9. LEGAL IMPLICATIONS

9.1 None

10. RISK ASSESSMENT

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

11. EQUALITIES IMPACT

11.1 None.

12. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

12.1 None.

13. BACKGROUND PAPERS

13.1 None.

(END)

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COTSWOLD
District Council

ANNEX A to Treasury Outturn Report 2025-26

ECONOMIC BACKGROUND

1.1 The financial year was largely dominated by two periods of significant uncertainty and volatility. The first being the US trade tariff 'Liberation Day' in April 2025 and the second was the US/Israel war with Iran at the end of February 2026.

1.2 After the initial fallout from US trade tariffs, the following months saw some improvements as equity markets made gains and bond yields eased modestly. However, in the UK this trend in bond yields reversed somewhat as an uncertain economic outlook together with concerns around the government's fiscal position and autumn Budget saw 'term premia' rise as investors demanded a higher return for holding gilts.

1.3 The Budget itself was more muted than had been expected. Despite a weak economic outlook, this helped UK markets perform better with gilt yields trending downwards, inflation easing, and expectations for cuts in Bank of England (BoE) Bank Rate increasing.

1.4 The end of February 2026 saw the start of the war between US/Israel and Iran. The conflict caused oil and other commodity prices to rise sharply as the shipping lanes in the region became effectively closed, restricting global oil supply. At the end of the period, the economic outlook remained highly uncertain in terms of its impact on inflation as well as countries' fiscal and monetary policy conditions around the globe.

1.5 Prior to the start of the war, headline UK consumer price inflation (CPI) inflation had generally been trending downwards, albeit the 3% in February 2026 was unchanged from January. Core CPI also stayed put at 3.1%. Inflation was expected to fall further over the coming months to the BoE's 2% target, but the war changed this. Inflation is now expected to rise again, but how quickly and by how much depends on the duration of the war and how long commodity prices are elevated.

1.6 The Office for National Statistics (ONS) reported the UK economy expanded by 0.1% in Q4 2025. This followed previous modest gains of 0.2% in Q2 and by 0.1% in Q3. Of the subsequent monthly figures, the ONS estimated that GDP showed no growth in January 2026. As this is from before the war started the impact on growth will not be seen formally in the data for a couple more months.

1.7 After cutting Bank Rate to 3.75% in December 2025, the BoE's Monetary Policy Committee (MPC) voted 5-4 to hold rates in February 2026 and then unanimously to do so again in March. Until the war started, financial markets were expecting Bank Rate to be cut to 3.5% at the March meeting. However, the conflict in the Middle East quickly changed this. The MPC noted the risks to both inflation and growth and indicated they could move rates either up or down depending on the conditions. Financial markets quickly responded to this by pricing in rate hikes.

1.8 Following the March MPC meeting, Arlingclose, the authority's treasury adviser, revised its central interest rate view and now predicts Bank Rate will be held at 3.75%. However, the conflict makes the outlook for rates highly uncertain. In the short-term the risks are to the upside with the chance of higher Bank Rate should the MPC decide it wishes to quickly quash potential second-round effects from higher inflation. Further out, if Bank Rate is hiked quickly, the pace and magnitude of subsequent cuts could take it far lower than was previously anticipated as policymakers add significant stimulus to a much weaker economic growth outlook.

1.9 The US Federal Reserve had been cutting rates over the period, reducing Fed Funds Rate target range by 0.25% at its December meeting to 3.50%-3.75%. At the three subsequent meetings, the rate was held at the same range. Policymakers noted that while inflation was elevated, economic activity had been expanding but the war with Iran made the path of monetary policy highly uncertain. Despite this, the Fed still suggested that further rate cuts were likely in 2026 and 2027.

1.10 The European Central Bank (ECB) has kept its key interest rates on hold since June 2025, maintaining the deposit rate at 2.0% and main refinancing rate at 2.15%. At its March 2026 meeting, the ECB noted the war in the Middle East had significantly increased uncertainty, creating upside risks for inflation and downside risks for growth, leading it to revise up its forecasts accordingly.

