



**Minutes of a meeting of Audit and Governance Committee held on Monday, 14 July 2025**

Members present:

	Michael Vann(Vice Chair)
Helene Mansilla(Chair)	Jeremy Theyer
Nick Bridges	Len Wilkins
	Christopher Bass (Independent Member)

Officers present:

Michelle Burge, Chief Accountant and Deputy Section 151 Officer	Nickie Mackenzie-Daste, Senior Democratic Services Officer
Lucy Cater, Assistant Director (SWAP)	David Stanley, Deputy Chief Executive and Chief Finance Officer
Angela Claridge, Director of Governance and Development (Monitoring Officer)	Kira Thompson, Election and Democratic Services Support Assistant

**17 Apologies**

Apologies were received from Councillor Tony Dale Councillor Nigel Robbins and John Chesshire.

**18 Substitute Members**

There were no substitute Members.

The Chair confirmed that the meeting was quorate.

**19 Declarations of Interest**

There were no Declarations of Interest.

**20 Minutes**

The minutes of the meeting held on 25 May 2025 were discussed.

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Christopher Bass requested that his attendance record at the meeting be updated, this was also requested at the meeting held on 25 May 2025.

RESOLVED: That the Audit and Governance Committee APPROVE the minutes of the meeting held on 25 May 2025.

Voting record:

For - 3, Against – 3, Abstentions - 0, Absent/Did not vote - 0

## **21 Public Questions**

There were no public questions.

## **22 Member Questions**

There were no Member questions.

## **23 Annual Summary Of Complaints Statistics From The Local Government And Social Care Ombudsman - Year Ending 31 March 2025**

The purpose of the report was to present the Annual Summary of Complaints Statistics from The Local Government and Social Care Ombudsman – Year Ending 31 March 2025.

Cheryl Sloan, The Business Manager for Governance, Risk and Business Continuity introduced the Annual Ombudsman report, summarising complaints which had been referred to the Ombudsman between 1 April 2024 and 31 March 2025 and the Ombudsman's decisions. The Business Manager advised the Committee that the Ombudsman had recently launched a new complaint-handling code in February 2024 following a consultation process, and councils were encouraged to comply with the new code, by no later than 1 April 2026. The Committee had previously approved the new complaint policy which complied with the new Code in November 2024 and was implemented on 1 April 2025. The following points were made.

- A total of 50 complaints were received throughout the financial year.
- 7 complaints were referred to the Ombudsman, reflecting a 6% decrease from the previous year.
- Out of the 7 referrals, 4 were not investigated as the complainant had not exhausted the internal complaints process and were asked to raise their complaint with the Council.
- 1 complaint was closed after initial inquiries due to insufficient information.
- 1 complaint was found not valid or lacked the necessary evidence.
- 1 complaint was investigated but ultimately not upheld.

- None of the complaints were upheld by the Ombudsman, marking a significant achievement.

The Business Manager for Governance, Risk and Business Continuity gave information on the nature of the complaints and informed the Committee that complaints predominantly stemmed from dissatisfaction with decision-making processes, particularly concerning planning and housing decisions.

A significant number of complaints were related to Housing banding decisions (individuals unhappy with the assigned band) or planning applications where complainants felt decisions were unfavourable. Although such complaints were often responded to, many were exempt from the complaints procedure as they have a separate appeal process available.

Following the introduction of the report from The Business Manager for Governance, Risk and Business Continuity, Members of the Committee asked the following questions.

The Committee questioned how the current number of complaints (50) compared to national averages in the UK. The Business Manager responded that the statistics aligned with peer councils, typically receiving around 40-50 complaints, suggesting that the Council's figure was reasonable given its broad range of services.

The Committee sought clarification on the higher volume of housing complaints, emphasising the broad nature of the term "housing." The Business Manager explained that housing-related complaints often arose from specific matters such as benefit allocation, homelessness applications, and dissatisfaction with banding decisions. They reiterated that while complaints regarding processes were recorded, many were not upheld due to adherence to established policies.

The Committee inquired about the specifics of complaints related to antisocial behaviour. The Business Services Manager noted that further details would need to be researched and committed to providing this information later.

RESOLVED: The Audit and Governance Committee noted the content of the report and the Annual Review Letter.

## **24 Treasury Management Outturn**

The purpose of the report was to receive and discuss details of the Council's Treasury Management Performance for the period 1 April 2024 – 31 March 2025 and to agree any comments to be passed to Full Council when considering the item.