1.11 After declining sharply early in the financial year following the announcement of US tariffs, sentiment in financial markets had improved but equity and bond markets remained volatile throughout. However, the latter part of the period was dominated by the US/Israel war with Iran, which saw equity markets fall sharply, and bond yields rise as concerns over the inflationary impact from sharply higher oil and other commodity prices outweighed the flight-to-quality into government bonds often seen in conflicts.

1.12 Equity markets had been registering gains after the declines during the April sell-off, but the war reversed this and markets saw another sharp drawdown. Both the FTSE 100 and 250 fell by around 10% over the month from the start of the conflict to the end of the financial year.

1.13 Financial market volatility is expected to remain, and CDs levels will be monitored for signs of ongoing credit stress. as ever, the institutions and durations on the authority's counterparty list recommended by Arlingclose remain under constant review.

CODE OF CONDUCT – COMPLAINT HANDLING ARRANGEMENTS

COTSWOLD District Council

Most councillors and co-opted members conduct themselves appropriately and in accordance with the Code of Conduct. Councillors and co-opted members have both individual and collective responsibility to maintain these standards, support expected behaviour and challenge behaviour which falls below expectations.
The Localism Act places a general duty on the Council to ensure that high standards of conduct are maintained and demonstrated to the public. An authority must have an effective, fair, impartial, and transparent complaints and investigation procedure to enable it to make decisions on allegations which both councillors and the public can have confidence. Sanctions should be imposed in a consistent way and only where there is a genuine breach.
This procedure applies when a complaint is received that a member of Cotswold District Council or a town or parish councillor has, or may have, failed to comply with the Code of Conduct for Members ('the Code'). The District Council has adopted the Local Government Association Model Code of Conduct (the Code) which it will review each year and regularly seek, where possible, the views of the public, community organisations and the town and parish councils. The Code will be readily accessible to both councillors and the public and will be placed in a prominent position on the District Councils website and available in its premises.

1. **General**

1.1. The person making the complaint will be referred to as "the Complainant" and the person against whom the complaint is made will be referred to as the "Subject Member".

1.2. The Monitoring Officer is the officer of the Council who is responsible for administering the system of complaints about member misconduct and as part of that role may nominate another officer of suitable experience and seniority to carry out any of the functions listed in this procedure.

1.2.1. The Monitoring Officer will provide advice, support and management of investigations and adjudications on alleged breaches to town and parish councils within Cotswold District. However, the Monitoring Officer cannot provide advice to town and parish councils in relation to matters outside of the Code, e.g. decision making not involving a breach of the Code and meeting procedure and etiquette.

1.2.2. The Monitoring Officer will usually appoint a deputy to act when they are unavailable or has an actual or potential conflict of interest. Leonie Woodward, Head of Legal Services is the Deputy Monitoring Officer at Cotswold District Council. If there is no deputy or the deputy is unavailable, the Monitoring Officer may ask a monitoring officer from a different authority to undertake the investigation.

1.3. The Council appoints Independent Persons from outside the authority to assist the Monitoring Officer and Standards Hearing Sub-Committee in considering complaints. The Independent Persons currently appointed by the District Council are Michael Paget-Wilkes, Phyllida Pyper, Robert Cawley and Melvin Kenyon.

1.4. No member or officer of Cotswold District Council or any town or parish council will participate in any stage of the arrangements if they have, or may have, any conflict of interest in the matter.