The Chair, Councillor Helene Mansilla, introduced the Statutory Annual Treasury Management Report and advised that the report reviewed how the Council has managed its finances, cash flow, borrowing, and investments for the financial year from

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1 April 2024 to 31 March 2025. The Council's performance against the Treasury Management Strategy, which was agreed in February 2024, was highlighted alongside compliance with national financial regulations, including the Chartered Institute of Public Finance and Accountancy (CIPFA) Code and prudential indicators.

The Deputy Chief Executive and S151 Officer presented the report and informed the Committee that the Council budgeted for £1.2 million in investment income but achieved approximately £1.6 million, exceeding the budget by about £400,000. This surplus attributed to two factors:

1. Interest rates had fallen more slowly than anticipated, keeping investment returns favourable.
2. Increased Cash Balances: the Council's cash balance was higher due to a slower than expected capital spending rate, providing more funds for investment.

The report demonstrated that the Council performed within the established Treasury Management Strategy. Quarterly updates and a mid-year report provided oversight and adjustments necessary for compliance with CIPFA standards.

A graph on page 39 in the agenda illustrated the income only return achieved by Cotswold District Council compared to other local authorities, indicating a relatively stable position in a fluctuating interest rate environment.

The Deputy Chief Executive and S151 Officer informed that no new borrowing was undertaken during the reporting period.

The borrowing mentioned in the report related to a previous climate bond of £500,000, with repayment details that outlined short-term and long-term obligations. It was highlighted that the interest rate on the climate bond was approximately 2.15%.

The current Public Works Loan Board (PWLB) rates indicated significantly higher rates for new borrowings at 6.14% for 50 year loans and around 4.84% for 10-year loans, contrasting sharply with historical low rates of around 1.5%.

Following the introduction of the report from The Deputy Chief Executive and S151 Officer Members of the Committee asked the following questions.

The Deputy Chief Executive and S151 Officer clarified that the Public works Loan Board rate set was in line with historical average rates and aimed to ensure the Council would not incur excessive costs should it need to borrow in the future.

The Committee expressed satisfaction with the higher-than-expected investment income, but it was pointed out that the overall investment value had decreased. The Committee questioned whether it was due to capital reallocations or the performance of the investment funds.

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The Deputy Chief Executive and S151 Officer explained that the decrease was primarily attributed to the cash balance available for investments over the reporting period which was influenced by fluctuations in accounts receivable and payable and noted a reported reduction of approximately £75,000 in the capital value of pooled funds, which had not shifted significantly.

The Committee inquired about potential investments in sectors like tobacco or arms manufacturing, expressing interest in the Council's ethical stance on these issues.

The Deputy Chief Executive and S151 Officer confirmed that an assessment was conducted on the Council's investment exposure to such sectors, primarily focusing on environmental, social, and governance (ESG) standards and indicated that the Council actively sought to understand and limit potential investments in ethically questionable areas and agreed to share the findings of this assessment with committee members.

The Committee pointed out that certain phrasing in the compliance section of the report implied non-compliance due to external factors like interest rate movements beyond the Council's control. The Deputy Chief Executive and S151 Officer acknowledged this, noting that it stemmed from required reporting practices and confirmed that efforts would be made to clarify language in future communications.

It was confirmed that The Deputy Chief Executive and S151 Officer would provide members with the report concerning the Council's exposure to investments in sectors like fossil fuels and military equipment.

Future reports will be updated to include clearer explanations of compliance and performance indicators.

An annual presentation by Arlingclose, the Council's Treasury Management Advisors, would be organised to enhance understanding of pooled funds and investment strategies.

After discussion the report, the Chair proposed to make the following comments to Full Council.

- The Audit & Governance Committee commended the Treasury Management Out-turn Report for 2024-25 and expressed satisfaction with the Treasury Management activities as they aligned with the approved strategy, prudential indicators, and statutory guidance. No breaches were identified.
- The Committee acknowledged the Council's prudent approach to ensuring internal cash balances were ample to accommodate operational and capital needs while emphasising the importance of security and liquidity in investment practices, especially given market volatility.
- The Committee recommended that future reports incorporate more clarity regarding expectations for long-term investment performance.

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RESOLVED: The Audit and Governance Committee noted the Council's Treasury Management Performance and agreed comments to be passed to Full Council.

Voting record:

For - 5, Against - 0, Abstentions - 0, Absent/Did not vote - 0

## **25 Draft Annual Governance Statement**

The purpose of the report was to provide the Audit and Governance Committee with an updated Annual Governance Statement for the 2024/2025 with an Annual Governance Action plan for 2025/2026.

The Chair opened the discussion on the Annual Governance Statement for 2024/2025, emphasising its significance as part of the Council's statutory financial reporting. This statement reflected the Council's compliance with the principles outlined in the local Code of Corporate Governance, which was reviewed and adopted in January of this year.

The Business Manager for Governance, Risk and Business Continuity introduced the report, and the following points were made.

- It was noted that the draft annual governance statement is primarily retrospective, reflecting on governance controls in place during 2024-2025.
- The report included an updated action plan for 2024-2025, showing progress made and carrying forward some actions marked in amber into the new action plan for 2025-2026. The new plan was organised under eight key areas outlined in the report section 2.3.
- Regular progress updates against the action plan would be presented to the Audit and Governance Committee every six months.

The Chair asked the Director of Governance and Development, to comment on emerging governance risks related to potential Local Government Reorganisation or further devolution proposals.

The Director of Governance and Monitoring Officer responded that Local Government Reorganisation risks would be included in the Strategic Risk Register, and if LGR moved forward, a specific risk register would be created for the significant project. It was also mentioned that a forthcoming briefing on LGR for members was being held to address concerns and discuss mitigation strategies.

The Deputy Chief Executive and S151 Officer emphasised that while discussions surrounding LGR and devolution were ongoing, the Council remained committed to delivering services effectively until the official transition occurred.

Following the introduction of the report from The Business Manager for Governance, Risk and Business Continuity, Members of the Committee asked the following questions.

The Committee inquired about the timing of the transition of services from Publica to the Council. The Deputy Chief Executive and S151 Officer clarified that the latest phase of service transfers was completed on 1 July 2025, following a previous transfer in November 2024.

The Committee raised a question regarding the depth of business continuity planning, especially concerning outsourced services. The Committee expressed interest in how business continuity planning extended into the supply chain, particularly regarding the waste management services.

The Business Manager for Governance, Risk and Business Continuity responded that while considerable work had been carried out on emergency planning, business continuity planning now held higher priority. The team would begin examining plans of service providers like Ubico.

The Chair proposed that the Committee receive biannual progress updates on the Action Plan for 2025-2026 to ensure oversight and facilitate delivery. The proposal was agreed upon with no objections from the Committee.

The Chair asked the Committee members to confirm their approval of three points:

1. Approve the Annual Governance Statement for 2024-2025.
2. Approve the Annual Governance Action Plan for 2025-2026.
3. Agree to receive six-monthly progress updates on the Action Plan.

RESOLVED: The Audit and Governance Committee noted the Annual Governance Statement and approved the recommendations.

Voting record:

For - 5, Against - 0, Abstentions - 0, Absent/Did not vote - 0

## **26 Internal Audit Annual Opinion**

The purpose of the report was to review the Internal Audit Annual Opinion report for 2024-2025.

The Chair opened the discussion by introducing the Internal Audit Annual Opinion report, emphasising its role in evaluating the effectiveness of the Council's internal controls based on audits conducted throughout the year.

The Head of Internal Audit, presented the report the following points were noted:

- The report reflected a reasonable assurance rating, indicating internal controls were supporting the Council's objectives.
- The Head of Internal Audit highlighted key pages in the report (notably page 82) outlining successful audits in accounts payable, housing benefits, and levelling up grants.
- Several audits were noted for performing well, but significant risks regarding data protection, data breaches, and sickness absence reporting were identified.
- The Head of Internal Audit confirmed that agreed actions related to identified risks were subject to monitoring and follow-up.

The Committee raised concerns regarding the limited representation of IT compliance within the audit findings and asked for clarification on the scope of audits concerning IT systems.

The Head of Internal Audit acknowledged that the current audit remit was limited but noted ongoing collaborative efforts with the ICT team to obtain necessary assurances. Plans were presented to have proactive discussions about future IT audits, including a scheduled meeting with relevant personnel to explore more comprehensive audit coverage for the upcoming year.

The Committee questioned whether there was any progress on the priority action related to budget monitoring, particularly action 5346. The Deputy Chief Executive and S151 Officer explained that challenges in accessing financial data in their system led to the extension, adding that steps were being taken to streamline and improve the reporting process.

The Director of Governance and Development emphasised the importance of timely access to relevant financial reports and indicated that resolving these issues would be pivotal in ensuring that processes were efficient and effective. The Head of Internal Audit confirmed that an update would be presented at the next Committee meeting in September.

The Committee raised a question on what the status of agreed actions was on disaster recovery.

The Head of Internal Audit advised that ICT had established robust measures but noted that formal documentation and clear procedures were necessary. Ongoing efforts to maintain an updated list of contacts and responsibilities were noted.