2. **Making a complaint**

Complaints should be made in writing by email at:
Codeofconduct@Cotswold.gov.uk or by post to:
The Monitoring Officer,
Cotswold District Council,
Trinity Road
Cirencester GL7 1PX

2.1. Complaints about councillors may be submitted by anyone. However, where the complaint concerns the conduct of a town or parish councillor towards the Clerk, it should ordinarily be made by the Chair or by the Parish Council as a whole, rather than by the Clerk personally, save in exceptional circumstances ~~Complaints about councillors may be made by anyone, but complaints about the conduct of a town or parish councillor towards a clerk should be made by the Chair or by the parish council as a whole, rather than the clerk in all but exceptional circumstances.~~ The Monitoring Officer may require the town or parish council to seek to resolve the complaint itself informally in the first instance..

2.2. Complaints must be made in writing. The Council asks that complaints are submitted using the Members' Complaint form, available on the website. This is to ensure that the Monitoring Officer and Independent Person have all the information they need in order to assess the complaint and to ensure that complaints can be dealt with on a fair and equitable basis.

2.3. An oral complaint will be accepted where the Complainant is unable to write due to a physical or mental disability or there is a language barrier. Where an oral complaint is received it will be transcribed and sent to the

Complainant for their approval and the Monitoring Officer will talk them through it.

2.4. Anonymous complaints will only be accepted in exceptional circumstances. Further information regarding confidentiality and anonymous complaints is set out below.

2.5. A complaint must provide substantiated information and should outline an indication of the form of resolution the Complainant is seeking. Further information regarding the range of sanctions available is set out in 2.9 below.

2.6. If the complaint identifies criminal conduct or breach of other regulations by any person, the Monitoring Officer is authorised to report this to the Police or other prosecuting or regulatory authority, in addition to any action taken pursuant to the Code. In the case of alleged criminal conduct the complaint will normally be held in abeyance pending the outcome of any criminal investigation to ensure that no criminal investigation is prejudiced (Referred to as Sub Judice).

2.7. If a Complainant wishes their identity to be withheld, they should state this and provide full reasons why they believe their request is justified when submitting the complaint. Any request for confidentiality will be considered by the Monitoring Officer at the initial assessment stage of these Arrangements. In reaching their decision the Monitoring Officer may also consult with an Independent Person.

2.8. As a matter of fairness and natural justice the Subject Member will usually be told who has complained about them and receive details of the complaint. However, in exceptional circumstances, the Monitoring Officer may withhold the Complainant's identity if they are satisfied that the Complainant has reasonable grounds for believing that they or any witness relevant to the complaint may be at risk of physical harm, or his or her employment may be jeopardised if their identity is disclosed, or where there are medical risks (supported by medical evidence) associated with the Complainant's identity being disclosed.

2.9. If the Monitoring Officer decides to refuse a request by a Complainant for confidentiality, they will offer the Complainant the option to withdraw the complaint, rather than proceed with his or her identity being disclosed. The Monitoring Officer will balance whether the public interest in taking action on a complaint will outweigh the Complainant's wish to have his or her identity withheld from the Subject Member.

2.10. The Monitoring Officer may discontinue a complaint if they consider it appropriate to do so where the Subject Member ceases to be a councillor for any reason. Where a complaint is discontinued the Monitoring Officer will write to the Complainant setting out the reasons for their decision. If an anonymous complaint is received it will be considered by the Monitoring Officer at the initial assessment stage of these Arrangements. In reaching their decision the Monitoring Officer may also consult with the Independent Person.

2.11. The principles of fairness and natural justice referred to in paragraph 2.8 will also be applied to anonymous complaints and such complaints will only be accepted if they include documentary or photographic evidence indicating an exceptionally serious or significant matter.

2.12. The Monitoring Officer will acknowledge receipt of the complaint within a maximum of 10 working days of all required information being provided. The Complainant will be given details about how the complaint will be dealt with and provided with a copy of these Arrangements. At the same time, the Monitoring Officer will write to the Subject Member and copy in their Group Leader and / or Whip if applicable (and in the case of a complaint about a town or parish council member to the Clerk) with a copy of the complaint and the name of the Complainant, (unless anonymity has been requested and accepted as valid by the Monitoring Officer).

2.13. The Subject Member may, within 10 working days of being provided with a copy of the complaint, make written representations to the Monitoring Officer which must be taken into account when deciding how the complaint should be dealt with. Representations received after this time may be taken into account at the discretion of the Monitoring Officer but will not be considered after the Monitoring Officer has issued the initial assessment of the complaint.

2.14. Whilst the Monitoring Officer will deal with complaints at the earliest convenience, a decision regarding whether the complaint merits formal investigation or another course of action will be taken within a maximum of 20 working days of either receipt of representations from the Subject Member or where no representations are submitted 20 working days of the expiry of the period mentioned in paragraph 2.13 above. The Complainant and the Subject Member will be informed should there be a delay in completing any stage of the process.

3. Stage 1 – Procedure for Initial Assessment of Complaint

3.1. The complaint will be automatically rejected if:

- The complaint is not against one or more named member of Cotswold District Council or any town or parish council within Cotswold District; or
- The complaint is against a current member of Cotswold District Council or any town or Parish Council within Cotswold District but the Subject Member was not acting in their capacity as a member of that council at the time of the alleged failure to comply with the Code. (The Monitoring Officer will consider all of the circumstances before reaching a conclusion as to the status of the member at the time of the alleged breach of the Code)

3.1.1. The Monitoring Officer may at their discretion, consult with the Independent Person in these circumstances.

3.1.2. Where a complaint is rejected on any of the above grounds, the Monitoring Officer will write to the Complainant explaining why their complaint cannot be dealt with under this procedure.

3.2. The Monitoring Officer may request further information from either the Complainant, the Subject Member or any other persons the Monitoring Officer considers appropriate before reaching a decision.

3.3. Where a complaint is by an officer or a member about a member of the same council which would be more appropriately dealt with informally, the Monitoring Officer will refer the matter to the relevant Group Leader and may, but will not have to, consult the Independent Person.

3.4. In all other cases, the Monitoring Officer will consider the complaint and, consult with the Council's Independent Person before reaching a decision (initial assessment) as to whether the complaint merits investigation, or another course of action. Where the complaint relates to a town or parish council member, the Monitoring Officer may also seek input from the clerk of the town or parish council before deciding whether the complaint merits formal investigation or other action.

3.5. If the complaint has not been rejected on either of the grounds in 3.1 the Monitoring Officer will then go on to apply the following criteria in deciding whether a complaint should be accepted for investigation, dealt with informally, or rejected. A complaint may be rejected if:

- a substantially similar allegation has previously been made by the Complainant to the Monitoring Officer (unless sufficient new evidence is provided), or the complaint has been the subject of an investigation by another regulatory authority unless a pattern of behaviour is established
- The complaint is about something that happened so long ago that those involved are unlikely to remember it clearly enough to provide credible evidence, or where the lapse of time means there would be little benefit or point in taking action now
- The allegation is anonymous
- The complaint is of an interpersonal nature that would more properly be dealt with by referring the matter to the members Group Leader for informal resolution
- The allegation discloses a potential breach of the Code of Conduct, but the alleged conduct is not serious enough to merit any action
- The resources needed to investigate and determine the complaint are wholly disproportionate to the allegations
- In all the circumstances there is no overriding public benefit in carrying out an investigation
- The complaint appears to be malicious, vexatious, politically motivated or tit for tat
- The complaint suggests that there is a wider problem throughout the Authority

3.6. After consulting with the Independent Person the Monitoring Officer will then give his/her decision on how the complaint will be dealt with. The Monitoring Officer may in exceptional circumstances refer the question as to how to proceed to the Chair of the Audit Committee.

3.7. If the Monitoring Officer decides that no further action is appropriate, a decision notice will be sent to the Complainant and the Subject Member. The decision notice will summarise the allegation, give the decision of the Monitoring Officer and the reasons for their decision.