The Committee asked the Head of internal Audit how they identified significant weaknesses in data protection and data breaches through audits.



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The Head of Internal Audit responded that data protection audits had been conducted during the year and agreed to email the report to Committee members.

The Committee also questioned why there was a delay in releasing payments to members under the allowances scheme.

The Director of Governance and Monitoring Officer clarified that although payments were correct, a discrepancy had been identified by officers, emphasising that improving budget monitoring systems were vital to mitigating such issues.

The Director of Governance and Development also reiterated the importance of ensuring all payments aligned with established allowances and stressed that ongoing monitoring was critical to avoid future discrepancies.

The Committee questioned the possibility of creating a dedicated page on the Cotswold District Council website for clearer public information regarding Section 106 information.

The Director of Governance and Development agreed to follow up with colleagues who manage the Section 106 information, to assess the feasibility of dedicated page for Section 106 information on the website.

RESOLVED: The Audit and Governance Committee noted Internal Audit Report.

## **27 2024/2025 Draft Statement of Accounts**

The purpose of the report was for the Audit and Governance Committee to review and discuss the Statement of Accounts.

The Chair opened the discussion on the 2024/2025 Draft Statement of Accounts, to give members the opportunity to review the complete document and advised Members that the draft statement would be introduced through a slide presentation. Members were informed that they would receive a link to the full draft accounts for their detailed review.

The Deputy Chief Executive and S151 Officer presented an overview of the draft accounts, noting that the document remained under final review and was expected to be available on the Council's website soon and highlighted the necessity for internal reviews prior to publication, ensuring the content is examined to facilitate satisfactory external audits.

The Chief Accountant & Deputy Section 151 Officer presented the report and slides at the meeting that provided an in-depth look into the financial documents. The first discussion was had on the Comprehensive Income and Expenditure statement as a vital component of the accounts, showing how it captured the Council's income and expenses over the fiscal year. The following points were made:

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- There was focus on the surplus figure of £3.1 million. This figure represented the net outcome after all income sources and expenditures were accounted for.
- The discussion emphasised a transfer of £2.1 million into earmarked reserves, which were funds set aside for specific future projects or needs, reflecting prudent financial management practices.
- The Chief Accountant & Deputy Section 151 Officer explained that adjustments were necessary to comply with local government accounting standards, touching on technical entries such as depreciation and pension adjustments.

These entries had a significant impact on the final reported surplus of £778,000.

The discussion then moved onto the Movements in Reserve Statement and the Chief Accountant & Deputy Section 151 Officer elaborated on this statement, which outlined changes in various reserves held by the Council. The following points were made:

- It was noted usable reserves, which were accessible for appropriations towards budgeted expenses, included a General Fund Reserve of £1.7 million designated as a "rainy day" fund to address unforeseen financial emergencies.
- The increase of £2.9 million in earmarked reserves was discussed, with clarification provided on the significance of setting aside the funds for future expenditures, such as grants or planned capital projects.

Discussions then moved to the Balance Sheet Summary and the Chief Accountant & Deputy Section 151 Officer highlighted significant movements in the balance sheet, noting an increase in property, plant, and equipment valued at approximately £1.7 million, mainly due to capital additions from ongoing projects, including improvements at Trinity Road and the Leisure Centre.

The following points were made:

- Investment property values fell by about £670,000 due to changes in rental agreements and market conditions that affected the expected income from these properties.
- The subject of pension liabilities was emphasised, with an increase of £1 million attributed to findings from the actuarial report by Hyman Robertson. This adjustment reflected the complexity of pension accounting where commitments to future payments can create significant liabilities, resulting in the reported figure of £13 million.
- Overall, the Chief Accountant & Deputy Section 151 Officer's insights provided a clear understanding of how reserves functioned and their importance for the ongoing financial stability of the Council.

Members were encouraged to thoroughly examine the published draft accounts to prepare for the upcoming training session to help promote an understanding of the financial statements.

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RESOLVED: The Audit and Governance Committee noted the Statement of Accounts.

## **28 Audit and Governance Committee Work Plan**

The purpose of the item was for the Audit and Governance Committee to review and discuss the Work Plan.

David Stanley, Deputy Chief Executive and S151 Officer advised Members that once a date has been confirmed for the Statement of Accounts Training, Members will be made aware as soon as possible.

The Committee agreed to receive six monthly updates on the Annual Governance Action Plan.

It was highlighted that the Ombudsman Report 2025-2026 was due to be presented at the meeting set to take place on 30 September 2025, however as the report was given in advance, this will be removed from the work plan.

RESOLVED: The Committee noted the work plan.

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

Chair

(END)