4. Stage 2 - Informal Resolution

4.1. In appropriate cases, and at any stage, the Monitoring Officer may seek to resolve the complaint informally, without the need for a formal investigation. Informal resolution may be appropriate for example where: -

- There is a breach of the Code but this is minor, trivial or technical in nature
- It is apparent that the Subject Member is relatively inexperienced as a member
- The member has admitted making an error which would not warrant a more serious sanction and has taken action to address this e.g. withdrawing comments.
- The member has apologised
- Training or conciliation would be a more appropriate response.

4.2. Types of informal resolution might include:

- An explanation by the Subject Member to the Complainant of the circumstances surrounding the complaint;
- An apology from the Subject Member;
- An agreement from the Subject Member to attend relevant training or to take part in a mentoring process;
- Offering to engage in a process of mediation or conciliation between the Subject Member and the Complainant; or
- Any other action capable of resolving the complaint.

4.3. Where the Monitoring Officer seeks to resolve the complaint informally they will provide the Subject Member with a reasonable timescale within which to attempt to resolve the complaint (this will be 10 working days unless there are exceptional circumstances). The Subject Member will be provided with the contact details for an available Independent Person. The Independent Person may give advice on the severity of the complaint and what form of resolution might be appropriate, provided that such guidance will not of a nature that would inhibit the Independent Person from giving a view to the Hearings Panel.

4.4. Before deciding upon a course of action the Subject Member may seek guidance from a Group Whip, Leader of the Group, the Independent Person, and/or the Monitoring Officer. The Monitoring officer may also seek the Complainant's views to ascertain what form of informal resolution they would find acceptable, particularly if the form of resolution they have specified in their complaint is not possible.

4.5. At the end of the 10-working day period referred to at paragraph 4.3 above, the Monitoring Officer will, in consultation with the Independent Person, seek to establish whether the Subject Member has resolved the complaint to the Complainant's satisfaction.

4.6. Where it has been possible to agree a form of resolution between the Subject Member and the Complainant there will be no further action taken in respect of the complaint and the Monitoring Officer will notify both the Complainant and the Subject Member of this decision.

4.7. Where it has not been possible to agree a form of resolution between the Subject Member and the Complainant, the Monitoring Officer will decide if the complaint merits formal investigation. Where the Subject Member makes a reasonable offer of local resolution, but it is rejected by the Complainant, the Monitoring Officer will take account of this in his or her decision.

5. **Stage 3 – Formal Investigation**

5.1. Where the Monitoring Officer, in consultation with the Independent Person, decides that a complaint merits investigation he/she will appoint an Investigating Officer who may be a Council officer, an officer from another Council, or an external investigator. However, if the facts and evidence are self-sufficient, the Monitoring Officer may dispense with a formal investigation and present the facts him / herself.

5.2. The Investigating Officer will follow guidance issued by the Monitoring Officer on the investigation of complaints. The guidance will follow the principles of proportionality and the cost-effective use of council resources and shall be interpreted in line with these principles.

5.3. During the investigative process the complainant will receive fortnightly progress updates.

5.4. At the end of their investigation, the Investigating Officer will produce a draft report and send copies to the Complainant and Subject Member for comments on matters of fact. The Investigating Officer will take any such comments received during a period to be specified by the Investigating Officer into account before issuing their final report to the Monitoring Officer. The Investigating Officer should aim to complete their investigation and the final report within 3 months of the original complaint being referred for investigation. The complainant will be advised if there is likely to be a delay.

6. Investigating Officer finding of no failure to comply with the Code of Conduct

6.1. Where the Investigating Officer's report finds that the Subject Member has not failed to comply with the Code, the Monitoring Officer, in consultation with the Independent Person, will review the Investigating Officer's report and if satisfied, will confirm the finding of no failure to comply with the Code.

6.2. The Monitoring Officer will write to the Complainant and the Subject Member (and to the clerk of the town or parish council, where the complaint relates to a town or parish council member), with a copy of the decision and the Investigating Officer's report.

6.3. If the Monitoring Officer is not satisfied that the investigation has been conducted thoroughly, the Investigating Officer may be asked to reconsider the report and the conclusions.

7. Investigating Officer finding of sufficient evidence of failure to comply with the Code of Conduct

7.1. Where the Investigating Officer's report finds that the Subject Member has failed to comply with the Code, the Monitoring Officer will review the Investigating Officer's report and will then, having consulted the Independent Person, either send the matter for hearing before the Hearings Panel or seek informal resolution in accordance with paragraph 7.2 below.

7.2. Informal Resolution - If the Monitoring Officer believes that the matter can reasonably be resolved without the need for a hearing, for example because informal resolution has not yet been considered, they will consult with the Independent Person and the Complainant and seek to agree a fair resolution. The types of resolution available are as set out in paragraph 4.2 of these Arrangements.

7.3. If the Subject Member and the Complainant accept the suggested resolution, the Monitoring Officer will report the outcome to the Standards

Panel and the clerk to the town or parish council (if appropriate) for information but will take no further action.

7.4. If the Complainant or the Subject Member refuses informal resolution in principle or to engage with the agreed outcome, the Monitoring Officer will refer the matter for a hearing without further reference to the Complainant or the Subject Member.

8. Stage 4 – Hearing

8.1. Where, in the opinion of the Monitoring Officer, informal resolution is not appropriate or the Complainant and/or Subject Member refuses to accept informal resolution, then the Monitoring Officer will report the Investigating Officer's findings to the Standards Hearings Sub-Committee which will conduct a hearing before deciding whether the Member has failed to comply with the Code and, if so, what action (if any) to take in respect of the Member. The Standards Hearing Sub-Committee will be constituted in accordance with council Standing Orders and will adopt whatever process it considers appropriate.

9. Action available to the Standards Hearing Sub-Committee

9.1. Where the Standards Hearing Sub-Committee finds that a Subject Member has failed to comply with the Code, it will publish a decision notice on its website (in the case of a town or parish council the Standards Hearing Sub-Committee will provide a decision notice to be published on its website) of its findings in respect of the Subject Member's conduct setting out the following:

- A brief statement of facts
- The provisions of the code engaged by the allegations
- The view of the Independent Person
- The reasoning of the decision-maker
- Any sanction applied.

9.2. In terms of sanctions, the Standards Hearing Sub-Committee may -

- Recommend to the relevant council that the member ~~should~~ be censured;
- Require the member to provide an apology
- Request the member remove any social media content which led to the complaint

- Recommend to the Subject Member's Group Leader (or in the case of ungrouped members recommend to Council) that he/she be removed from any or all committees or sub committees of the Council;
- Instruct the Monitoring Officer (or recommend to the town or parish council) to arrange training for the Member;
- Recommend to Council (or recommend to the town or parish council) that the Subject Member be removed from all outside appointments to which they have been appointed or nominated by the Council (or by the town or parish council);
- Withdraw (or recommend to the town or parish council that it withdraws) facilities provided to the Subject Member by the council such as a computer, website and/or e-mail and internet access; or
- Place such restrictions on the Subject Member's access to staff, buildings or parts of buildings which may be reasonable in the circumstances.

10. **Appeals**

10.1. There is no right of appeal against the substantive decision of the Monitoring Officer or of the Standards Hearing Sub-Committee

11. **Withdrawal of a Complaint**

11.1. In the event that a Complainant withdraws a complaint at any time prior to a decision having been made by the Standards Hearing Sub-Committee, the Monitoring Officer may, following consultation with the Independent Person, decide that no further steps be taken in respect of that complaint.

11.2. In taking such a decision the Monitoring Officer will take into account whether there has been any intimidation or attempt to intimidate any person who is or is likely to be:

- a Complainant,
- a witness, or
- involved in the administration of any investigation or proceedings, in relation to the allegation that the Subject Member has failed to comply with the Council’s Code.

12. **Revision of these Arrangements**

12.1. In individual cases the Monitoring Officer may, in consultation with the Chair of Audit and Governance Committee, revise these Arrangements, as they consider appropriate, to enable the process to be dealt with efficiently. Any such revisions are to be reported to the next meeting of the Audit and Governance Committee.

13. **Review of these Arrangements**

13.1. These Arrangements were last reviewed and adopted in 2024 and shall be reviewed every 3 years thereafter or earlier where there is a change in law or where circumstances warrant an earlier review. The Monitoring Officer will seek to meet regularly with political group leaders or group whips to discuss standards issues.

END

Version	Approved	Date
Original Version	Full Council – Revised standards Arrangements Item40.	September 2024
Version V2.	To be approved by Audit & Governance Committee 27 July 2026. Minor amends proposed under delegated decision to MO.	April 2026
Revision due		June 2027

COTSWOLD District Council	**AUDIT AND GOVERNANCE COMMITTEE WORK PLAN 1 AUGUST 2026 – 30 APRIL 2027**

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
27 July 2026		
Strategic Risk Register Q4 2025-26	27 Jul 2026	David Stanley, Deputy Chief Executive and Chief Finance Officer David.Stanley@cotswold.gov.uk
Annual Complaints Report and Annual Local Government Ombudsman Report 2025/26	27 Jul 2026	Cheryl Sloan, Assistant Director of Workforce, Strategy and Transformation cheryl.sloan@publicagroup.uk
Annual Governance Statement (With Information Governance Update & Senior Information Risk Owner (SIRO) Annual Highlight Report 2025/26)	27 Jul 2026	Angela Claridge, Director of Governance and Development (Monitoring Officer) Angela.Claridge@Cotswold.gov.uk
Annual Standards Update	27 Jul 2026	Angela Claridge, Director of Governance and Development (Monitoring Officer) Angela.Claridge@Cotswold.gov.uk
Internal Audit Opinion 2025/26	27 Jul 2026	Lucy Cater, Assistant Director (SWAP) lucy.cater@publicagroup.uk
2025/26 Statement of Accounts (Draft)	27 Jul 2026	David Stanley, Deputy Chief Executive and Chief Finance Officer David.Stanley@cotswold.gov.uk
Treasury Management Outturn 2025/26		Michelle Burge, Chief Accountant and Deputy Section 151 Officer michelle.burge@cotswold.gov.uk

5 October 2026		
Internal Audit Progress Report	5 Oct 2026	Lucy Cater, Assistant Director (SWAP) lucy.cater@publicagroup.uk
Local Code of Corporate Governance	5 Oct 2026	Sandrine Mangin, Governance and Risk Officer Sandrine.mangin@publicagroup.uk
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
3 December 2026		
External Auditor's Annual Report 2025/26	3 Dec 2026	Michelle Burge, Chief Accountant and Deputy Section 151 Officer michelle.burge@cotswold.gov.uk
2026/27 Treasury Management Mid-Year Report	3 Dec 2026	David Stanley, Deputy Chief Executive and Chief Finance Officer David.Stanley@cotswold.gov.uk
26 January 2027		
Internal Audit Progress Report	26 Jan 2027	Lucy Cater, Assistant Director (SWAP) lucy.cater@publicagroup.uk

Annual Treasury Management Strategy and Non-Treasury Management Investment Strategy 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		
Internal Audit Plan and Internal Audit Charter and Mandate	15 Apr 2027	Lucy Cater, Assistant Director (SWAP) lucy.cater@publicagroup.uk
Internal Audit Progress Report	15 Apr 2027	Lucy Cater, Assistant Director (SWAP) lucy.cater@publicagroup.uk
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 Plan 2026/27	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